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U.S. Ambassador to the United Nations Jeane J. Kirkpatrick

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The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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Throughout the Caribbean and Central America, U.S. policy is to support the politics of freedom, enterprise, initiative, opportunity, and hope. The response we are seeing . . . suggests we are on the right track.

Democracy and the Path to Economic Growth

by Secretary Shultz

ldress before the eighth annual Conference on Trade, lvestment and Development in the Caribbean Basin in Miami on December 6, 1984.[1]

lways a privilege to be introduced avid Rockefeller, who has done so h not only for the United States but eople throughout the world. He's a 40-year association with Latin rica and the Caribbean, so it's a r of love that he is here and helping nd we're all grateful to you, David, our many, many contributions. This meeting has a good feel to it. , you can comment after you've to enough meetings and tell very ly whether or not the people in- ed are strangers to each other, or ther they've come to know each r, whether they think there's some l purpose to be served, and whether e's any sense of excitement. It's, I , very apparent just to come into oom that there is this strong and l feeling here, and that is something I will take great pleasure in report- back to President Reagan, who puts t store and importance by develop- ts in the Caribbean Basin area. There are some 600 companies here, I understand that the fancy com- r system that keeps track of every- g says that there are at least 2,800 intments between company repre- atives and country representatives, hat is a lot of opportunity for getting ething accomplished. Even if things not accomplished specifically at e meetings, they begin the process etting acquainted. So I think that meeting itself has taken on, as David , all the aspects of a kind of policy business forum for the Caribbean in.

I believe freedom and economic de- pment go hand in hand. This does happen automatically. But every one is in this room—government leaders or businessmen or -women—has an interest in making the connection and having it stick. This is what U.S. policy in Latin America and the Caribbean is all about. Our support for democracy complements our support for economic development and free markets—and vice versa. Together with the security needed for their protection, they form a single package of mutually reinforcing activities.

The reaffirmation of democracy in the Caribbean and its expansion in Latin America over the last 5 years are due partly to the economic failures of the enemies of democracy. People want growth. They want prosperity. When they don't get them, they begin to lose confidence in their governments and in the institutions that put them into power. The old dictators failed to make the grade; order loses its attractions when it fails to deliver either peace or prosperity. Meanwhile, the new totalitarians in Cuba, in Nicaragua, and, until a year ago, in Grenada, have done even worse: they have spread both violence and the insecurities of their failures beyond their own borders.

Arturo Cruz said it well in *The New York Times* this morning. "There is," he said, "a moral obligation to insist that the Sandinistas restore Nicaragua's liberties and that the communist world take its hands off our country."

I agree, and more. Let us support a successful outcome of the Contadora process to bring about regional stability based on democratic principles, on a verifiable end to the buildup of arms and the subversion of democracy, and on economic development that is widely shared among the people—for democracies, too, however, are also under internal pressure to produce.

To sustain the democratic trend, governments and private sectors must now work together to achieve self-sustaining economic growth. Improving the ability of national economies to compete in the world market and to earn foreign exchange can increase the strength of freedom in each of our countries.

Prospects for Growth

What are our prospects? I would like to consider first the hemisphere as a whole, then turn to the Caribbean Basin more specifically.

For 20 years, the developing nations of this hemisphere grew at extraordinary rates. Many were even beginning to reduce their per capita income gap with the industrialized world. Between 1960 and 1980, Latin American and Caribbean economies grew in real terms by an average of more than 6% a year—more than double the rate of population growth.

Then, from 1981 to 1983, the region's gross domestic product (GDP) declined. In per capita terms, the decline averaged about 4% per year; 1983's decline, 5.7%, was the region's worst performance in half a century and sent average per capita GDP back to its 1976 level. Though there are signs of some GDP growth this year, it will still be negative in per capita terms.

What fueled the region's growth in the 1960s and 1970s, and what can we do to restore it?

The primary impetus came from postwar liberalization and expansion of the world trade and financial system. The opening of markets in the industrial nations, the expansion of private international capital flows, and vigorous two-way merchandise trade all provided unprecedented opportunities for diversification, modernization, and growth. For most of this period, domestic savings provided the greater part of total investment; *for most of this period, domestic savings provided the greater part of total investment.* I didn't repeat that because I lost my place. It's a very important point.

Foreign assistance was also important in stimulating growth in the 1960s. The Inter-American Development Bank, created in 1959, and the Alliance for Progress were major sources of help. Official assistance accounted for 40% of net capital inflows to the region. Foreign direct investment provided another 40%. Commercial loans were not a major factor.

During the second half of the 1970s, in contrast, external private bank financing became the major source of capital for development. The oil price shock of 1973, and resultant OPEC surplus, left banks with cash to lend and developing countries with desperate needs to borrow to cover the oil-import bill. And borrow they did. External debt grew from about $75 billion in 1974 to an estimated $336 billion in 1983. Total debt soared by almost 20% per year.

Today it is clear that external borrowing can no longer play the primary role. The Inter-American Development Bank estimates that net capital inflows of some $47 billion per year would be required to sustain 5% average annual growth under the most realistic set of circumstances. And there simply aren't enough funds in the financial system to support lending of this magnitude. Even if there were, the level of debt service would be unsupportable. The region's external debt would rise to about $620 billion at the end of 1989—an increase of some 82%. Just to state that tells you it will never happen.

What about foreign assistance? Will it regain the predominant role it once played in fostering development?

The United States is increasing bilateral aid to the Caribbean Basin. I might just say, from 1980 to fiscal 1985 the level of aid increased from around $324 million to $1.5 billion in economic aid.

We are committed to the assistance levels called for by the National Bipartisan Commission on Central America, and we have steadily increased aid to the island nations of the Caribbean. Other governments and international organizations share this interest. But while official assistance flows will help, they will not be large enough to produce a sustainable economic turnaround.

In the final analysis, the private sector is the crucial link. Only private initiative can marshal the additional resources—financial and entrepreneurial—to take full advantage of the opportunities that the region offers. But, as we are all uncomfortably aware, private resources—domestic or foreign—have *not* been sufficiently forthcoming. This is the heart of the matter. If we agree that this great resource *must* be tapped, then we have a responsibility to do what is necessary to make that happen.

I am calling here for the reversal of state ownership and anti-import policies. These policies have placed stifling controls on private agriculture and industry. They have made them dependent on restricted markets. They have built costly protectionist barriers at national frontiers. And they have produced inefficient state enterprises that divert resources from more productive activities.

I call, instead, for a development strategy that works through an open economy, one that rewards initiative, investment, and thrift. Four key elements:

First, growth should be based primarily on domestic savings and investments. This obviously requires the retention of domestic capital at home.

I might say one of the most astonishing statistics to look at these days is the amount of capital that is domestic to a particular country that has left that country. And if you can just get your own capital back, in many cases, you can solve a big part of your problem.

When people are rewarded for thrift, capital becomes available for investment. When they are rewarded for entrepreneurship, they respond with productivity and innovation.

Second, foreign and domestic investment should receive equally fair treatment. Foreign investment can bring more than money. It offers technology, training, management skills, and marketing links. And foreign investment, unlike foreign debt, is serviced by profits, not interest. In good times, a buoyant economy can afford profit remittances. In bad times, remittances fall or cease. But debt must be serviced in bad times as well as good.

Third, foreign resources should be used to supplement domestic savings, not to supplant them. Too strong a reliance on foreign assistance or foreign capital can foster dependence and undermine productivity.

Fourth, trade must be the engine of development. Domestic economies that are open to international competition can raise their national standards of living.

I think that if you look at the U.S. economy over the past several years, we've had a very strong expansion, and we've managed to keep inflation well under control. One of the fundamental reasons for that is that our economy is open to international markets, and it has kept pricing under censure of the marketplace; and it has been a great benefit to us.

The strategy I recommend is based on a simple but immensely powerful principle: a system that releases the productive force of individuals and their privately financed organizations—and rewards their industry and creativity—is a system that grows and prospers.

The Caribbean Basin Initiative

Now let me turn to the Caribbean Basi Initiative (CBI). It addresses these issues, in our immediate neighborhood, in a way that is both visionary and pra tical.

The economies of the island nation of the Caribbean and those of the Central American isthmus have suffered even more pronounced ups and downs than the rest of the hemisphere. Durin the 1960s and 1970s, real growth in th Caribbean Basin was close to 7% per year. Then from 1981 to 1983, GDP pe capita in the major Caribbean Basin countries declined by some 7% per yea on average. There was marginally positive growth in the Dominican Republic, Panama, and Jamaica, but serious per capita declines in Costa Ric El Salvador, Guatemala, and Honduras Per capita GDP also declined in other countries, such as Barbados, Trinidad and Tobago, and Haiti. In some countries, per capita GDP levels retreated t the levels of the early 1970s.

The Caribbean Basin must also ove come a series of additional problems.

First, most individual Caribbean Basin countries are too small to achiev the economies of scale. Even taken together, the 20 CBI-designated countries had a combined GDP of only $46 billion in 1982. Of course, that's what the Caribbean Basin Initiative is partly all about. It gives small economies access to the world's largest and most diversified market, thereby enabling y to take advantage of economies of scal

Second, geography creates a vicio economic circle: it is expensive to ship from the Caribbean because the cargo lots tend to be small. Higher transport costs reduce demand, keeping the carg lots small. The result is that it can cos more to ship a cargo from Barbados t Miami than from Hong Kong to New York.

Third, the entire area suffers from serious lack of infrastructure—not only roads and power systems but also schools, hospitals, and housing.

Competition from other suppliers i another key problem. The Far East ar Mexico, for example, offer good locations for export industries based on assembly operations. The United State Japan, and some other Latin America countries all offer attractive investmen opportunities. In other words, there is very real sense in which everybody is competing for that investment dollar.

Societies with stagnant or shrinking
omies are vulnerable to violent up-
rals. Security cooperation can help
d against communist adventurism.
there must be something there to
d.

When President Reagan first pro-
d the CBI 3 years ago, he had in
l more than a partnership between
United States and the Caribbean
n to promote trade and investment.
was a broader vision of a peaceful
prosperous Caribbean in which peo-
ould realize their aspirations and
l better societies for themselves and
heir children.

The President understood the inade-
y of a short-term program—with
year's panacea replaced by next
's. That would *not* represent the
tical confidence-building support
our neighbors need and want from
United States. That is why he de-
ed the far-reaching trade provisions
ie CBI to last for 12 years. The com-
nent is unprecedented in U.S. trade
y: one-way free trade opportunities
be open to CBI beneficiaries long
igh to really make a difference.

From the U.S. point of view, the
's underlying premise is that the
bbean Basin is vital to our security
to our social and economic well-
g. It is, indeed, our third border.
nomic, social, and political events in
basin have a direct and significant
act in the United States.

For our own self-interest, the United
es must be a good neighbor. We
t do all we reasonably can to help
countries of the Caribbean Basin
l stable, prosperous, and decent
ocratic societies. This means we
t *all* deal realistically with the
nomic situation that confronts us.

The CBI takes on the hard economic
ities of this decade. When we in
ernment were consulting with our
ibbean neighbors and private sector
esentatives to put together this ini-
ive, we all agreed that investment—
estic and foreign—is the key to re-
ery and continuing growth in the
0s.

The initiative's duty-free entry into
U.S. market for all but a few cate-
ies of exports from the 20 countries
t have thus far been designated gives
region a competitive edge and stimu-
s both domestic and foreign invest-
nt. In turn, such investment can
erate employment and diversify the
ductive base of each beneficiary's
nomy.

In addition to duty-free trade, we are providing development assistance to help build the physical infrastructure and to develop the entrepreneurial and managerial talent needed for dynamic investment and trade. The United States is committed to substantial economic assistance to the region, bilaterally and in cooperation with international financial institutions and other country donors.

The CBI recognizes that no one in today's world can go it alone. A genuinely multilateral effort will multiply the chances for success. Our common interests call for solidifying the region's political and economic relations with the world's democratic community.

Progress Under the CBI To Date

Now let me just review briefly progress under the CBI to date. The free trade provision of the initiative has been in effect 11 months. That is certainly not long enough to judge a 12-year program. We should also be careful not to attribute all progress to the CBI, for much of the good news can be attributed to the strength of the U.S. economy itself. But several of the early indicators are promising.

U.S. imports from most Caribbean Basin countries have been growing rapidly. Comparing the first 8 months of 1984 to the same period in 1983, we find that U.S. non-oil imports from the CBI countries increased by almost 34%. It's a big number. That is a better performance than the average for all U.S. imports. And there are several countries whose exports to us experienced truly spectacular growth—Barbados up 78%, Belize up 91%, Grenada up 114%, and Jamaica up 83%. You may be interested to know that U.S. imports from Nicaragua are down 47%.

There is continued keen interest among potential U.S. traders and investors in the initiative. The Overseas Private Investment Corporation, for example, has approved 43 projects in the area this year, and the U.S. Commerce Department is receiving 100 inquiries about the program daily.

Investment promotion, of course, is primarily the responsibility of the beneficiary countries themselves. Barbados, for example, has generated over 2,000 new jobs this year through joint ventures in high-tech industries. Jamaica has approved some 300 investment projects during the first 2 years of its new investment promotion program. And the Dominican Republic has undertaken investment seminars in the United States to promote some 30 investment profiles and over 100 investment studies. The U.S. Department of Commerce's regional offices helped in arranging these seminars and are prepared to help other beneficiary countries.

I have some other good news. There has been concern expressed by exporters in the beneficiary countries that the interim customs regulations affecting duty-free declarations are significantly burdensome. I can announce today that these procedures have been simplified to meet those concerns.

In fact, I was having lunch with President Reagan yesterday, and he had just signed whatever it is he had to sign, and we all—there's one thing he takes tremendous pleasure in, and that is reducing the burden of regulation.

I mentioned previously our very substantial economic assistance to the Caribbean Basin, designed to help alleviate the structural impediments to growth.

During President Reagan's first term, U.S. economic aid to the Caribbean Basin nearly tripled. For fiscal 1985, Congress approved economic assistance, as I said earlier, totaling almost $1.5 billion. We intend to continue substantial development support as long as the need exists and the countries of the Caribbean Basin continue to make serious efforts to help themselves.

U.S. policy is to support intraregional cooperation and economic integration to help offset the fragmentation of the Caribbean Basin into small economies and small markets. The Central American Common Market (CACM) and CARICOM [Caribbean Community and Common Market] in the Caribbean initially stimulated growth through tariff policies which favored import substitution. But as the opportunities for this kind of expansion waned and macroeconomic difficulties mounted, the framers of CARICOM and CACM began to think about the need for modernization. The members of the Central American Common Market, for example, are now considering reductions in their external tariff to lower the level of protection. This would lead to more efficient domestic industries better able to compete in international markets.

We are providing bilateral assistance to revitalize the Central American Common Market and to facilitate export expansion to third countries as well as

among its members. The Agency for International Development (AID) is promoting trade expansion by providing loans administered by the Caribbean Development Bank, to which the United States is the largest contributor. Other AID programs support trade and investment promotion by the island governments.

Even full regional integration, however, would be a limited accomplishment if based on an inward-looking development strategy. No national or regional market is of sufficient scale for the rapidly changing technologies of this day. To be competitive, to participate in the world economic growth and technological progress, countries are beginning to realize that they must open up to international competition.

I am convinced that there is around the globe a large pool of money and entrepreneurial talent which has been prevented from making its proper contribution to development by distorted economic policies. Only by attracting domestic and foreign capital, not repelling it, will governments generate needed economic growth.

A good investment climate for domestic business will also be attractive to international investors. To function effectively, indeed to function at all, investors—domestic and foreign—need to know the rules of the game. These must be consistent, clear, and equitable. They need to provide secure arrangements for repatriation of profits, protection of copyrights and patents, and a mutually satisfactory dispute settlement mechanism. All of these would demonstrate a long-term commitment to private sector activities.

There is, however, a continued bias against foreign investment among some groups in some countries of this region. It exists in the United States as well. But I would argue that this fear of so-called economic imperialism has never been as obsolete as right now.

Even small countries have learned how to control big firms. They know how to make the rules and how to enforce them. And they have the power to do so in ways that encourage rather than frighten away investors. As a former president of Costa Rica said about a contract he signed with a major U.S. company in 1954, "We did not try to kill the goose which lays the golden eggs, rather we saw to it that she laid them here in our nest."

My point is that these kinds of geese can be domesticated. The economically most successful countries in the 1980s and 1990s will likely be those who provide the best environment for productive investment. Detroit and Chicago are learning to compete with Tokyo and Frankfurt. Kingston and San Salvador will have to do the same with regard to Singapore and Bangkok.

The Role of Democracy

Finally, let me return to my opening theme: the integrity of the political system is vital to progress. And here, the region has growing assets in democratic governments that are responsive to the needs of their peoples and offer fair and equal treatment under the law.

Strong democracies can be adept at addressing the problems of development—not weak, as some of their critics claim. In fact, I suggest that the worst way to foster growth is to have an elite impose even the best of notions on an unconsenting public. History has too often shown the corruption endemic in such systems. A democracy, accountable to the people through the vote, *can* address the critical issues of economic adjustment and growth because it has the consent of the people—its legitimacy is derived from a public mandate.

A year ago, Deputy Secretary Kenneth Dam outlined to this same group our concern that we in the United States had been slow to appreciate the importance of defending democracy in political terms. He talked about the critical need for democratic training. And he cited some startling facts confirming that the Soviets understand *their* interest in "educating," so to speak, youth in this part of the world, as indicated by the 500% increase—to nearly 4,000—in Soviet scholarships for area students from 1972 to 1982.

Ken Dam said that we hoped that the new National Endowment for Democracy—NED, as we call it—would help us, in his words, "shift beyond short-term bailouts, beyond expensive public-sector agency-creation, to the concerted development of men and women with modern economic, technical, and political skills." Specifically, he suggested that the Caribbean/Central American Action (C/CAA) "play a key role in catalyzing this shift and making it work."

A year later, our record on this score is not good enough.

The national endowment has begun its work. NED programs, especially those under the auspices of the U.S. Chamber of Commerce, should be of particular interest to this group, because learning *how* to compete is a key to su cess in the worldwide economic compe tion I have described. That's just as tr for students of economics or business administrators as it is for government officials. The chamber's new Center fo International Private Enterprise is already working with many of you.

But we are moving too slowly. Federal funds and programs are not enough. Private funding must fill the gap. I know that Caribbean/Central American Action is discussing certain programs with the NED. But has C/CAA done enough? Could you not in tiate a broader program of scholarshi fellowships, exchange travel, and othe training? Is not the investment in people—future entrepreneurs as well professors of economics and finance ministers—worth the effort? I think it

Staying on the Path to Economic and Political Recovery

Despite the many obstacles to develop ment in the Caribbean Basin, consider able progress has already been made. There are some strongly positive exte nal factors—world economic recovery and the incentives of the Caribbean Basin Initiative. Even more important I believe there is a growing realization that by far the most important factor determining growth and development domestic policy—political stability com bined with adequate economic incentiv to save and invest. The tide is turning slowly but inexorably toward an economic consensus in favor of promoting private sector-oriented, export-led growth. We are on the right path. We must stay on it.

The Caribbean Basin Initiative is thus a symbol as well as a program. It a political commitment by the United States. It says we will play our part in implementing the solutions I have outlined. President Reagan has just reaffirmed that commitment. He has directed appropriate Cabinet members and other key officials to give program relating to the Caribbean Basin their personal attention and the institutional support needed for success. The President emphasized that, in his words, "th CBI remains personally important to m and important to the future of our nation."

And the CBI is a commitment whi will outlast this Administration or any

ticular U.S. political situation. It
's from linkages between the Carib-
n Basin and the United States which
remain and grow stronger, no mat-
who is in office in any of our coun-
s.

In the political and security fields,
there has been progress. Demo-
ically elected governments willing to
e genuine political and economic re-
ns are on the upswing. Cuban and
iet adventurism have been dealt
ere blows.

A year ago, seven governments in
Caribbean asked us to join in a
ue operation in Grenada. Since then,
security situation and general confi-
ce of the eastern Caribbean have
h improved. The people of Grenada
t to the polls this past Monday and
se a new government committed to
ocratic principles and the creation of
tter, freer life. This is a significant
mplishment—of which they should
roud.

In Central America, the democratic
ntries are patiently searching for
e while working to foil the propa-
da and the subversion of homegrown
foreign communists. There, too, the
eral situation is slowly improving.
Throughout the Caribbean and Cen-
America, U.S. policy is to support
politics of freedom, enterprise, ini-
ve, opportunity, and hope. The re-
nse we are seeing—a response meas-
d in self-confidence expressed at the
t box and in the marketplace—sug-
s we are on the right track. Let us
to it.

[1]Press release 258 of Dec. 6, 1984. ■

An Update of Constructive Engagement in South Africa

by Chester A. Crocker

Statement before the Subcommittee on African Affairs of the Senate Foreign Relations Committee on September 26, 1984. Mr. Crocker is Assistant Secretary for African Affairs.[1]

I appreciate this opportunity to appear before the subcommittee to express clearly and unambiguously U.S. policy toward South Africa, its relationship to our regional strategy of constructive engagement in southern Africa, and our view of recent events in that region. Let us be frank at the outset by recognizing that the development of a policy that adequately reflects our moral principles, our interests as a great power, and the realities of influence and power in that distant region is one of the thorniest issues in U.S. foreign policy.

The dilemma is not that our principles and our interests are in conflict. They are not: U.S. values and interests can only be served to the degree that there is a strengthened framework of regional security in southern Africa and a sustained process of peaceful change in South Africa. The quest for security and the imperative of change are dependent on one another. The challenge for U.S. policy is to define in an operational sense how we are to pursue these goals. This means that we must understand the extent of and limits on U.S. influence and then use that influence in a sustained and coherent manner. This Administration has been doing precisely that for the past 3½ years. There have been substantial accomplishments, but a great deal remains to be done. Our country can be proud of its record in defining an agenda of negotiated change and regional security in southern Africa. But first that record must be clearly understood.

U.S. Objectives in South Africa

Recent events in South Africa serve to underscore our strong moral and political convictions about a system based on legally entrenched racism. As Americans, proud of our multiracial democracy, we are offended by dramatic television footage showing police action to contain the explosion of black anger in the "townships" of the Transvaal and by headlines about a wave of detentions of opponents of the new constitution and sweeping bans on political meetings. Such actions touch a sensitive nerve in the American body politic. They threaten democratic values that we espouse as a nation and that we believe must be reflected in our foreign policy. It was only proper that our government was the first to voice its concern publicly at these events as well as in diplomatic channels.

Similarly, we Americans are united in opposition to laws and practices in South Africa or anywhere else that offend basic concepts of due process and constitutional government. The theory of apartheid is rooted in the concept of ethnicity and ethnic separation. In practice, apartheid translates as a system based on race as the organizing principle of politics and government. Any system that ascribes or denies political rights on this basis—including the right of citizenship itself—is bound to be termed, as President Reagan has said, "repugnant."

It should be clear, then, what it is we are opposed to. Our goal is equally clear: as President Reagan stated in his address to the UN General Assembly this week, ". . . the United States considers it a moral imperative that South Africa's racial policies evolve peacefully but decisively toward a system compatible with basic norms of justice, liberty, and human dignity." As we have repeatedly stated since the outset of this Administration, we seek constructive change away from apartheid and toward a system based on the consent of the governed.

This objective, too, reflects a broad national consensus. Americans reject instinctively scenarios that would have us instigate revolutionary violence and racial strife in that country, with all their disastrous consequences in terms of misery and bloodshed for South Africans, their devastating results for southern Africa, and their risks of external intervention. No serious critic of our policy dares publicly to call for the apocalypse. Our goals—those of the American people—can only be reached through a sustained process of peaceful, evolutionary change. We remain opposed to the resort to violence from whatever quarter; the fruits of political violence in the world today are bitter reminders of what terrorism and counterterrorism can mean.

The Context for U.S. Policy

The real issue, then, is not whether apartheid is good or bad but rather what is the best means of encouraging constructive change in that country. Let us start by recognizing that indignation and strong convictions do not constitute a foreign policy. The issue is how to translate those convictions into results. While we have and we will speak out publicly to make our views known, public confrontation and rhetorical exchanges are not the main avenue for effective policy. The path of rhetoric and preaching has failed in the past, as its practitioners came to realize, and it is no more likely to be successful now. Ultimately, a great power will be measured by its results.

Similarly, we have not relied on bluster, threats, or the actual implementation of new punitive measures toward South Africa. All evidence suggests that U.S. influence for change is unlikely to be increased by "pinpricks" such as restrictions on Krugerrand sales or on landing rights for South African Airways. Such moves are more likely to become a show of impotence and to erode our influence with those we seek to persuade. Our Administration remains totally opposed to the concept of disinvestment or trade and investment sanctions more broadly. We fail to see how waging economic warfare against the Government and people of South Africa can advance our goals or serve the interests of either the American people or the citizens of all races in South Africa. Not only would such moves offer a fire sale of U.S. assets to foreign interests, damage our commercial credibility, and restrict our access to an important market; in some proposals at city and state level, they raise serious constitutional issues. More important, if adopted, they could sabotage desperately needed economic opportunity for the black majority, remove the positive force for change represented by the Sullivan signatory companies, and produce disastrous consequences for those African states neighboring South Africa. Not surprisingly, an authoritative survey by a distinguished sociologist, Professor Lawrence Schlemmer, reports that 75% of black factory workers oppose U.S. disinvestment. There is an Orwellian perversity in proposing such measures in the name of liberal and humanitarian goals.

The starting point in this Administration's approach to South Africa and southern Africa was to recognize the nature of U.S. influence in a regional context and to identify those constructive things we can do to advance our goals. We are one element in a complex regional equation. Our approach is to engage ourselves positively; to add our weight in support of Americans values; to back ideas, institutions, and groups that can add to a dynamic for change; to propose alternatives; to open doors and build bridges—not the reverse.

In the South African context, much of our influence derives, we believe, from the self-image of the South African leadership and the white minority generally as part of the West as well as of Africa, struggling to preserve its identity, to maintain its security, and to avoid international isolation. Such attitudes for much of the post-World War II period were accompanied by complacency interrupted by sudden shocks, as occurred with the Portuguese revolution; the spread of decolonization to Angola, Mozambique, and Zimbabwe; and the Soweto riots of 1976. Gradually, in the last decade, complacency gave way to a siege mentality, heightened by internal outbursts of black anger and alienation, by an increase in cross-border guerrilla violence, by the projection of Soviet/Cuban military power into the region, and by increasingly strident Western criticism of the South African system.

Digging in its heels, the Afrikaner establishment, which has ruled the country since 1948, developed an elaborate vision of itself as a regional superpower prepared to go it alone if necessary, to hang onto Namibia, and bring maximum pressure to bear on neighbors which are the hosts for guerrilla movements. The siege mentality included, at the time President Reagan took office, a determination, above all, to maintain Afrikaner ethnic unity inside the National Party and a highly abstract commitment to domestic reform imposed unilaterally from above.

A central element of U.S. policy for the past 3 years has been to address both the complacency and the siege mentality I have described and to encourage the emergence of a more favorable climate for change. Repeatedly, we have emphasized the imperative of basic change while making clear that we recognize that such change entails a process, not merely a single decision. our dialogue with South Africans of a races, we have made clear our view tl meaningful change is an urgent matte At the same time, we have stressed tl such change can only flow from consultation and negotiation within Soutl Africa and among all South Africans. We do not seek to impose an America blueprint. Recognizing that the cult of Afrikaner unity was hostile to serious reform, we moderated our public rhetoric in an effort to persuade the government there to respond to the realities of the South African situatio itself.

This is not the place to recount in detail the sustained diplomatic efforts we have undertaken in southern Afric to reverse the escalating cycle of violence that risked engulfing the regi in the early 1980s. But that effort—to obtain an internationally accepted sett ment in Namibia on the basis of UN Security Council Resolution 435, to reduce cross-border violence in both directions between South Africa and i neighbors, and to encourage a regiona climate of detente and the withdrawal foreign forces from the area—has bee part and parcel of our South African policy. Our message to the South Africans has been to stress the benefi of cooperation and negotiation within agenda we have put forward to all governments in the region. At the sar time, we have spelled out the costs an risks of failure in terms of South African interests and our bilateral rel tionship.

We believe the effort to define an build upon areas of common interest a mutual benefit throughout southern Africa is far preferable to simply acce ing the drift toward polarization and violence. We strongly doubt that serio internal reform in South Africa is likel in a climate of constant fighting with adversaries along its borders. We kno with assurance that U.S. regional interests and those of our allies are best served by a regional climate of greate stability, enhanced economic growth, and reduced openings for external intervention.

The Climate for Change

Today, 3 years later, we believe there i clear evidence of progress toward a more favorable climate for change. Today, the state of relations between the United States and South Africa matter

much to the South African leader-
the closeness or distance in that
tionship depends heavily on internal
ge, evidence of momentum, and
ress toward regional security. Our
cious effort to relax the siege men-
y no doubt played a part in enabling
Prime Minister (now State Presi-
) P. W. Botha to take the bold deci-
to put forward constitutional pro-
ls which cost the National Party
third of its core Afrikaner constitu-
ency and gained it new white voters beyond Afrikaner ranks.

Debate has raged over the question of South Africa's new constitution, endorsed by two-thirds of the white elec torate in November 1983. It is an irony that the turmoil of the past days and weeks and the repression used to suppress it should have coincided with the introduction of a constitution which, to a limited extent, offers opportunities for wider political participation. Even this slight expansion of political rights to so-called coloreds and Asians has been seen by some whites as a threat and the "thin edge of the wedge." The fact that the new constitution made no provision for the inclusion of the 73% of the South African population who are black was bound to reinforce black bitterness. This Administration has been consistent in pointing out this fundamental flaw in the new constitution and our opposition

Food Assistance to Ethiopia

**ITE HOUSE STATEMENT,
'. 30, 1984[1]**

ou know, the President has taken a
onal interest in the famine situation
frica, particularly the current crisis
thiopia.

Ethiopia's relief commissioner,
it Walde Giorgis, will be in
hington Thursday, November 1, to
with U.S. officials involved in the
gency food supply effort, including
eral Julian Becton, Director, In-
gency Task Force on African
ger, and U.S. Agency for Interna-
al Development (AID) Administrator
Peter McPherson.

The President discussed the situa-
in Ethiopia with Administrator
herson by telephone Friday and
ed by telephone to Mother Teresa,
has requested U.S. assistance for
ects she has undertaken there. The
sident asked Administrator McPher-
to call Mother Teresa and offer addi-
al assistance which he did.

In December 1983, the President
d for a high-level interagency study
e worldwide hunger situation. This
y was chaired by Ambassador
ert Keating, the President's envoy to
lagascar and Comoros. The Presi-
t announced on July 10 of this year a
or initiative to respond more quickly
effectively to the food needs of the
ple of Africa and the world suffering
n hunger and malnutrition. His five-
t program, announced then, in-
les:

1. The prepositioning of grain in
cted Third World areas;

2. The creation of a special $50
ion Presidential fund to allow a more
ible U.S. response to severe food
rgencies;

3. The financing or payment of
an and inland transportation costs associated with U.S. food aid in special emergency cases;

4. The creation of a government task force to provide better forecasts of food shortages and needs; and

5. The establishment of an advisory group of business leaders to share information on Third World hunger and food production.

In 1984 we have provided more food assistance to Africa than any Administration in U.S. history. Our drought assistance for all of Africa last year totaled $173 million, which is twice the amount of 1983 assistance and three times the amount of 1982 assistance. For Ethiopia alone in this fiscal year, since October 1, 1984, we have obligated $45 milion in drought assistance. This compares to $19 million last year to Ethiopia, which was the largest from any donor country.

With regard to the situation in Ethiopia, since October 2 aid to Ethiopia has included:

- $39 million for the shipment of 80,432 metric tons of food, one-fourth of which will be delivered to rebel-held areas of Eritria and Tigray through Sudan;
- $6.3 million in response to a Red Cross appeal for medicines and supplies; and
- $100,000 for air transport of food to Makele, a central Ethiopian town cut off by frequent clashes along the road from the port.

The pressing short-term constraint is the distribution of food supplies now in country. Limiting factors include the shortage of trucks, poor roads, the insurgency, and the lack of support by the Ethiopian Government. To deal with some of these problems, we have in recent days been providing gasoline for some Ethiopian Government planes to move food in country and are working with some private groups to augment that effort. In our meetings with Ethiopian officials this week, we will ask for more trucks to be made available, for priority access to port facilities, and for assurances that food can reach victims in rebel areas.

For the medium term, Western food aid commitments will keep the pipeline of emergency food full to capacity. Between now and the end of the year, approximately 200,000 metric tons will be arriving. For the longer term, we are developing with private agencies plans for the distribution of an additional 200,000 metric tons, along with medicines, blankets, and other supplies. However, assessments of the need continue to rise, and the medium- and long-term requirements may increase substantially.

Basic to this whole effort is a more cooperative attitude from the Ethiopian Government and the dedication of more of their own resources. They reportedly spent a substantial amount for their Independence Day celebration but have paid little attention to this problem. There are more than 6,000 trucks under government control for example, but only a few hundred are now available for emergency food shipments. However, we do sense some greater interest from them, and we hope our negotiations this week with them will be productive.

The President will continue to monitor our relief efforts, and he has asked Administrator McPherson to report new developments to him.

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[1]Text from Weekly Compilation of Presidential Documents of Nov. 5, 1984. ■

to the attempt to "denationalize" blacks by declaring them citizens of the so-called homelands.

Nevertheless, it would be premature to dismiss the new willingness of the whites to support the concept of reform or the potential of the new constitution for stimulating future change. The very exclusion of blacks ironically has forced the future political role of blacks on top of the public agenda. State President Botha indicated as much in his inaugural address. The departure from "whites only" politics may well prove to have a substantial effect on those who govern South Africa. The very fact that participation in the "colored" and Asian elections was so low will add further impetus to existing pressure on newly elected members of the "colored" and Asian chambers to fight for change. We believe the debate over whether this new constitution represents a step forward can only be resolved by future historians. For our part, we believe that, whatever the intentions of its authors, it is an irreversible step. Its effect—precisely because of widespread boycotts—will be to accelerate the reappraisal of future options among whites and to further erode complacency.

We remain confident that there is a new dynamic at work in South Africa, driven by socioeconomic and political requirements. This is by no means contradicted by the unrest and rioting of the past weeks. As Alexis de Tocqueville pointed out, this is a phenomenon that historically tends to occur precisely when rigid old patterns are begining to break up. We are urging the South African Government to recognize that repression provides no lasting answer to this problem. We hope that the government will recognize that it is in its own interest to release those recently detained quickly or, at the very least, to charge those it has decided to put on trial without delay so that they have a chance to defend themselves in a court of law. We have taken note that State President Botha himself, in his inaugural address, has stressed that the new system requires dialogue not only among whites, "coloreds," and Asians but also with blacks. The burden now is on the government to recognize and invite valid black interlocutors to the table. This is a process we encourage, even if we have no direct role in it and do not presume to come up with prescriptive formulas.

A second feature of our efforts to back change is our quiet diplomacy on behalf of specific improvements and concrete problems of human and civil rights. By definition, one cannot discuss publicly the content of specific efforts. Nonetheless, while we recognize that the major impetus for change must come from within South Africa itself, we have actively concerned ourselves on several fronts to seek concrete improvements: our interest in such issues as detentions and bannings (until recently, dramatically reduced), urban residency rights for blacks, forced removals of settled black communities, and the issuance of travel documents and visas have been widely recognized in South Africa's human rights community—in sharp contrast to the distant critics who may afford the luxury of dismissing such matters as "mere amelioration" of the current system. We will remain engaged in such endeavors, as we are certain the Congress and the American people would wish us to be.

A third element of our approach ha been to provide concrete, tangible support of those groups, institutions, and processes which are essential to change in South Africa. Through deepened contact with those who are on apartheid's receiving end and who seek the tools to promote peaceful black advancement, v have defined a series of assistance programs of which Americans can be prou I would like to emphasize as well that we have done so in close cooperation with the Congress, which has taken important initiatives to expand our effort and establish new programs to assist apartheid's victims.

The Congress, most recently in response to your lead, Madame Chairman [Senator Kassebaum], and that of

Food Assistance to Africa

WHITE HOUSE STATEMENT, NOV. 1, 1984[1]

President Reagan today approved further measures the United States is taking in response to the growing food emergency in Africa.

The President approved food assistance to three more African countries: Kenya, 120,000 metric tons of food, valued at $25.5 million; Mozambique, 73,000 metric tons, valued at $12.7 million; Mali, 15,000 metric tons, valued at $6.9 million.

These new approvals total 208,000 metric tons valued at $45.1 million. This brings the total drought-related food assistance obligated to Africa in fiscal year 1985 (since October 1, 1984) to $131 million for 15 African countries. Niger and Chad are also under active consideration for food assistance.

M. Peter McPherson, Administrator of the Agency for International Development (AID), will meet with Ethiopian Commissioner Dawit Wahle Giorgis, Director, Ethiopian Relief Agency, today and tomorrow in Washington to discuss efforts of the Ethiopian and U.S. Governments to deal with the drought in that country. Subject to discussions with the Ethiopian Government, the President has authorized AID to contract with TransAmerica, a U.S. based airlin for two L–100 cargo planes to airlift emergency food supplies to drought vic tims within Ethiopia. The planes can ar rive in Ethiopia on November 4th and 5th and remain for at least 60 days at a cost of approximately $2.4 million.

In fiscal year 1984, the United States provided more than 500,000 metric tons of emergency food to more than 25 African countries. The value of the food exceeded $173 million for fisca year 1984.

The President is committed to addressing the drought emergency on an Africa-wide basis. In Ethiopia, the prob lem has largely been on the Ethiopian side, reflected in an inability or unwillingness to get the goods to the people i need. There are some signs of improvement now.

We note that the Soviet Union has announced that it will provide some limited transportation assistance to hel deliver food in Ethiopia. We hope this means a basic change in Soviet policy. Their record has been one of overwhelm ingly military-oriented programs in the Third World, with little assistance in terms of aid and development.

[1]Text from Weekly Compilation of Presidential Documents of Nov. 5, 1984. ■

r colleague, Senator Percy, has vital-
ntributed to enhanced opportunity
black South Africans. The humani-
an development monies under legisla-
which you sponsored this year have
e to assist 60 projects with a total of
),000. These projects range from
stance to education in particularly
rived areas to the provision of law
aries to legal centers in urban areas,
:h assist blacks to understand their
ons under the law. Building from
gestions of Congressman Solarz dur-
the previous Administration, we
e gone forward to help educate black
th Africans in a program that is a
el of cooperation between the
ernment and private sectors. A total
bout $7.5 million, over half from the
eral Government, has brought about
black South Africans to the United
es for advanced study. At this point
it 50 have returned to use their
s in South Africa.

We are currently seeking to expand
:ational assistance by instituting a
gram of scholarship support for
ersity-level study within South
ca. If current obstacles can be over-
e in consultation with Congress, we
ld be able to put 70 young people
a 5-year university at a cost of $3
ion. Nearly $6 million has been com-
ed in support of programs of im-
ving basic black educational skills,
eprenurial training, and the training
support of black trade unionists.

Ambassador's self-help fund been
icularly effective in supporting small-scale projects at the community level—some 37 projects costing $275,000 this year. In another area we have funded some $500,000 of drought relief assistance via nongovernmental groups—half in the form of 3-to-1 matching grants—while stressing that South Africans themselves should carry the bulk of this responsibility.

These efforts lack drama, but they are the necessary building blocks of a constructive approach to change. When viewed in conjunction with the far larger efforts of Sullivan signatory companies and a host of U.S.-based foundations, universities, unions, and other nongovernmental organizations, they make clear what we stand for in South Africa. More could be done, and we stand ready to work with Congress in defining additional areas of constructive activity. Black South Africans who seek to improve their quality and standard of life, their bargaining power, their access to equal opportunity, and their capacity to participate as equals in all aspects of South African life are eager for support in a wide range of fields. These include health care, fair employment practices and labor relations, education, legal services, and housing. While the issue of political rights remains of paramount importance, these areas of expanded opportunity are also high on the list of black priorities. We will not ignore them.

Regional Conclusion

Finally, I would be remiss in not saying a brief word about our regional efforts and accomplishments in southern Africa. Today, after 3 years of active diplomacy with all regional states concerned and our allies, we are closer to the threshold of Namibian independence than ever before. The underbrush has been cleared away. Though negotiations are at a sensitive stage, we have reason to believe we may be close to the fundamental political decisions on implementing Resolution 435 and an agreement on the Cuban troop issue in Angola. We have identified the basis for a settlement and are committed to succeed. On a broader regional basis, the level of cross-border violence in southern Africa is sharply reduced. Despite fundamental political differences, neighbors are increasingly sensitive to the responsibilities of coexistence. Contact and communication are on the increase.

The U.S. role is one of a catalyst. Where that role is welcomed by both sides, we will play it. Let me make it clear, however, that we are not party to any effort to impose a standard formula on relations between South Africa and its neighbors. Each relationship is distinct and stands on its own merits. The dramatic example of Mozambique and South Africa concluding a formal political agreement met the needs of those two parties. Coexistence can take many forms. What we do support, however, is a regional climate of dialogue that gives negotiation and peaceful change a chance. We can be proud that the doctrines of guerrilla violence and the garrison state have been set aside—at least for now—as the parties explore other roads. We wish them all well.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S.-Japan Relations: Present and Future

by Michael J. Mansfield

The following address before the Research Institute of Japan in Tokyo on October 29, 1984, is reprinted from Business America *of November 12, 1984.*[1]

Mr. Mansfield is U.S. Ambassador to Japan.

As I was preparing for this speech, I found myself drawn to a Waka poem composed by the Empress Shoken. It is called "Listening," and it goes like this: "Other people's words, sometimes good and sometimes bad, need to be heeded; if we listen carefully we can benefit ourselves."

I have done both a lot of listening and a lot of talking during my life, and I hope that the views we exchange today might be of some benefit for all of us.

I have come to talk to you about one of my favorite subjects: the U.S.-Japan relationship. My 7 years of service as Ambassador to Japan have solidified my belief—indeed my credo—that the Japanese-American relationship is the most important bilateral relationship in the world, bar none. It has been nurtured and carefully tended for more than 35 years and is now a full-fledged partnership. Indeed, the U.S.-Japan relationship—its stability, reliability, and durability—will be a decisive factor in determining the future of much of the world.

It hasn't always been this way.

We began as two disparate people on opposite sides of a vast ocean, products of very different histories, speaking very different languages. The decade of the forties found us engaged in a tragic war.

However, a commonality of interests brought us back together in the productive partnership we share today. And while our cultures remain distinct, and our languages are different, we have made real progress in overcoming the physical and mental barriers of distance.

This is significant for the Japanese-American partnership. For our Japanese-American partnership is a living relationship, and as such, it must change and adapt as each partner matures and is called upon to accept new responsibilities. Prime Minister [Yasuhiro] Nakasone has helped us all to realize that equality now prevails between our two nations—equality in responsibilities, sacrifices, and yes, equality in the benefits that come from working together.

Now, by almost any objective measure—political, economic, or cultural, to name just three—what Japan and the United States do alone and together is of tremendous importance to our two countries and to the entire world. And what keeps us working in harmony is that—unlike other bilateral relationships which, though important, are sometimes based on adversarial assocations—Japan and the United States are allies who have many common goals and objectives. This further reinforces the bonds uniting us.

The U.S.-Japan relationship . . . will be a decisive factor in determining the future of much of the world.

As some of you may know, my interest and fascination with Asia—particularly with Japan—began back in 1922, when a ship I was serving on as a Marine docked in Nagasaki for a few days to take on coal. So it has been over the past six decades that I have witnessed the evolution of U.S.-Japan ties.

We must not allow these bonds to become frayed or tangled because of friction or misunderstandings. Instead, we must ensure that our relationship will always be a productive and cooperative one, based on mutual trust equality, and shared goals.

To that end, Prime Minister Nakasone and President Reagan announced their intention, during the Prime Minister's visit to Washington in January 1983, of appointing a small group of private citizens of both countries, representing major sectors of society, to advise the two governments on the conduct of U.S.-Japan relations. Thus the U.S.-Japan Advisory Commission came into being on May 12, 1983, accordance with arrangements worked out by the Secretary of State and the Foreign Minister.

The distinguished commission was charged with the task of making recom mendations on all aspects of U.S.-Japa relations—in both the short and the long-term. David Packard, Chairman o Hewlett-Packard, Inc., and Ambassado Nobuhiko Ushiba, former State Minist for External Economic Affairs, served as co-chairmen.

To quote from the introduction to the commission's report, "The future success of the U.S.-Japan relationship of great significance to world peace an prosperity, especially to that of the Pacific Basin region. The commission believes that if Japan and the United States can manage their relations well, and build even stronger bonds of cooperation, they have the capability t lead the Pacific region into a new era progress and lasting peace."

I would like to discuss some of the recommendations that this U.S.-Japan Advisory Commission made in a report submitted to President Reagan and Prime Minister Nakasone on Sept. 17.

In broad terms, the report calls for both countries to ensure that the privat sector participates adequately in the policymaking process. It also suggests improved mechanisms—especially in Japan—to ensure that market access commitments are effectively carried ou Japan and the United States are counseled to promote a new GATT [General Agreement on Tariffs and Trade] round in order to deal with trad issues multilaterally. The report also urges the United States to provide new emphasis and high-level guidance to the management of policy toward Japan.

Perhaps most significantly, the
rt recommends Japan establish its
"Special Commission on Japan's
nda for Strengthening the Interna-
l Economy." This special commis-
would develop Japan's agenda for
rnal and internal priority tasks, so
Japan can take the initiative in
lem-solving, rather than waiting for
problems to come home and roost.
We are most pleased that, following
September 25 Cabinet meeting,
ne Minister Nakasone instructed
nese ministries to study the ways to
implement the commission's recom-
dations, particularly those in the
omic and trade areas.
Let me assure you that the United
es is also taking the commission's
mmendations very seriously. We
a deep concern for many of the
s discussed in the panel's findings.
are concerned that the U.S.-Japan
ionship be better managed; that the
tanding issues before us be solved at
working levels of our governments,
re they inject themselves into
ical debates. A corollary to this is
nfortunate tendency for
aucratic and political attention to be
sed on questions that should be
inely resolved through ad-
strative mechanisms. It does neither
try any good for specific prob-
—such as beef and oranges—to be
ed into partisan rallying cries, when
real issue is market access.
On the other hand, as the report
ts out, it does neither country any
l to stress that foreign competition
cause rather than a symptom of
problems as lower productivity
vth, insufficient attention to long-
market share, or management
akes. We Americans are coming to
realization that we will not solve our
economic problems by looking only
nd our borders for the source of our
Raising walls of protectionism to
behind will not improve our situa-
. It will only make it worse.
While Japan can certainly help by
ling Americans and others to have
ter access to its markets, American
l work, increased productivity,
ect for quality, competitive pricing,
follow-through service will be essen-
if we are to be a competitive
ling partner.
Certainly we would like to see Japan
plete the process of opening up its
kets. We believe that we could sell
e manufactured goods and agricultural products here, were we given the access we seek.

In this regard, we would hope Japan adopts the Advisory Commission's suggestion that improved market access be made a national goal for Japan, based on the premise that trade should be free—unless a compelling argument exists for restrictions. To match this, the United States should adopt a more positive export strategy to take advantage of these new opportunities.

Stability on the Korean peninsula will also remain vital to both Japan and the United States. The United States heartily welcomed Prime Minister Nakasone's visit to the Republic of Korea and President Chun Doo Hwan's visit to Japan as symbols of the efforts being made on both sides to create an atmosphere of mutual trust and understanding in their relations.

Japan and the United States are of course tied together by the Treaty of Mutual Security and Cooperation. Under this agreemement, the United States has pledged to come to Japan's aid in case of attack—and we will. Japan in turn offers us the use of various facilities to fulfill our obligations here and throughout Asia. Japan also provides more than one billion dollars in host country support for the upkeep of those facilities, where today we deploy approximately 60,000 troops.

We would like to see Japan complete the process of opening up its markets.

In order to keep our relationships healthy, both governments, as suggested by the commission, should take steps to address both our bilateral trade imbalance and our imbalances vis-a-vis the world. The United States should reduce its budget deficit in order to help bring down the high value of the dollar, which is hurting U.S. exports worldwide. Japan, for its part, can help stimulate world economic recovery by increasing its own growth in non-export sectors and reducing its continued high trade and current-account surpluses.

Furthermore, the Advisory Group's recommendation that Japan establish a "Special Commission on Japan's Agenda for Strengthening the International Economy" is worth particular attention. For example, such a commission could examine ways for Japan to share its capital and technology with countries overseas. In this way, Japan could demonstrate initiative, instead of being in the position of simply reacting to foreign pressures, as it is so often accused of doing. Japan would assume a role more commensurate with its status as the world's second largest economic power.

In regard to diplomatic and security affairs, Japan and the United States have similar international interests, as the Advisory Commission has pointed out. We must continue to consult closely on trade, credits, technology transfer, and resource development in the Asian region, keeping in mind that the potential adversary we face is well-armed. At the same time, the United States and Japan seek constructive dialogue, believing that equitable, verifiable arms control on a global basis would contribute to world stability and peace.

Certainly we appreciate your doing more in your own self-defense. The United States, in order to honor its commitments as an ally and friend in the Asia-Pacific region, has to spread its resources over a vast area, making it difficult to meet the challenge of the growing power and range of our adversaries. The more Japan can do in its own defense, the more we can use our resources efficiently in this region and beyond.

Americans should remember that Japan has, for the past 13 years, made steady and significant progress in its effort to increase its defense capability. And it is Japan's generous financial and political support for the U.S. forces here that has made it possible for us to rebuild a strong and stable presence in Asia—which our Asian community of friends feel is the bulwark of their security.

I believe the U.S.-Japanese defense relationship has become qualitatively different for both nations in the past few years. We have reached a new kind of defense partnership in which both sides are working together to define and

carry out a division of labor—not only to ensure the security of Japan, but to maximize the contribution that U.S.-Japan defense cooperation makes to the deterrent power of the Western alliance as a whole.

But in a security relationship of our breadth and magnitude, there are always problems. Living in Japan as long as I have, I am very aware of the inconveniences and sacrifices that Japanese people suffer in hosting our bases in such a heavily populated area. Believe me, it makes us appreciate all the more the warm hospitality and support we enjoy in Japan.

Many of you are familiar with government-funded exchange programs such as the Fulbright Scholarships and America's International Visitor Program. But the responsibility for exchanges of course goes beyond governments. Private organizations also contribute to mutual understanding. The U.S.-Japan Advisory Commission Report specifically cited such positive developments as:

- The creation of the Japanese counterpart to the U.S. Association of Japan-American Societies for programming at local levels;

The development of the Pacific Basin during the next 100 years will make a turning point in world history.

Let me also touch a bit upon the roles cultural and academic exchanges play in our bilateral relationships. For as much as I have spoken about trade and defense—the "flesh and bone" of our partnership—I have not forgotten for a moment that the heart of our relationship has always been and will continue to revolve around people. And people are what these cultural and academic exchanges are all about . . . whether we are talking about exchanges of parliamentarians, labor leaders, journalists, performers and artists, teachers, students, lawyers, researchers, etc.

There's an old saying in the United States that "ignorance is bliss." In other words, if you don't know about something it can't hurt you, can't bother you. I don't believe that for a minute. Some of the great benefits of our knowing each other will come from the sharing, the understanding, the cooperation, and the friendships that develop among us. And one of the major goals of cultural and academic exchanges is to create a public climate where the "flesh and bones" problems can be solved in a spirit of cordiality and mutual understanding.

- The extraordinary effort of Japanese Fulbright alumni to raise funds to enhance the Fulbright Program;
- The efforts in some U.S. states to strengthen Japan-oriented studies, including school outreach programs;
- Increased sister cities activities; and
- The proposed establishment of an American House in Tokyo, as a center for nonprofit organizations involved in activities related to U.S.-Japan relations, similar to the Japan House in New York.

A better understanding of each other's people and culture—which can be translated into accurate perceptions of our governments and policies—will serve us in good stead now as well as in the future.

The media can also be an important force for growing awareness among both our people. Coverage of Japanese-American affairs has increased and improved during recent years. Japanese correspondents in the United States now number about 125, while American correspondents here number over 100. Stories, commentaries, in-depth articles—I welcome them all, because they provide the necessary food for thought about Japan-U.S. relations.

Before I close these remarks, let m turn briefly to another subject that is a dear to my heart as the U.S.-Japan rel tionship. That is the future of the Paci Basin, the coming "Century of the Pacific."

The development of this basin dur ing the next 100 years will mark a turn ing point in world history. More than half the people of the world live in this area. Four South American nations front on the Pacific, as do all of Centra and North America, East Asia, Australia, New Zealand, and the island in between. When you think of the Pacific Basin, with its tremendous natural resources (the most important being the people of that region), the mostly friendly governments, the current trade volume, the great potential markets—when you consider the demographic trends, the movements of population to the south and especially the west in my own country, you cann help but come to the conclusion that a pattern is developing—the intersection of trade and peoples in that basin.

To quote Giovanni Agnelli, Chairman of Fiat, in December 1983: "Mode America is going toward the Pacific an the European side of America is losing momentum."

To quote President Reagan on his November 1983 state visit to Japan: "You cannot help but feel that the gre Pacific Basin—with all its nations and all its potential for growth and development—that is the future."

And to conclude with Secretary of State George Shultz in Honolulu in Jul of this year: "The Pacific and the futur are inseparable."

I have seen a lot happen in six decades. You will see a lot more in the decades ahead. And the world will see the Pacific Basin mature and come of age.

[1]Ambassador Mansfield's introductory remarks omitted here. ■

ıe U.S. in the World Economy: yths and Realities

obert J. Morris

Address before the Long Beach Inter-nal Business Association in Long h, California, on November 16, 1984. Morris is Deputy to the Under etary for Economic Affairs.

at least the last 2 years, U.S. ies and/or performance have been arget of fairly shrill foreign ism. Five main themes are nant.

- Large U.S. budget deficits, cially when corrected for cyclical rs, have been directly and over-mingly responsible for high real in-t rates.
- High rates are sucking in capital abroad to finance the U.S. budget it, thus forcing foreign rates up, nging foreign stagflation, and/or tening to choke off recovery nding on the phase of the cycle the lainer is in).
- Capital inflow and the counterpart d U.S. trade deficit are unsus-ble; they have produced an over-d dollar, destabilized foreign ex-ge markets, and threaten a roller-ter fall when the market turns.
- High U.S. interest rates and the eciating dollar have severely exacer-d the international debt problem.
- The strong dollar has strength-the forces of protectionism in the ed States, directed mainly against loping countries and especially those h need foreign exchange to service debts.

luating the Validity of eign Criticisms

ll these complaints, only the last two more than a rather superficially ap-ing validity. That fact alone should n to suggest where we ought to be entrating our efforts, both to sus-the recovery begun 2 years ago and ssure that the international economy le to come through the severe mpression adjustment of the early)s with minimum disruption—ever, more of that later. First, let's look more carefully at the other criticisms to see just how valid they may be and what should be done about them.

Budget Deficits and Interest Rates. Budget deficits are bad for several reasons, but the notion they are the predominant cause of high interest rates is not one of them.

Surely they contribute marginally to upward pressure on interest rates. However, the strength of demand for credit resulting from our vigorous recovery and especially the strength of demand for capital equipment, which has characterized this recovery, are at least as important and probably more so. A third factor is some continuing skepticism in the market about the permanence of the low inflation we have been experiencing. Consider two points.

- Most of the focus of this debate is on the Federal Government deficit. But the more relevant measure would be the total government deficit, taking account of the large surpluses generated by most state and local authorities in this country—surpluses which have been running recently at close to one-third of the Federal deficit. Thus, the figure for calculating the impact on credit markets was probably closer to $100 billion last year than the $200 billion usually cited.
- The effect of the 1981 tax act was to raise the after-tax real rate of return on business investment. Historically, there is a close correlation between that rate and real interest rates. If the former rises, the latter must also in order to remain competitive as a use of savings.

As growth begins to moderate, as demand for new capital investment reaches a plateau, and as inflation stays reassuringly low, we should begin to see a decline in interest rates. Indeed, there are clear signs of that already—unrelated to developments in the Federal deficit, one might add.

There appear to be at least four main reasons why interest rates have been falling over recent weeks.

First, the greater-than-expected slowdown in economic growth—dropping from 7% at an annual rate in the second quarter to an estimated 2.7% in the third—has reduced private credit demands.

Second, the deceleration in the rate of money growth—with M1 dropping to the lower end of its target range during the third quarter—coupled with the slowing in the rate of economic expansion have allayed fears about renewed inflationary pressure.

Third, the substantial decline over the last several weeks in the Federal funds rate has encouraged the view that the Federal Reserve Board has eased its policy stance in order to encourage additional money growth—growth for which there is adequate scope within its target range without stimulating concern that early tightening would be required.

Fourth, market perceptions of a risk of default associated with banking sector instability—often signaled by the spread between the rates for 90-day certificates of deposit and Treasury bills—have abated, with the spread falling by over 100 basis points between July and late October.

In summary, interest rates are responding to market forces and Federal Reserve actions on the money supply, as they always have and will in the future. The budget deficit will play little role in this equation.

Foreign Effects of High U.S. Interest Rates. Second complaint: are U.S. interest rates the main reason for the large and growing U.S. surplus on capital account (a more accurate description than large capital inflow)?

Here, too, the answer must be no. Granted some foreign capital has moved into the United States attracted by high U.S. rates. However, there are at least three other reasons which are equally compelling.

- Since the recession trough of mid-1982, the recovery has been much more vigorous in the United States than in any of its partners. Capital has flowed into dollars to take advantage of the higher rate of return on dollar assets generally, be they debt instruments, equities, real plant, or property.
- Economic uncertainties, especially in the high-debt LDCs [less developed countries] and political instabilities in various parts of the world over the last

few years have prompted substantial capital flight into dollars—hardly the fault of the United States.

• Finally, the sharp reduction last year in U.S. capital outflows, and especially the contraction in net new lending by commercial banks to the debtor countries, accounted by itself for essentially all of the rise in the capital surplus over the previous year.

Incidentally, the charge that foreign capital is financing the U.S. budget deficit is not sustained by the facts either. Though there was a threefold increase in foreign purchases of Treasury securities in 1983 over the previous year, that still amounted to less than 10% of the total Federal deficit. Net foreign investment in the United States last year was over $40 billion, most of which was in the private sector. Americans, not foreigners, are financing the U.S. Government deficit.

Dollar Strength and Trade Deficits. The third complaint—that heavy capital inflows are forcing the dollar to rise in value and produce an unsustainably large trade deficit—is one voiced by both foreign and domestic critics. It is essentially correct. However, it is also used by both to argue in favor of more intervention on foreign exchange markets or, at least, to bring our budget under control (again, reflecting the conviction that our budget deficit is the prime cause of capital inflow and, by extension, the strong dollar).

Regardless of the reasons why capital is flowing toward the dollar, one has to ask how effective currency intervention would be in countering that movement (and thus changing the value of the dollar). My own conclusion is not very, if at all. Until changes occur in the conditions which gave rise to the flows into dollars—more rapid U.S. recovery, lower taxes on investment, capital flight away from other countries—there is nothing that intervention can do to change the situation. Nor are these factors likely to change so radically in the medium-term future that we risk a massive retreat away from the dollar. Though we can expect some decline in the dollar as recovery picks up abroad and continues to moderate in the United States, the likelihood of a run on the dollar, as long as anti-inflationary monetary policies are maintained, is not very great.

Protectionism and the International Debt Problem. The fourth and fifth complaints—that the strong dollar has aggravated the debt problem and stimulated protectionist pressure in the United States—have rather more validity than the first three.

The strong dollar has effectively meant that the real resources which were bought with the weaker dollars borrowed in the late 1970s now must be repaid at levels increased not only by higher rates of interest but by a stronger dollar than prevailed then. While this is a real problem, it should not be exaggerated. The strong dollar and high interest rates result essentially from the strong U.S. recovery. This recovery has in turn produced the record U.S. trade deficits which are the counterpart of our large capital surplus. Those deficits are providing increased export earnings for the debtor countries, with which they can service their debts. In fact, the reduction in LDC current account deficits last year was due almost entirely to the shift into surplus in their trade with the United States.

There is, however, a second question: has the trade deficit and strong dollar been damaging to the United States? The answer depends a lot on your personal perspective.

• If you are competing with imports or are an exporter, you see the strong dollar as a threat.

• If you are a consumer, a worker in an industry not affected much by foreign trade, or a pensioner living on a fixed income, you reap an advantage in the form of lower inflation and a higher real standard of living.

On balance, the strong dollar has been more beneficial than harmful to us by increasing our buying power, helping to dampen inflationary pressures, and promoting some competitive adjustment in U.S. export and import-competing industries.

The one major disadvantage of the strong dollar—and where the foreign complaints are, indeed, well taken—is the impetus it gives to protectionist forces in the United States. More on that later.

Our Future Tasks

It is instructive, if not edifying, to compare these criticisms of U.S. performance today with what these same critics were asking U.S. policymakers to do during most of the 1970s. Then the cry was for the United States to take the lead in pulling the world out of the recession of the mid-1970s. We were urged to fulfill our responsibilities as th "locomotive" of the world economy. As the 1970s wore on, U.S. monetary policies generated new inflationary pressures in our economy and a severe depreciating dollar abroad, which our foreign friends urged us to bring under control. Today, we have experienced 2 years of high growth, low inflation, and a strong dollar. That strong dollar, vigorous growth, large trade deficits, and capital imports are the consequenc of what the Europeans, in particular, were urging on us before.

Critics of our policies and performance cannot have it both ways. They cannot have rapid U.S. growth and, at the same time, low interest rates; or high growth and low U.S. trade deficit They cannot have the impetus which ou trade deficits give to their own growth without the capital flowing toward the United States to finance those deficits. Finally, they cannot reasonably expect the dollar to come down until condition abroad change and the reasons giving rise to capital flows toward the United States are corrected.

Fortunately, the more thoughtful o our foreign partners understand these realities. In particular, many have understood that it is not the intense competition for investable funds—as reflected in high U.S. interest rates—that is holding back investment and growth abroad but, rather, slack demand for investment in their own coun tries due to structural, institutional, an policy factors in those countries themselves.

These points were begun to be mad in the international dialogue during the last year, not by the Americans (though many of us had been suggesting them more or less directly for some time) bu by our foreign friends and especially th Europeans. They were amplified at last spring's meeting of ministers at the OECD [Organization for Economic Cooperation and Development] and, especially, at the London economic sum mit in June. Those meetings effectively set the agenda for international debate and action during this year and next.

There are, broadly, three main foca points for our work during the coming year: structural adjustment, debt, and trade policies.

In our economic policy consultations
n our main partners, we expect
ussion to center on removing ob-
es to structural adjustment. In
eral terms, this means that each
ntry should analyze its own situation
outline its view about what it needs
o to promote change and adjust-
t. This is not an academic exercise.
ure to adjust to new circumstances
ns that growth is stifled, inflation is
ouraged, and jobs are lost. Nowhere
the failure of policy and of social
economic institutions to cope with
ge been more dramatically brought
e than in the fact that during
hly the last 10 years, while about 20
ion new jobs were created in the
ted States, Europe lost almost 2.5
ion.

Each of us has more to learn about
process of change and the changes
olicy we each might make to
itate the adaptability of each of our
eties. But the true value of interna-
al discussion will be realized only if
re honest with ourselves. There are
oints to be scored by trying to
fy past or current policies if these
manifestly failed to promote stable
vth and new job creation. We
elves believe that the key to suc-
ful change lies in the adoption of
ies that permit the greatest scope
pen markets to operate. We also
ve our comparative success with
policies is such as to recommend
n to others. But most important is
we ourselves continue on this
se and improve on it where possible.
Our capacity to adjust to change is
key to the future success of our
tegies for handling critical issues in
e functional areas which link na-
al economies to each other and make
what we refer to as the international
nomy—that is, the trade and finan-
systems. In each of the last two
nomic summits, we have stressed the
rrelationships among strategies for
wth, debt, and trade. At both the
iamsburg and London summits, the
lers endorsed and refined their joint
tegy for managing the international
t crisis which erupted so dramatically
he summer of 1982.

Without rehearsing the elements of that strategy—all of which are well known to an audience like this—let me simply emphasize two main points.

First, there is no short-term, quick-fix solution to the debt problem. It will be with us in one form or another through the rest of this century, if not beyond.

Second, the real solution depends on the ability of debtors and creditors alike to adopt and stay with policies which best assure sustainable, noninflationary growth; continued adjustment in debtor countries to increase their capacity to export; and action by all to enhance the openness of markets for trade and direct investment.

Each aspect of this strategy is crucial, but given the force of protectionist pressure—especially as generated in the United States by the strength of the dollar—the biggest threat to our long-run success is the challenge to open trade and investment markets. Open trade is essential to efforts to keep inflation under control and to provide that additional stimulus to growth which every economy needs to move beyond the potential of its own resource base. Open trade and investment are central to the solution of the debt service problems of debtors large and small and, thus, to the health of our domestic and international financial systems. Since we all have a stake in sustainable growth and financial stability, we all have a stake in open trade.

Regardless of what the situation may be in other countries, we have found that, in a democracy like the United States, the only effective way to head off the forces of protectionism is to be engaged in a negotiating process designed to increase—not just maintain—the openness of world markets. We and the Japanese launched just such a process during the past year, and the London summit endorsed the need for a decision on it by all GATT [General Agreement on Tariffs and Trade] parties at an early date. Our own target for that decision remains this coming year.

Conclusion

This is our agenda for the years ahead. However, there are essentially three requirements we must meet if we are to manage successfully our international problems and create the conditions most conducive to achieving sustainable, noninflationary growth in both our own and the world economies.

First, we must be able to cut through the misleading or self-serving rhetoric about the causes and cures of our main international problems and develop a clear-headed understanding about what has happened and how we need to cope with it.

Second, we must have the imagination and courage to identify and remove those obstacles to change that weaken or frustrate our ability to grow in response to market opportunities.

Third, and perhaps the key to the second, we must move rapidly to begin new negotiations to enhance the openness of the international trade and investment systems. ■

Multilateral Development Banks

Background

The United States participates in four multilateral development banks and funds (MDBs): the World Bank family—the International Bank for Reconstruction and Development (IBRD), its concessional window, the International Development Association (IDA), and the International Finance Corporation (IFC); the Inter-American Development Bank and its Funds for Special Operations (IDB/FSO); the Asian Development Bank and Fund (ADB/F); and the African Development Bank and Fund (AFDB/F).

The World Bank makes loans to assist the growth of less developed countries (LDCs) around the globe, while the regional banks focus on the development needs in their geographic area. Each MDB can provide concessional ("soft") loan and ordinary ("hard" or near-market-rate) loans to their borrowing members. In addition, the IFC, the ADB, and the proposed Inter-American Investment Corporation (IIC) can take equity (partial ownership) positions. Concessional loans are reserved for the poorest countries.

MDBs are the largest source of sound economic policy advice and official development assistance available to the developing nations. In the MDBs' 1983 fiscal year, they lent about $22.1 billion—$16.2 billion from the World Bank group, $3 billion from the IDB/FSO, $2 billion from the ADB/F, and $930 million from the AFDB/F.

Funding of MDBs

From the beginning, the United States has been the largest contributor, but international cost sharing through the MDBs has become more equitable in recent years. In line with this shift in international economic responsibility, the U.S. share in every MDB—except the AFDB/F—has declined. Other donor countries now contribute about 75% of total MDB resources. Moreover, MDB borrowings from private capital markets multiply the donors' contributions, increasing the economic assistance that can be channeled through the hard-loan windows of the banks. Thus the program payout for each budgetary dollar paid into these windows by MDB members can be very high. For example, the World Bank is able to lend more than $60 for each dollar paid in by the United States.

Role of MDBs

By providing financing and technical assistance and serving as a financial catalyst, institution builder, and policy adviser, the MDBs foster LDC development policies that are pro-growth. MDBs have found that market-oriented economic systems generally provide the most conducive environment for that growth.

Because of their substantial resources, multilateral character, and well-earned reputation for professional expertise and impartiality, the MDBs are often more effective than a single donor country in advising developing countries on development planning and on necessary policy reforms. The MDBs insist that the borrower fulfill economic performance criteria for their loans—such as adequate rates of financial and economic return—and they encourage LDCs to adopt rational development policies. In response to the international debt crisis, the MDBs have adjusted their programs somewhat to be flexible in assisting countries undertaking the difficult process of economic adjustment.

Proposed IIC for Latin America

The United States has supported the establishment of the Inter-American Investment Corporation, modeled on the IFC and associated with the IDB. The IIC will invest primarily in privately owned and controlled medium and small enterprises in South and Central America. It will be capitalized at $200 million; the U.S. share will be 25.5%. The United States has received implementing legislation from the Congress.

MDBs and U.S. Bilateral Aid

Multilateral lending and U.S. bilateral aid have different advantages and complement rather than substitute for each other. Our bilateral aid program serves our economic, humanitarian, and strategic policy interests. Multilateral assistance primarily serves longer term U.S. interests by promoting a stable international economic environment, and it is cost effective.

While continuing to support the MDBs, the United States has moved toward a greater emphasis on bilateral aid. This reflects a desire to enhance U.S. capability to respond rapidly in light of current foreign policy considerations to the urgent needs of specific countries and to increase gradually the financial self-reliance of the MDBs. Thus the United States balances bilateral and multilateral assistance to fashion a cost-conscious foreign assistance program that strongly advances U.S. national interests.

U.S. Commitment

Since the creation of the World Bank at the end of World War II, the United States has played a leadership role in the MDBs, and we intend to continue our traditional support. Our participation is designed to promote fundamental national interests in a more stable and secure world, which can best be achieved in an open, market-oriented international system. To the extent that the MDBs help advance the participation of the LDCs in that international system, they are one of the major vehicles available to support U.S. political, economic, and strategic interests, while improving standards of living for the world's poorest peoples.

The United States is further committed to working with the MDBs to improve their effectiveness. In particular, we seek to emphasize the role of the MDBs as catalysts for private capital flows and also the MDBs advisory role as sponsors of effective policies.

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sit of the Grand Duke of Luxembourg

(White House photo by Michael Evans)

His Royal Highness Grand Duke of the Grand Duchy of Luxembourg a state visit to the United States mber 12–19, 1984. While in hington, D.C., November 12–15, he with President Reagan and other rnment officials.

Following are remarks made at the val ceremony, a White House state-, and the dinner toasts on Novem-'3.

RIVAL CEREMONY, '. 13, 1984[1]

sident Reagan

r Royal Highnesses, on behalf of the erican people, Nancy and I welcome to the United States.

America and Luxembourg are bound ther by the golden cords of friend- and family. Beginning more than years ago, thousands of Luxem-gers made the difficult journey ss the Atlantic to the shores of the World. And most traveled far in-, and they played a vital role in set- the plains and forests of Min-ta, Illinois, Iowa, and Wisconsin. Today, in the hearty town of Rolling ne, Minnesota, people still celebrate national festivals and speak the uage of your country.

It's literally true that the people of erica and Luxembourg are cousins; perhaps the strongest tie between us ne sturdy bond of common ideals and heritage, for Luxembourg and America share the glorious background of American—or of Western history, I should say—all the lessons that men learned during the centuries-long passage to civilization.

Both our nations cherish tolerance and rule of law. Both are guided by the will of the majority, while respecting the rights of the minority. Above all, both our peoples firmly believe that men and women can only achieve peace, prosperity, and self-fulfillment when they live in liberty. In the words of Pope John Paul II, "Freedom is given to man by God as a measure of His dignity."

In the past, the people of Luxembourg and America have stood together and fought together in the name of human liberty. Your Highness, you yourself fought side by side with American soldiers at Normandy just 40 years ago. The American Third Army, under General George Patton, played a central part in the liberation of Luxembourg. And in a graveyard outside Luxembourg City, General Patton and more than 5,000 American troops are laid to rest.

Today, Luxembourg and America stand together still. Luxembourg offers stalwart support to the North Atlantic Treaty Organization, of which we're both members. Your nation works tirelessly to keep the Western alliance strong by keeping it vigorous, and, in particular, by promoting a firmly united Europe. Luxembourg hosts the European Investment Bank, the Secretariat of the European Parliament, and the Court of Justice.

Just as we have shared the great challenges of the past, so Luxembourg and America share the bright hopes of the future.

Our peoples are industrious and innovative. And despite the difficulties that often go with changing economic circumstances, we in America are seeing a sustained economic expansion, while you in Luxembourg are experiencing the growth of new industries and services.

In freedom, our peoples are conquering material need and making breakthroughs that will help millions to lead longer, fuller, and happier lives.

Luxembourg is a proud and beautiful land, a country of lush forests and dramatic valleys, of rolling farmland and vigorous towns. It is our honor to welcome Luxembourg's beloved Grand Duke and Duchess to America. And it's our hope that while you're here, you will come to see some of our own nation's beauty and pride. May your time with us be joyful and rewarding.

Grand Duke Jean

The Grand Duchess and I are deeply moved by your so kind invitation, the warm welcome, and the numerous courtesies extended to us and to our party since our arrival in the United States.

This ceremony has for me a particular significance. How, indeed, could I forget that more than 40 years ago, in February 1941, I had the pleasure to accompany my mother, Grand Duchess Charlotte, and my late father as personal guests of President and Mrs. Roosevelt at the White House.

In bitter times, when the independence of our small country was at stake, we found comfort and guidance from a great President whose determination and leadership ultimately led to the final victory and recovery of democracy and freedom.

It was indeed a long and painful way to go before the United States and Allied forces hit the beachheads of Normandy on June 6th, 40 years ago. The marble crosses, thousands in number, reminded us both, and the other heads of Allied countries assembled at the Normandy memorials in June, of their sacrifice. We pledge never to forget their example. And I assure you that this promise is shared by all my fellow Luxembourgers, linked by a particularly strong bond to the men who gave their utmost during the Battle of the Bulge.

More than 5,000 rest forever in our soil, with one of the great American soldiers, General George S. Patton.

Restoring peace and democracy was certainly not an easy venture. It appeared, however, that preserving them would be even harder and more challenging and would certainly have been impossible without the commitment of the United States. The American engagement in Europe has provided the foundation for one of the longest periods of peace and prosperity our continent has ever enjoyed—to a large extent, our countries, to build the European Community.

As I recall in this respect, Mr. President, the declaration you made at Bonn in your speech on June 9th, 1982: "Europe's shores are our shores. Europe's borders are our borders. We will stand with [you] in defense of our heritage of liberty and dignity." We thank you for this statement and are pleased to assure that the fundamental values of the Atlantic alliance remain unchallenged on both sides of the Atlantic.

The links of my country with America are manifold. They go back to the times more than a century and a half ago when many of my countrymen immigrated to the north and northwestern regions. We are very proud of the fact that our blood keeps circulating in American veins and that your country has been, also, built up by the labor of my compatriots. Yet these ties have deepened since the last war. For some decades now, the ties of political life and of military defense have steadily strengthened. For about 20 years, economic realities of every kind provide us with an American presence in Luxembourg.

My countrymen and I are very proud of the links which thus unite the smallest country of the European Community to the great American nation. Such is the message I should like to transmit to you, Mr. President, with all my congratulations and best wishes for your new Presidency.

WHITE HOUSE STATEMENT, NOV. 13, 1984[2]

Grand Duke Jean met with the President today. It was the first state visit from Luxembourg in over 20 years. This was of enormous significance to the Grand Duke, coming 1 day after the 20th anniversary of the Grand Duke's ascension to the throne.

Luxembourg has pursued a pro-U.S., pro-NATO foreign policy, and the President expressed to the Grand Duke his appreciation for Luxembourg's support in this effort. Luxembourg is an active member of the Atlantic alliance. It plays a pivotal role in our common security policies, particularly for logistics, reenforcement, and communications.

Luxembourgers, and the Grand Duke in particular, have a strong attachment to this country. The Grand Duke reiterated his family's great appreciation for our wartime assistance, beginning with the evacuation of the Royal Family in 1940. As you know, the Grand Duke lived in Washington during World War II.

The Grand Duke and the President had met previously at Normandy in June, and this was of special significance to the Grand Duke, who was then a lieutenant in the Irish Guards and participated in the Normandy invasion.

The Grand Duke recalled his experiences with the American Army that liberated Luxembourg 40 years ago. And he noted that he is especially pleased to be able to spend time this week with the U.S. Army's Fourth Infantry Division at Ft. Carson, Colorado, and this is the unit that he accompanied on the liberation of Luxembourg.

The President, on his part, reviewed our efforts to reestablish a productive dialogue with the Soviets on all issues, and in arms control, in particular. The President provided the Grand Duke an idea of where we hope to go in the second Reagan term. And, in addition, the Grand Duke indicated that the strong vote of confidence the President received from the American electorate will enable this Administration to deal with the Soviets from a position of great confidence.

The Grand Duke noted that Luxembourg will assume the Presidency of the European Community in the latter half of 1985. And he noted that he would want his government to work closely with the United States in managing the U.S. Economic Community relations.

President Reagan reviewed the latest developments in Central America, and of particular interest to the Grand Duke was the positive turn toward democracy in El Salvador under President [Jose Napoleon] Duarte.

DINNER TOASTS, NOV. 13, 1984[3]

President Reagan

Yesterday the people of Luxembourg marked a great day in the life of their nation, the 20th anniversary of the ascension to the throne of His Royal Highness Grand Duke Jean. Your Highness, on behalf of all Americans, permit me to give you and your people our heartfelt congratulations.

It's a deep honor to welcome you to the White House as you begin your visi to our country. Permit me to add that when you reach California, Nancy and I would like you to give that great State our love. [Laughter] You see, as the result of a certain political exercise tha concluded a week ago, it looks as thoug we won't be living back there for—oh, maybe not till 1989. [Laughter]

Luxembourg possesses a thousand years and more of national history. It's beautiful and a varied land, ranging from the forests and hills of the north t the fertile plains of the south. It's a prosperous country with a mighty steel industry and dozens of new industries and services gathering strength. And it a nation of self-confidence and charm, with a gracious way of life based on an abiding love of family and freedom. Luembourg is a proud and alluring country.

Yet, Luxembourg acquires still greater strength and vitality as an active member of the family of nations. It was a founder of both the North Atlantic Treaty Organization and the European Community. In your free and fair world trade, Luxembourg has set an example for all nations to follow and shown the world that prosperity comes not with less but more international trade.

Individual Luxembourgers have rendered outstanding diplomatic services. Robert Schuman, one of the leadi advocates of a united Europe, was a native of your country. Joseph Bech wa instrumental in bringing the European Coal and Steel Community to Luxembourg in 1951. And men like Gaston Thorn and Pierre Werner have played memorable roles in world diplomacy.

Over the years, relations between Luxembourg and the United States hav been those of close and abiding friends. We view with the deepest respect your contributions to NATO, including the registration of AWACs aircraft and your splendid efforts during the Enforcer exercises. And we look forward to consulting closely with your government when Luxembourg assumes the Presidency of the Council of the European Community during the latter half of next year.

We in the United States are convinced that the Western world faces a future of strength and prosperity. In recent years, the Western allies have

od together against the bluff and
ster of our adversaries and become
re firmly united than ever. And
ough all of us have passed through
icult periods of economic adjustment,
ny of our basic industries are becom-
more efficient, and breakthroughs in
h technology and other new fields are
ling our nations into a time of sus-
ed growth. For Luxembourg,
erica, and so many other free na-
s, today our future promises not
gnation and decline, but opportunity
hope.

And tonight, as we look to the
ire, it's fitting to remain mindful of
past. Forty years ago, Your
hness, Americans and Luxem-
rgers fought side by side to liberate
r nation. Throughout America today,
re are thousands of men who can still
ll the tear-streaked faces of your
ple when they realized that at long
they were free.

To me, the most memorable story is
ut a strapping young American
ed George Mergenthaler. For
eral weeks, George was stationed in
village of Eschweiler, in World War
He had a winning personality and,
re long, the good people of
hweiler took him into their homes
hearts. They told him what life in
village had been like before the war
then during the Nazi occupation.
George, in turn, opened his heart.
told the people that he was an only
told them all his hopes for when the
was over. And in those few weeks,
ep bond formed between the people
hat ancient village and the amiable
ng Yankee.

Some time afterward, the people of
hweiler learned that George had
en part in a fierce battle on the
ins between Luxembourg and
gium. It was called the Battle of the
ge. And it cost George his life.

Today, 40 years later, there is still a
que honoring George Mergenthaler in
Eschweiler village church. It reads
ply: "This only son died that others'
s might live in love and peace."

Well, Your Highness, today our sons
d daughters know that peace. And the
d between our nations is truly a bond
love.

Now, ladies and gentlemen, if you
uld please join me in a toast to their
yal Highnesses, the Grand Duke and
chess of Luxembourg, our friends.

and Duke Jean

e Grand Duchess and I would like to
press our sincere gratitude for your
vitation, your gracious hospitality, and
ur kind words regarding our country.

May we express our great pleasure at this opportunity as the first head of state to congratulate you personally on the overwhelming result of your reelection to a second term as President of the United States. As a matter of fact, we had never any doubt about the outcome. [Laughter]

We are confident that this great nation, under your able leadership, will continue to give the necessary guidance to all the countries of the free world and encourage democracies in their endeavor to promote freedom.

Luxembourg—A Profile

People

Nationality: *Noun*—Luxembourger(s). *Adjective*—Luxembourgish. **Population** (1983): 365,000. **Annual growth rate:** Less than 1%. **Ethnic groups:** Celtic base with French and German blend; also, guestworker residents from Portugal, Italy, and other European countries. **Religion:** Roman Catholic. **Languages:** Luxembourgish, French, German. **Education:** *Years compulsory*—9. *Attendance*—100%. *Literacy*—100%. **Health:** *Infant mortality rate*—12/1,000. *Life expectancy* (1980-82)—70 yrs. men, 76.7 yrs. women. **Work force** (161,000): *Agriculture*—4.7%. *Industry and commerce*—35.6%. *Services*—48.7%. *Government*—11%.

Geography

Area: 2,586 sq. km. (1,034 sq. mi.); about the size of Rhode Island. **Cities:** *Capital*—Luxembourg (pop. 80,000). *Other cities*—Esch-sur-Alzette, Dudelange, Differdange. **Terrain:** Continuation of the Belgian Ardennes in the north, heavily forested and slightly mountainous; extension of French Lorraine Plateau in the south, with open, rolling countryside. **Climate:** cool, temperate, rainy; like Pacific Northwest.

Government

Type: Constitutional monarchy. **Independence:** 1839. **Constitution:** 1868.

Branches: *Executive*—grand duke (chief of state). *Legislative*—bicameral Parliament (Chamber of Deputies and Council of State). *Judicial*—Superior Court.

Political parties: Christian Social Party (CSV), Socialist Party (POSL), Democratic (Liberal) Party (PD), Communist Party (PCL), Green Alternative Party. **Suffrage:** Universal over age 18.

Central government budget (1983): $1.23 billion.

Defense: 2.84% of 1983 budget.

National holiday: June 23.

Flag: Three horizontal stripes—red, white, and sky blue—from top to bottom.

Economy

GDP: $3.52 billion. **Annual growth rate:** -1%, 1981-83; -1%, 1984. **Per capita income** (1983): $9,643. **Avg. inflation rate** (1983-84): 8%.

Natural resources: Iron ore.

Agriculture (2.4% of GNP): *Products*—dairy, corn, wine. *Arable land*—43.9%.

Industry (30% of GNP): *Types*—steel, chemicals.

Trade (1983): *Exports*—$1.7 billion: steel, plastics, and rubber products. *Major markets*—FRG, Belgium, France. *Imports*—$2.05 billion; minerals (including ore, coal, and petroleum products), mechanical and electrical equipment, transportation equipment, scrap metal. *Major suppliers*—other EC countries.

Official exchange rate (Sept. 1984): flux 60 = US$1.

Fiscal year: Calendar year.

Membership in International Organizations

UN and its specialized agencies, Organization for Economic Cooperation and Development (OECD), Benelux Customs Union, International Energy Agency, Belgium-Luxembourg Economic Union (BLEU), European Community (EC), NATO, INTELSAT.

Taken from the *Background Notes* of October 1984, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

There are no problems which separate the United States and Luxembourg. How could it be otherwise, when America, on two occasions, played a paramount role in the liberation of my country?

In 1918, as well as in 1944, young Americans gave their lives in order to free the Grand Duchy from foreign oppression. These sacrifices I recall at a particularly appropriate time. This year, 1984, marks the 40th anniversary of the liberation of occupied Europe, including Luxembourg, and the final victory of the Battle of the Ardennes.

The people of Luxembourg will never forget the generous help of their American friends, which twice preserved our freedom and our independence. Corresponding to our national motto, we wish to remain what we are. This is the reason why, after leaving Washington, I will visit Colorado Springs in order to pay tribute to the American Army and Air Force.

We all know relations between our two countries are excellent. I am convinced that we could improve them even more. As mutual understanding, upon which friendship is based, exists between us, there should be no difficulty to proceed successfully in this way.

Back home, my countrymen follow with interest and pride this visit of their head of state. They know it is a token of sympathy of a great nation to the Grand Duchy of Luxembourg.

I beg you to accept, Mr. President, along with all my thanks, my countrymen's best wishes of happiness and prosperity for your nation and yourself.

May I add a special thanks to you for having mentioned my 20th anniversary which took place yesterday on the 12th of November when I took over from my dear mother. It was really awfully kind of you to mention it this evening.

May I ask you now to rise for a toast to the President of the United States of America, to the well-being and the prosperity of the American people, and to the friendship between Luxembourg and the United States.

[1]Made on the South Lawn of the White House where Grand Duke Jean was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of Nov. 19, 1984).

[2]Made by the principal deputy press secretary to the President Larry Speakes (text from Weekly Compilation of Presidential Documents of Nov. 19, 1984).

[3]Made in the State Dining Room of the White House (text from Weekly Compilation of Presidential Documents of Nov. 19, 1984). ■

Reflections on East-West Relations

by Arthur F. Burns

Address before the Chamber of Industry and Commerce in West Berlin on November 27, 1984. Mr. Burns is U.S. Ambassador to the Federal Republic of Germany.

I appreciate the opportunity to address this distinguished audience on the topic of East-West relations. The city of Berlin provides an especially appropriate setting for discussing this vital subject. No city expresses more poignantly the tragic division of Europe. No city points more clearly to the need for finding reasonable and effective ways to overcome this division.

Berliners know at firsthand the problems that a divided Europe has created and the difficulties of resolving them. With the Berlin Wall as a constant reminder, you have no illusions about finding easy solutions. You know only too well that a united will, fortitude, and patience are essential for a better future.

Berliners also know that there is reason for hope. The conclusion of the Quadripartite Agreement 13 years ago demonstrated that reasonable solutions can be found to some of the practical problems confronting the people of Berlin—despite seemingly insurmountable East-West differences. That agreement has been strikingly successful. Because of it, West Berliners today live more securely, travel more freely, and enjoy closer contacts with their friends and relatives in East Berlin and in the German Democratic Republic than was possible 13 years ago.

Berliners, thus, have reason for optimism. You know that some improvement in the lives of individuals and families has been achieved here. You realize that further improvements are both needed and possible. And you can remain confident that additional progress, when and as it emerges, will foster the trust needed to attain the wider peace—in an environment of justice and freedom—that we all seek.

As Berliners, all of you know that the development of better relations between the Federal Republic of Germany and the German Democratic Republic also involves human relations at its very core. As in the case of your divided city, there is a need to find practical solution to the painful problems resulting from a divided German nation. This is bound to be a protracted process that will have its frustrations as well as successes. A fundamental task for all of us is to keep in mind the humanitarian goal of this process and not allow it to be subordinated to other objectives.

The people and the Government of the United States welcome the development of closer ties between East and West Germany. President Reagan specifically endorsed this objective in his September address to the UN General Assembly. Constructive dialogue between the two German states is obviously of great importance to the well-being of the German people, and we in the United States are ready to do whatever we can to encourage it. Americans share the hope of the German people that a process of peaceful evolution will ultimately lead to a reunified and democratic Germany in a Europe that has been freed of its barbed wire and imprisoning walls.

The Need for a Constructive U.S.-Soviet Relationship

As everyone by now recognizes, the relationship between my own country and the Soviet Union is a matter of vital importance to the future of Germany—indeed, the future of the entire world. It is now nearly 40 years since the conclusion of World War II. During this period, Europe has enjoyed the blessing of peace—a condition that the political and military unity of the West has made possible. It is a disconcerting fact, nevertheless, that we in the West and the Warsaw Pact in the East find ourselves burdened with permament garrisons and growing stockpiles of armaments. Not only is the cost of this commitment of men and materiel high economic terms but so, also, is the spiritual and psychological cost of persistent tension.

The logic of the situation clearly requires that we work with the Soviet Union to establish a more harmonious relationship. I can assure you that President Reagan and his Administration attach the highest priority to that goal. All we Americans and our European friends ponder the state of the world and lay plans for a better future, every civilized

pulse tells us that a constructive rela-nship between the United States and e Soviet Union must be the focus of r concern.

Last January, the President de-ribed at some length America's policy ward the Soviet Union, and he terated our basic policy in his recent dress to the UN General Assembly. hat the President keeps stressing is e urgent need to establish a good rking relationship with the Soviet nion—a relationship marked by greater operation and understanding. It is this int—America's commitment to a alistic, productive East-West dia-gue—that I, too, wish to emphasize is evening. I know that our European ies share this commitment.

Relations between countries are a ghly complex and sensitive matter. overnments, unfortunately, do not ways behave calmly and rationally. ey are run by individuals who, like ch of us, share the frailty of human ture. To some degree, incomplete derstanding is an inherent part of life elf. We find it among members of the me family, between employers and eir workmen, between pastors and eir parishioners, between teachers and eir students. Opportunities for isunderstanding are all the greater nong governments of sovereign coun-ies, being separated—as they usually e—by differences of language, history, d culture as well as by geography. I ve found that, even in day-to-day life, is very difficult to re-establish trust tween individuals once it has broken wn. I convey no secret in saying to u that Soviet-American relations are rrently in a difficult phase—a phase in hich the gigantic task of building trust d confidence has become essential and being undertaken.

teps for Improving the ast-West Climate

would like to comment this evening on veral steps that all of us in the Vestern community—both Americans d Europeans—could take to promote ch an auspicious development. These eps would, I believe, contribute to im-roving the East-West climate and allow elations to develop on a sounder basis an has been the case in the recent ast.

The first step I would stress is the eed on all sides to soften the rhetoric oncerning East-West relations. A stri-ent rhetoric cannot contribute to building the bridge of trust that is needed between NATO countries and those of the Warsaw Pact. It is particularly important that the United States, being a thoroughly self-assured nation, extend to the Soviet Union the constructive attitude, the civility, and the consideration that are necessary for a useful dialogue. I, of course, hope that the Soviet Union will behave in a similar fashion.

I also believe that political leaders and journalists throughout the West need to exercise greater self-discipline and avoid rhetoric that tends to exaggerate Western differences with regard to East-West relations or that arouses unrealistic public expectations of what can be quickly achieved or paints a gloomier picture than is warranted by the actual state of affairs. All of us, of course, are concerned with the problem of East-West relations and may wish to voice our views; but we need to do that in ways that avoid exciting public passions or run the risk of feeding opinions that harm the cause we all support. The time has surely come for calm and dispassionate discussion of East-West relations—not only between East and West but also among ourselves.

The second point I would make is that we must look forward rather than to the past. By this I mean that we should not expect East-West relations to revert in the future to the policies and ways that we associate with the detente of the 1970s. History rarely repeats itself that precisely, nor should we expect that. We must learn from the past but not seek to duplicate it. Improved relations between the Soviet Union and the United States, which I believe will come, will be a new historical phase in this relationship and may well assume new forms.

It would be naive to expect that the difficulties of recent years can simply be skipped over and that the relationship between the United States and the Soviet Union can be resumed at the point at which it began to deteriorate. One reason for occasional differences between Americans and Europeans is that our peoples have not evaluated the results of detente in exactly the same way. Europeans saw benefits from the process of detente, as did the American people. What Americans also saw, however, and what Europeans may have underestimated while emphasizing the positive results, was the accompanying Soviet pattern of military adventure and neglect of human rights. From an American perspective, our national interests being of global scope, the balance of good and ill resulting from detente was definitely less favorable for us than for Europeans who could see the beneficial results much more directly than the regrettable elements of Soviet behavior.

Europeans need to recognize that Soviet behavior over the past decade—ranging from its enormous arms buildup at a time when American defense outlays were actually declining to its intervention in Afghanistan and Poland—could not leave America unaffected. Those who fail to see this have little understanding of the American people or of the role that the United States must, of necessity, play in today's world. No American administration, whether Republican or Democratic, could have closed its eyes or reacted in a perfunctory manner to such a series of deplorable Soviet actions.

Nonetheless, and this is my third point, we must, at the present time, begin building the foundation for a new stage of East-West relations. Perhaps the best way to do this is to seek immediate progress on limited, specific issues and not become disheartened by the formidable difficulties encountered in seeking large and comprehensive agreements. As in the case of Berlin, we have to look at the entire agenda of outstanding issues and decide which of them—no matter how minor—may be conducive to early agreement. Progress on a range of such specific issues can contribute to building the trust and confidence necessary for more ambitious efforts. To be sure, it is eminently desirable that constructive dialogue proceed simultaneously in all areas of East-West relations; and yet, it may be that significant progress on the crucial arms and security issues can take place only as psychological attitudes improve—especially among the governing authorities of the East. And while we in the West would like to see East-West problems resolved quickly and thoroughly, history warns that sweeping international agreements that lack underpinnings of precise definition and mutual trust can, in the long run, do more harm than good.

My fourth point is that there are today at least two areas in which we can soon take such modest steps—the area of personal exchanges and of cooperation in other nonpolitical matters. My visits to the Soviet Union and my dealings with Soviet citizens have convinced me that maintaining direct communication and learning as much as possible

about one another are essential to improving governmental relations. I recall, going back to the 1960s, a diatribe against the United States by a Moscow official to which I made no reply beyond frowning; but when he loudly boasted that the Soviets were more successful than Americans in controlling smoke from electric power stations, I promptly remarked: "Thank you for pointing this out, because we must, indeed, learn from you." That simple human sentiment proved sufficient to pave the way for the thoroughly civilized conversation between us that followed.

I firmly believe that it is to the advantage of both East and West to strengthen student exchange programs; improve cooperation in scientific, cultural, and commercial endeavors; and seek, whenever possible, to bring citizens together. It is, after all, the Soviet side that has built walls across Europe, and it is in our interest to show that we welcome contacts between our peoples.

My fifth point relates primarily to us in the Western community. NATO is clearly a stronger alliance now than it was 2 or 3 years ago. I, nevertheless, believe that we must seek a closer consensus in the West on the subject of East-West relations. It is true, of course, that our differences are often exaggerated. We must honestly recognize, nevertheless, that our viewpoints have differed at times and to some degree still do. Given our democratic traditions and the difficult times in which we live, that should not be at all surprising. But as we work at improving the East-West relationship, it is essential that we in the West have a clearer understanding of where we want to go in our relations with the East and what specific policies are most likely to lead us there.

In addition to clarifying how we in the West envision the new era which we may be entering and how we can handle East-West relations most effectively, it is highly important, from an American viewpoint, that we make progress on such troublesome issues as defense burdensharing and ways of dealing with security problems outside Europe. We also need to ponder whether Western preoccupation during the past year or two with reaching an arms control agreement may not have led us to neglect efforts to reach better understanding with the Soviet Union on other political issues. Reduction of nuclear and other lethal weapons is obviously a matter of very great importance, but we must not delude ourselves into thinking that it is a sufficient condition for the maintenance of peace.

Reaching a broader consensus in the West is necessary because the truth of the matter is that none of us can improve the East-West relationship acting alone. We in the United States should not be expected to do it by ourselves. The effort must be a joint one so that we can minimize future misunderstandings within the alliance as well as misperceptions of our unity by the East. And once we arrive at a firm consensus, we will need to be more patient, as well as more consistent, in the pursuit of our jointly reached policies than we have been, at times, in recent years.

My sixth and final point is that we in the Western democracies, unlike the closed societies, must see to it that our people understand that the maintenance of our economic, military, and moral strength is the best guarantee we can have of peace in our times. We must see to it that our people accept the need for firm and unified defense policies as well as for measures directed toward reducing East-West tensions. Just as Berlin could not have survived the past 40 years if it had stood alone, neither could the West have survived if it had been weak or divided. By making it impossible for the Soviet Union to intimidate us, the NATO alliance has provided Europe with the longest period of peace in our century. Western solidarity has been the key to all our past progress in the relationship with the East, and I am confident that it will so remain in the years ahead.

Some well-meaning individuals in my country, as well as here in Western Europe, have put forward simplistic proposals for relieving East-West tensions—among them, unilateral disarmament by the West or an instantaneous freeze on deploying new nuclear weapons. Such proposals are dangerous to the cause of peace and must be decisively refuted by responsible political leaders in North America and Western Europe. I fear that some of our citizens, particularly among young people, overlook the complexities in the East-West relationship. Western policies undoubtedly deserve public scrutiny, but they must not become the subject of hasty experimentation. The real challenge facing the West is not that of deciding whether to be red or dead but the far more difficult one of assuring that these never become our alternatives.

I have dwelt on the tensions between the United States and the Soviet Union because it is vital that we do what we responsibly can to improve our relationship. But in the interest of a balanced perspective, I must also note that despite America's disagreements with the Soviet Union, contacts between our two countries continue to take place on many levels. The September meetings o President Reagan and Secretary Shultz with Foreign Minister Gromyko have been the most visible of these contacts. Others take place routinely. I myself meet from time to time with the Soviet Ambassadors in Berlin and Bonn to discuss matters of mutual interest.

Without doubt, we in the United States have been deeply concerned over last year's withdrawal of Soviet negotiators from the crucial talks on nuclear weapons in Geneva. But the suspension of these talks did not discourage us from hoping that they wi soon be resumed or from persisting in efforts to find common ground in other areas. And we have actually made some progress—for example, in technically improving prompt communication between our two governments.

There are other hopeful signs. The Conference on [Security- and Confidence-Building Measures and] Disarmament in Europe is continuing t function in Stockholm; the Vienna talks on reducing conventional forces are stil in progress; and the Conference on Disarmament is still pursuing its work. Most important of all, as announced a few days ago, the difficult process of negotiating verifiable arms control agreements with the Soviets will soon l resumed. To be sure, all these are slow moving and, at times, disheartening negotiations; but we must remain patient and persist in our attempts to improve East-West relations. President Reagan set an example in his address t the UN General Assembly when he sug gested periodic consultations by senior Soviet and American experts on region problems as well as the institutionalizir of periodic ministerial meetings to discuss the entire agenda of issues between the United States and the Soviet Union. Chairman Chernenko's recent comments suggested some sympathy with the President's approach and contributed to further useful diplomatic co versations.

I assure you that the United States is prepared to discuss with the Soviet Union all arms control topics, including weaponry in outer space as well as strategic and intermediate-range nuclea systems. My government will persevere in its resolve to move dialogue with the Soviet Union in a constructive direction The obstacles to progress are many; th reasons for overcoming them are, therefore, all the more compelling.

ared Ideals

t me close these reflections on East-
est relations by referring once again
your wonderful city. Berlin is not only
ity of brave and determined people; it
o embodies the things we Americans
lieve are worth defending. I personally
erish my ties to Berlin. I come here
en, not only because of the attrac-
ns offered by this metropolis; I come
re to work and to refresh the spirit.

Berlin is a city to which Americans
sily relate. You have traditionally
awn energetic people from all parts of
rmany and given them a chance to
ove themselves. Rank and status are
s important here than energy and
ent. These are values that Americans
are and admire.

We are, therefore, working closely
th Berliners, the Federal Republic [of
rmany], and our British and French
ies to help ensure that the Western
ctors of Berlin remain a significant
ce in the modern world. There are ex-
ing possibilities here in the realm of
ence and technology, business enter-
ise, urban planning, and social and
ucational innovation. We see our task
not only defending the city but
operating with you in these areas to
ep Berlin a vibrant and attractive
rld capital. We recently joined
rliners in establishing a committee to
omote new ways of cooperation be-
een us—particularly in the areas of
onomic interchange, dealing with ur-
n problems, and expanding student
changes. We rejoice in Berlin's recent
onomic recovery; we are confident and
timistic about your future; and we
sure you of our determination to play
positive role—at your side—in the
y's development.

In American eyes, progress always
quires a firm basis. At present, the
sition of the allies in your city is in-
itably intertwined with the unique
atus of Berlin and the city's security.
e regard our function here as being, in
fect, trustees of the German nation.
e do not consider present divisions of
is city as permanent. Until the day
hen both parts of Berlin and Germany
e reunited in freedom, the presence of
e allies in Berlin provides the irre-
aceable foundation for the well-being
this city.

Maintaining that foundation in-
itably imposes some burdens for all
ncerned. I well know that the training
troops in your forests and other cir-
mstances arising from our presence
e not always easy to contend with.
ut you can be sure that Americans will remain sensitive to your concerns and that we will do everything possible to minimize the difficulties we sometimes cause in the process of defending the security and freedom of this city.

Allow me to say, in conclusion, that peace and freedom are inseparable from us in the West. The heroic example of the citizens of Berlin during the airlift of 1948–49 showed that peace and freedom can be preserved even under the most difficult circumstances. There is good reason to believe that they will be fully preserved in our world today and handed down to the generations that follow us. ■

Visit of West German Chancellor Kohl

Chancellor Helmut Kohl of the Federal Republic of Germany made an official working visit to Washington, D.C., November 29–30, 1984, to meet with President Reagan and other government officials.

Following are remorks made by President Reagan and Chancellor Kohl after their meeting on November 30.[1]

President Reagan

Chancellor Kohl and I met today to discuss a wide range of issues. Characteristic of our relationship, our talks were friendly, useful, and productive. There's a high level of cooperation and personal rapport between us. As always, I was glad to have such thorough consultations with the Chancellor and his government.

And I call your attention to the joint statement issued as a result of today's discussions. It underlines our common commitment to improving East-West relations, improving NATO's conventional defenses, and intensifying our search for arms reductions.

We place special emphasis on overcoming the barriers that divide Europe—a division keenly felt by those living in central Europe. I was pleased to reaffirm to Chancellor Kohl today our support for his efforts to lower the barriers between the two German states.

The close relationship between the United States and the Federal Republic of Germany is enhancing the opportunity for improved East-West relations. This is demonstrated by our successful efforts to carry out the NATO dual-track decision to seek genuine arms reductions agreements and modernize our defenses.

Today, Chancellor Kohl and I firmly agreed that we will continue to place a high priority on the search for a responsible means of reducing the arsenals of nuclear weapons that now threaten humankind. And we call upon all men and women of good will to join us.

The solidity of the German-American partnership remains a crucial building block in the search for world peace. The people of our two countries, blessed with liberty and abundance, have a great desire for peace. Chancellor Kohl and I share that desire, and we'll continue to work diligently to bring about a more peaceful world.

The German-American relationship, now in its fourth century, must never be taken for granted. We launched a major initiative in 1982 to nurture an appreciation of ties between us to enhance German-American contacts at all levels. Chancellor Kohl and I noted today the enthusiastic public response in our respective countries, especially among our younger citizens, to the growing exchanges between our peoples.

In sum, our talks confirmed the closeness of our views and the commitment to work together. It was a pleasure to have Chancellor Kohl, Foreign Minister [Hans-Dietrich] Genscher, and all of his party, here. I wish them a smooth journey home, and I look forward to the next time that we can get together.

Chancellor Kohl[2]

My talks with President Reagan—with you, dear friend, today—was, as always, intensive, close, and trustful.

My talks served to maintain the continuity of our very personal and friendly relationship. President Reagan and I made it a highly important moment in world affairs, and I sincerely hope that we were able to open up good and positive perspectives.

The fact that a new phase can be initiated in East-West relations is due, on the one hand, to the firm and united attitude of the Western alliance and, on the other, to the joint determination to continue to seek dialogue and necessary negotiations with the East.

In our talk today, the President and I discussed the subject of East-West

relations, arms control, and joint efforts in the alliance for improving its conventional defense capability.

The Government of the Federal Republic of Germany fully supports the development emerging in U.S.-Soviet relations, which are, in our view, the centerpiece of East-West relations in general. The President and I consider it important that the Western European allies be associated with this process, thus creating the conditions for the renewed bilateral U.S.-Soviet dialogue being placed on a wider foundation in the medium and long term.

The close, friendly, and trusting relationship with the United States, as demonstrated in today's talks once again, is of great significance for the strengthening, cohesion, and solidarity of the alliance.

The President informed me of the American ideas for the exploratory talks to be started on the 7th and 8th of January 1985 between Secretary [of State George] Shultz and [Soviet Union] Foreign Minister [Andrey] Gromyko. These talks, which are taking place on the basis of an umbrella concept developed by the United States, open up new perspectives and opportunities for arms control negotiations.

Mr. President, for very good reasons you referred in your remarks to the joint declaration which we have adopted. This declaration is intended to illustrate the link between improved East-West relations, concrete steps for arms control and disarmament, and the maintenance of our security through adequate defense.

One of the key elements of the joint declaration is the desire, particularly in view of the recent developments in East-West relations and in the field of arms control, to intensify and enhance the alliance's comprehensive, close consultations within this sphere.

Furthermore, we intended to ensure that the alliance strengthens further its conventional defense capability. To this end, we consider it necessary to coordinate the existing initiatives and proposals for better implementation of the valid NATO [North Atlantic Treaty Organization] strategy, thus permitting the available resources to be used more effectively.

Our goal is to raise the nuclear threshold in this manner and to enhance the alliance's ability to defend itself against any kind of war, be it conventional or nuclear.

The joint declaration is of great importance in two respects. Firstly, it is being issued immediately after the overwhelming confirmation in office of the American President by the American people, and at the start of a new phase of East-West relations in which all nations, and not least the divided German nation into two parts of Germany, place high hopes. We are thus affirming our desire to lay a new, a constructive, and a lasting foundation for stable East-West relations.

Secondly, by reflecting our full agreement on essential questions affecting our two countries, this statement constitutes a symbol and a future-oriented yardstick for close German-American cooperation. We are resolved to make our contributions toward further developing within the alliance our cooperation on this basis.

Though this was only a very brief working visit, I should like to express to you, Mr. President, my dear friend, our sincere thanks for the cordial hospitality extended to us and for the very friendly reception you have been giving to us.

It's good in difficult times, and at moments when you have to make difficult decisions, to know that you have a good friend in the White House. And we are appreciative and grateful for that.

[1]Made on the South Portico of the White House (text from the Weekly Compilation of Presidential Documents of Dec. 3, 1984).

[2]Chancellor Kohl spoke in German and his remarks were translated by an interpreter.

Editor's Note: The text of the joint statement issued at the conclusion of their meeting was not available to include in this issue. It will be published in the February 1985 BULLETIN. ■

ICJ Hears U.S. Argument Against Nicaraguan Claim

by Davis R. Robinson

Introduction to the oral argument before the International Court of Justice (ICJ) in The Hague on October 15, 1984. Mr. Robinson is the Legal Adviser of the Department of State.

It is an honor to argue once again in 1984 before the International Court of Justice (ICJ) in the representation of my country. The United States maintains now, as it did in April, that this court is manifestly without jurisdiction over Nicaragua's claims. By appearing again to argue this conviction, the United States reaffirms its commitment to the rule of law in international relations and its faith and expectation that this Court will rule on the issues presently before it in accordance with that law.

The United States welcomes this opportunity to present to the Court its views in oral argument on the questions of the jurisdiction of the Court and the admissibility of Nicaragua's application of 9 April 1984. The positions of the United States are set out in detail in the U.S. Countermemorial of 17 August 1984. In accordance with Article 60 of the Rules of Court, the United States will focus in oral argument on those issues that still divide the parties. We shall do our best to follow the President's entreaty for conciseness and nonrepetition.

The context in which our argumentation on jurisdiction and admissibility will be made must be set forth at the outset.

Events in Central America

This case arises out of events in Central America, specifically armed hostilities occurring throughout that region. As the United States will explain, those armed hostilities are relevant to many of the issues under consideration in this phase of the proceedings. Conversely, and more importantly, these judicial proceedings have significant implications for current diplomatic efforts to bring the conflict to an end.

The United States invites the Court's attention to three specific features of the armed hostilities in Central America:

First, that the hostilities extend across state borders and involve all the states of the region;

Second, that, although there are complex economic, social, and political causes that underlie the armed hostilities, the hostilities also have a more direct cause—the armed attacks of Nicaragua against its neighbors; and

Third, that a durable peace in Central America can only be expected from multilateral negotiations, among *all* the interested states, that comprehensively address the economic, social, political, and security problems that plague the region. Such negotiations are already underway in the "Contadora process," a framework that has been endorsed by

UN Security Council and the ganization of American States (OAS). of the Central American States, in- ding Nicaragua, have agreed to the ntadora process. It is the view not y of the United States but also of all Central American states other than aragua that adjudication by this urt of Nicaragua's bilateral claims y be expected to hinder, not assist, se delicate negotiations.

U.S. Secretary of State Shultz sum- rized the multilateral character of the putes in Central America in his sworn idavit of 14 August 1984, submitted h the U.S. Countermemorial, and I te:

There has been widespread recognition t, despite Nicaragua's efforts to portray conflict as a bilateral issue between itself the United States, the scope of the con- is far broader, involving not only cross- der attacks and State support for armed ups within various nations of the region, also indigenous armed opposition groups hin countries of the region. It has been her recognized that under these cir- nstances, efforts to stop the fighting in the ion would likely be fruitless and ineffec- absent measures to address the timate economic, social and political vances of the peoples of the region which e given rise to such indigenous armed op- ition. [U.S. Annex 1, pp. 4–5.]

In a statement in April to the urity Council by its representative to United Nations, Honduras similarly ted:

[T]o cast the Central American problem erms of Nicaragua's interests . . . is a con- tual error. It is not just one country which ffected; it is not only one country which is fering from conflicts. It is not only one ple which is suffering and bewailing the of its children . . . It is a Central erican problem . . . and it must be solved ionally. [U.S. Annex 60, U.N. Doc. V.2529, at p. 37.]

To the same effect, the Government Costa Rica advised the Court on 18 ril:

The "case" presented by the Government Nicaragua touches upon only one aspect of nore generalized conflict that involves er countries within the Central American a as well as countries outside the region. S. Annex 102.]

And El Salvador stated to the Court its 15 August 1984 Declaration of In- vention that, and I quote:

In its view everyone has acknowledged t the Central American phenomenon has ved beyond the scope of simple bilateral atment and has become a regional issue tailing the participation of multilateral in- ests. [Declaration of Intervention of 15 gust 1984, at p. 19.]

Nicaragua's attempt to characterize the dispute underlying its claims as bilateral is thus belied not only by the views of the United States but also by the official views of the governments of Central America.

Nor can there be any serious dispute that Nicaragua aids, abets, incites, provokes, and often initiates armed attacks against its neighbors. Thus, Secretary of State Shultz observed in his affidavit of 14 August 1984:

The information available to the Government of the United States through diplomatic channels and intelligence means, and in many instances confirmed by publicly available information, establishes that the Government of Nicaragua has, since shortly after its assumption of power in 1979, engaged in in a consistent pattern of armed aggression against its neighbors. Other responsible officials of the United States Government, including the President and the responsible Committees of the United States Congress having access to such information, share this view. [U.S. Annex 1, p. 1.]

In confirmation of Secretary Shultz's statement, it may be noted that, in December 1983, the U.S. Congress made an explicit statutory finding that Nicaragua was "providing military support (including arms, training, and logistical, command and control facilities) to groups seeking to overthrow the Government of El Salvador and other Central American Governments. . . ." [U.S. Annex 42, 97 Stat. 1473 at p. 1475.] More detailed findings with respect to Nicaragua's aggression against its neighbors may be found in a May 1983 report to the Permanent Select Committee on Intelligence of the U.S. House of Representatives, which is quoted at page 77 of the U.S. Countermemorial.

The states of Central America confirm the conclusions of the United States in this regard and have so informed this Court. The Government of the Republic of El Salvador, for example, stated in its 15 August 1984 Declaration of Intervention [at p. 2]:

El Salvador considers itself under the pressure of an effective armed attack on the part of Nicaragua and feels threatened in its territorial integrity, in its sovereignty, and in its independence, along with the other Central American countries. . . . El Salvador comes here to affirm before the International Court of Justice and before the entire world,

The Legal Adviser

Davis R. Robinson was born July 11, 1940, in New York City. He is a Phi Beta Kappa graduate of Yale (B.A., 1961) and received his law degree *cum laude* from Harvard (1967).

From 1961 through 1969, Mr. Robinson was a Foreign Service officer, his first tour being Vice Consul at the U.S. Consulate General in Alexandria, Egypt. While there he was temporarily assigned as the acting Consul at the U.S. Embassy in Amman, Jordan. After a leave of absence to attend Harvard Law School, he was an attorney-adviser in the Office of the General Counsel of the U.S. Arms Control and Disarmament Agency (ACDA) and then served as staff assistant to the Secretary of State.

Mr. Robinson was an associate with the law firm of Sullivan and Cromwell in New York from 1969 to 1971. In 1971 he became an associate, and in 1975 a partner, in the law firm of Leva, Hawes, Symington, Martin and Oppenheimer in Washington, D.C. In private practice, he had a broad corporate background, with participation in numerous financings and in various regulatory matters. He also has experience in commercial arbitration and litigation, including a successful appearance in a case before the U.S. Supreme Court.

He is a member of the U.S. Supreme Court, District of Columbia, and New York Bars, as well as of various professional organizations, including the American Society of International Law and the American and Federal Bar Associations. He is the author of a 1970 article published in the *American Journal of International Law* entitled "The Treaty of Tlatelolco: A Latin American Nuclear Free Zone."

Mr. Robinson was sworn in as the Legal Adviser of the Department of State on July 30, 1981. ■

the aggression of which it is a victim through subversion that is directed by Nicaragua, and that endangers the stability of the entire region.

The representative of Honduras stated to the Security Council in April of this year—a few days before Nicaragua's application was filed:

> My country is the object of aggression made manifest through a number of incidents by Nicaragua against our territorial integrity and civilian population. Those elements, which have obliged [Honduras][1] to strengthen its defenses are mainly the disproportionate amount of arms in Nicaragua, the constant harassment along our borders, the promotion of guerrilla groups which seek to undermine our democratic institutions, and the warmongering attitude of the Sandinist commanders. [U.S. Annex 60, U.N. Doc. S/PV.2529 pp. 37–38.]

To the same effect, the Government of Costa Rica has repeatedly made diplomatic representations to Nicaragua protesting "attack[s] on Costa Rica territory . . . and on members of the Armed Forces of Costa Rica"; "gratuitous aggression" by Nicaragua; and "flagrant violations of the national territory" of Costa Rica. [United States Annex 63.] Numerous other examples of statements by Central American governments complaining of Nicaragua's aggression toward them, and additional evidence confirming those complaints, may be found in the U.S. Countermemorial and the annexes thereto.

Nicaragua has repeatedly made sanctimonious statements to this Court, including a sworn statement by Nicaragua's Foreign Minister, that Nicaragua is *not* engaged in armed attacks against its neighbors. As we have just shown, these statements are directly contradicted by the public statements of *all* of Nicaragua's neighbors and by *all* of the senior U.S. officials—in both the executive and legislative branches—with access to the full range of relevant diplomatic and intelligence information.

Contadora Negotiations

The bloodshed in Central America extends throughout Central America, and one of its principal causes is the aggression of Nicaragua. The question that all responsible statesmen must ask is, how can this bloodshed most effectively be ended? The states of Central America, including Nicaragua, have agreed that the multilateral Contadora negotiations offer the best hope for a lasting peace in the region. The UN Security Council, the Organization of American States, and, most recently, the Foreign Ministers of the European Community have all endorsed the Contadora negotiations.

The United States, too, supports the Contadora negotiations and is engaged in bilateral negotiations with Nicaragua in support of those multilateral talks. Just 10 days ago in New York at the UN General Assembly session, Secretary of State Shultz cited the Contadora Process as an "outstanding example" of how states may resolve their most bitter disagreements. Secretary Shultz observed that Contadora "can lead to negotiated arrangements under which stability and peace and economic development are much more possible. We support that process."

In its oral presentation to the Court last week, Nicaragua attempted to portray the United States as a major obstacle to the successful achievement of Contadora's objectives. Nicaragua argued that it is willing to sign a draft agreement, the so-called "*Acta*," and that only the United States is preventing a general acceptance of that draft agreement by all the Central American states. Nothing could be farther from the truth.

Contrary to Nicaragua's assertions, the United States has welcomed the 17 September draft *acta* as a significant advance in the Contadora process. The Court will see from examining the document [U.S. Supplemental Annex 1] that the 17 September draft *acta* is only what it purports to be—a draft. The document contemplates comments by interested parties. Indeed, those comments are due today.

The United States has objected only to Nicaragua's demands that the Central American states halt their negotiations and make a final agreement from what is on its face an intermediate draft. The present draft is clearly incomplete with respect to several of the most important issues. By way of example, the Court will note that the draft *acta* contemplates that there will be a commission for verification and control to verify the commitments to end illegal trafficking in arms and support to paramilitary forces. The commission will thus be required to conduct surveillance in the five states in the region, along thousands of miles of border and coastline, through jungle and mountainous terrain. Yet the draft *acta* fails to specify the composition of the commission, to provide for a budget or staff, or to determine the location of the commission's headquarters and field offices.

What is important to emphasize here is that the view that further changes are necessary is shared by all four of the Central American states other than Nicaragua and by the four Contadora states—Mexico, Colombia, Venezuela, and Panama. All of these states have made statements indicating that further negotiations are necessary. This view is also shared by the states of Western Europe, as reflected in a joint communique of 29 September of the Foreign Ministers of the European Community, Portugal, Spain, the Central American states, and the Contadora states, meeting in Costa Rica. The joint communique specifically describes the draft *acta* as a "stage" in the Contadora negotiations—not as the conclusion of the negotiations. [U.S. Supplemental Annex 2.]

Nicaragua alone wishes to stop the Contadora negotiating process at the stage of an intermediate draft agreement. Under these circumstances, Nicaragua cannot plausibly contend that it is the United States that is blocking progress in the negotiations.

Just as it is Nicaragua alone that seeks to prevent further Contadora negotiations, it is Nicaragua alone that seeks to adjudicate bilateral aspects of those multilateral negotiations before this Court. Again, it is useful to quote the other Central American states in this regard. Thus, El Salvador stated in its letter to the Court of 17 September 1984:

> El Salvador is persuaded *in the considerations of its own survival as a nation* that to subject an isolated aspect of the Central American conflict to judicial determination at this time would cut straight across the best hopes for a peaceful solution. . . . [Emphasis added.]

To the same effect, Honduras advised the Secretary General on 18 April 1984 as follows:

> Once again the Government of Nicaragua is seeking to flout the Contadora negotiation process by attempting to bring the Central American crisis, essentially a political issue, under the jurisdiction of the International Court of Justice. This is detrimental to the negotiations in progress and fails to recognize the resolutions of the United Nations and the Organization of American States or the full international endorsement that the Contadora peace process has so deservedly received. [U.S. Annex 104, p. 5.]

In a press release of 16 April 1984 Guatemala stated:

> The Central American issue should be discussed by the Contadora Group; [and] any attempt to seek another forum or international body in order to discuss security problems of a political, economic, and social nature has a negative impact on the Contadora process. [U.S. Annex 105.]

And Costa Rica advised the Court in April:

Whatever measures which the Court ght adopt in the "case" presented for its nsideration, taking such measures outside e context of the complete political and litary situation that prevails in the Central nerican region, could become a distorting tor in the difficult equilibrium sought by e Forum of Contadora in a broader amework of solutions and could com- omise, if not undertaken with prudence and uity, all possibilities of success for the orum of Contadora." [U.S. Annex 102.]

There is, therefore, *unanimous* greement among the Central American ates other than Nicaragua that ad- dication of Nicaragua's claims by this urt seriously risks undermining the ssibilities for Contadora's achievement peace in Central America. Surely this prehension will come as no surprise to e experienced statesmen and jurists of is Court. Complex multilateral gotiations require a delicate balance of ncessions and compromises. If, in the idst of such negotiations, one party hieves some or all of its negotiating jectives elsewhere, the balance of con- ssions and compromises may be ir- trievably upset. Indeed, the gotiating equilibrium may be pro- undly disturbed if the parties believe at one of them *may* achieve its objec- es elsewhere. As Secretary Shultz served in his 14 August affidavit:

The United States considers . . . that in e current circumstances involving ongoing stilities, adjudication is inappropriate and uld be extremely prejudicial to the existing spute settlement process. . . . To permit one rty to create a parallel dispute settlement ocess dealing with only one aspect of the spute and of the issues required to be ad- essed in a comprehensive solution would af- t adversely the current multilateral and lateral negotiating processes encompassed the Contadora framework, and could, in e opinion of the United States, delay, if not restall, an end to the fighting. [U.S. Annex pp. 8–9.]

ne Questions of ICJ Jurisdiction and e Admissibility of Nicaragua's pplication

ne potential problems for the Con- dora negotiations are not the only fun- mental issues raised by the present oceedings. The present proceedings so raise basic questions with respect to e nature of the Court's jurisdiction and e functioning of the UN system as a hole. At issue are, *inter alia*, the location of functions among the institu- ons of the United Nations by the UN harter, and the principles of state con- nt, reciprocity, and equality of states at are the fundamental premises for is Court's jurisdiction over disputes etween sovereign states.

The specific arguments of the United States with respect to jurisdiction and admissibility must, therefore, be viewed in light of:

(1) The relationship of these judicial proceedings to the current diplomatic attempts to end armed hostilities in Central America;

(2) The implications of accepting jurisdiction over Nicaragua's application for the continued viability of the compulsory jurisdiction of the Court; and

(3) The proper relationship of this Court to other UN organs.

The United States makes five specific arguments in this regard.

First, Nicaragua has never accepted the compulsory jurisdiction of this Court under the optional clause contained in Article 36 of the Court's statute. Nicaragua does not, therefore, have the legal right to invoke that jurisdiction against the United States. This argument presents the Court with the unprecedented question of whether a state that has never agreed to be a Respondent may now appear before the Court as an Applicant. The plain terms of the Court's Statute, supported by an overwhelming mass of secondary evidence, indicate it may not. It would, moreover, transgress the basic notions that underlie this Court's adjudicative function: first, the requirements of sovereign consent to any judicial process; second, the need for reciprocity of obligation between the states concerned; and third, the sovereign equality of states. These fundamental tenets of legal relationships among nation states will be violated if Nicaragua is permitted to present claims before this Court after decades of Nicaragua's knowing refusal to submit itself to claims by other states. It will be the privilege of the Agent of the United States to address this fundamental jurisdictional defect that results from the manifest failure of Nicaragua to accept the compulsory jurisdiction of this Court.

Second, jurisdiction is necessarily absent because the United States, too, has not consented to adjudication in the circumstances of this case. Nicaragua's claims come within the scope of a reservation to the U.S. 1946 declaration known as the "multilateral treaty reservation." This argument requires the Court to apply the plain language of one of the basic conditions upon which the United States consented to this Court's compulsory jurisdiction under the Optional Clause. This point has additional significance because five other states have identical or similar reservations to their declarations. Thus, the Court's interpretation of the reservation of the United States will necessarily affect their rights as well. Deputy Agent of the United States Norton will discuss this reservation following the presentation of the U.S. agent.

Third, Nicaragua's claims come squarely within the terms of a 6 April note to the Secretary General of the United Nations that temporarily modified the U.S. 1946 declaration before Nicaragua's application was filed. Irrespective of the applicability of the multilateral treaty reservation, Nicaragua's claims are excluded by the 6 April note from the scope of the U.S. consent to this Court's jurisdiction. This argument also goes to the very root of this Court's compulsory jurisdiction, that is, to the mandatory requirement of state consent. The question is: Does the Court have jurisdiction under Article 36(2) of its Statute when, before an application is filed, a declarant state indicates unequivocally that it does not consent to this Court's adjudication of the claims involved? State practice and the jurisprudence of this Court require a ruling that the Court does not have jurisdiction under these circumstances. The effect and validity of the 6 April note will be explained by Professor Myres McDougal, Sterling Professor of Law, Emeritus, the Yale Law School; and Professor of Law, the New York Law School.

Fourth, Nicaragua's application requests, in effect, a determination by this Court to perform the functions that the Charter of the United States confides to the political organs, in particular the Security Council, with respect to situations of ongoing armed conflict. The Nicaraguan application concedes that its claims before this Court are identical to those it placed before the Security Council in connection with its request that the Council determine the existence of a threat or breach of the peace or of acts of aggression. The April application of Nicaragua, therefore, presents one of the most important institutional questions that has ever come before the Court—the proper allocation of functions among the institutions of the United Nations. Nicaragua's claims are entrusted by the UN Charter to resolution by the political organs of the United Nations, and in this case to resolution by the regional arrangement known as the Contadora process—not to this Court. This question will be addressed by Professor Louis Sohn, Woodruff Professor of International Law at the University of Georgia Law School and Bemis Professor Emeritus at the Harvard Law School.

Fifth, regardless of whether this Court has jurisdiction *strictu sensu*, the Nicaraguan application is also inadmissible on each of four additional separate grounds. The application would necessarily present the legal interests of states not party to the case as the very subject matter of decision. The application would necessarily interfere with universally endorsed regional negotiations to end an ongoing armed conflict. The application would necessarily disrupt the political mechanisms to which the Charter has entrusted situations of ongoing armed conflict. And finally, the application would necessarily require adjudication of claims during ongoing armed hostilities and, as such, would present severe obstacles to the judicial role of the Court in the discovery of truth and the fashioning of an effective remedy. These questions will be discussed by Professor John Norton Moore, Brown Professor of Law at the University of Virginia.

Each of the five arguments of the United States is independent. None requires the development of any further record nor an inquiry into the merits of Nicaragua's substantive claims. Each is now before the Court as an immediate basis for dismissal. If the United States is correct with respect to any one of the five arguments—that is, if Nicaragua is unable to meet its burden of persuasion to the contrary on each of these arguments—Nicaragua's application must be dismissed.

Before the United States commences its discussion of the first argument relating to Nicaragua's own lack of consent, we wish to call the Court's attention to the relative responsibilities of the parties in the present phase of the case. Counsel for Nicaragua has correctly noted [CR 84/13, at p. 12] that, consistent with standard practice in all judicial fora, this court ruled in the *Temple* case that "the burden of proof . . . will of course lie on the Party asserting or putting" forward a contention. [*I.C.J. Reports 1962*, pp. 15–16.] As the agent of Nicaragua said in a different and inappropriate context in last week's oral proceeding, "the burden of proof is on the accuser." [CR 84/12, p. 24.] Nicaragua asserts that there is jurisdiction over its claims and that its application is admissible. The burden of sustaining those contentions, in the words of the Court, "will of course lie on" Nicaragua.

This result, moreover, is clearly foreseen by the Rules of Court and reflected in the Orders of the Court to date in this case. Article 38 of the Rules of Court requires: "The Application shall specify as far as possible the legal grounds upon which the jurisdiction of the Courts is said to be based . . . . " Article 38 thus indicates that it is the applicant who must satisfy the Court of the "legal grounds" for jurisdiction and admissibility.

Further, the Court's Order of 14 May directed Nicaragua to proceed first in the written pleadings, and the President of the Court, at a meeting with the Agents on 5 October, directed, with no objection from either government, that Nicaragua proceed first in oral argument. This order of pleading clearly implies that the burden rests with Nicaragua on the issues of jurisdiction and admissibility. The order of pleading also conclusively refutes the suggestion of Nicaraguan counsel last week [CR 84/13, at p. 11] that the case is at the stage of preliminary objections under Article 79 of the Rules of Court. In this regard, Article 79 specifically requires the respondent to plead first when preliminary objections are in issue. That Article 79 is inapplicable in this stage is also made clear by the Court's Orders of 10 and 14 May 1984 which make no reference to that provision. Furthermore, the current procedural stage is in keeping with a line of precedents that began with the *Fisheries Jurisdiction* cases.

The United States would submit th the present phase of proceedings raise analogous considerations to those underlying Article 53 of the Statute of Court pursuant to which the Court mu satisfy itself "that it has jurisdiction." Thus, in at least six prior cases, the Court has directed the applicant, even the absence of the respondent, to satis the Court that it had jurisdiction and t same reasoning applies to questions of the admissibility of the application. [Se the two *Fisheries Jurisdiction* cases, *I.C.J. Reports 1972*, p. 3 at pp. 8–14, and *ibid.*, p. 49 at pp. 54–63; the two *Nuclear Tests* cases, *I.C.J. Reports 197* p. 253, at p. 259, and *ibid.*, p. 457, at p 463; the *Pakistani Prisoners of War* case, *I.C.J. Reports 1973*, p. 382; and t *Aegean Sea Continental Shelf* case, *I.C Reports 1978*, p. 3, at pp. 13 *et seq.*] Nicaragua bears the same burden here

With the Court's permission, the United States would like to make one final prefatory remark. The United States has for many years been among the strongest supporters of this Court and of international adjudication generally. Consonant with this longstanding history of support for the Court, the United States wishes to em phasize at the outset of these proceedings that it considers the jurisdictional and admissibility questions befo the Court today as of grave significanc not only for the situation in Central America but also for the continued eff tiveness of the compulsory jurisdiction of the Court under the Optional Claus

Furthermore, it must be recalled that the judicial settlement of international disputes is but one of the prope means of peaceful settlement of certai international disputes. In certain circumstances, like those presented here, the UN Charter specifically requires other means, consistent with state pra tice of long duration. The various othe means of peaceful settlement may, in many instances, be more likely to resu in an effective, lasting resolution of a given dispute than the adversarial pro esses of bilateral adjudication. Among the other means of a peaceful settleme of international disputes endorsed by t Charter is negotiation, such as that no being conducted on a multilateral regi wide basis under the Contadora proces The United States wishes to emphasiz that support of such a negotiating pro ess, intended to resolve complex multilateral disputes on an agreed basi is in no way inconsistent with the

ICJ Decision

On November 26, 1984, the International Court of Justice (ICJ) determined that it had jurisdiction over Nicaragua's claims against the United States. The Court found, by a vote of 11 to 5, that Nicaragua had accepted the Court's compulsory jurisdiction and that the United States had also acceded to that jurisdiction for purposes of this case. The Court found, by a vote of 14 to 2, that there was jurisdiction to consider the narrower question of whether any of Nicaragua's claims violate provisions of the 1956 bilateral Friendship, Commerce and Navigation Treaty. On the basis of these two specific votes (with only Judge Stephen M. Schwebel of the United States dissenting on both votes), the Court made a general finding, by a vote of 15 to 1, that it had jurisdiction to entertain the dispute.

Finally, the Court unanimously rejected the U.S. arguments on admissibility to the effect that Nicaragua's claims involving an ongoing armed conflict were, by their nature, committed to the political organs of the United Nations, not the Court; thus, the Court found itself an appropriate forum for Nicaragua's claims against the United States. The Court made no decision on the merits of Nicaragua's complaint.

neral support of the United States for ernational adjudication.

Nor, by opposing the Court's isdictions over Nicaragua's claims, es the United States intend to suggest t international law is inapplicable to conduct of the United States or to nts in Central America. International governs the situation in Central erica regardless of whether this urt adjudicates Nicaragua's claims, t as international law governs the nduct of the vast majority of the mber states of the United Nations t, for whatever reason, have never epted the compulsory jurisdiction of s Court under the Optional Clause.

International adjudication before the urt can only be an efficacious means peaceful dispute resolution if states pect the authority of the Court. They do so only if they can expect a ermination of their rights in accord- e with the law. A state is, in par- ular, entitled to expect that any itations placed on acceptance of the urt's jurisdiction, and any limitations that jurisdiction arising out of the arter of the United Nations and the tute of the Court itself, will be fully pected. Only by a scrupulous erence to this legitimate expectation sovereign states may international ad- ication by this Court continue to ve as an effective, peaceful means of ernational dispute resolution, and only such scrupulous adherence may this urt play the important role con- nplated for it under the Charter of United Nations.

[1]Original states "Nicaragua" here. This s corrected by a letter of 25 April 1984 m the Government of Honduras to the retariat of the United Nations. See last, numbered page of U.S. Annex 60. ■

Visit of Iraqi Deputy Prime Minister

(White House photo by Pete Souza)

Deputy Prime Minister Tariq M. Aziz of the Republic of Iraq made a visit to Washington, D.C., November 24–29, 1984, to meet with President Reagan and other government officials. On November 26, the Governments of the United States and Iraq agree to resume diplomatic relations. ■

Continuation of Iran Emergency

LETTER TO THE CONGRESS, NOV. 7, 1984[1]

Section 202(d) of the National Emergency Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice stating that the Iran emergency is to continue in effect beyond November 14, 1984, to the *Federal Register* for publication. Similar notices were sent to the Congress and the *Federal Register* on November 12, 1980, November 12, 1981, November 8, 1982, and November 4, 1983.

The crisis between the United States and Iran that began in 1979 has eased, but has not been fully resolved. Although the international tribunal established to adjudicate claims of U.S. nationals against Iran and of Iranian nationals against the United States continues to function, full normalization of commercial and diplomatic relations between the United States and Iran will require more time. In these circumstances, I have determined that it is necessary to maintain in force the broad authorities that may be needed in the process of implementing the January 1981 agreements with Iran and in the eventual normalization of relations with that country.

Sincerely,

RONALD REAGAN

[1]Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and George Bush, President of the Senate (text from Weekly Compilation of Presidential Documents of Nov. 12, 1984). ■

Visit of Fiji Prime Minister Mara

(White House photo by Pete Souza)

Prime Minister Ratu Sir Kamisese Mara of Fiji made an official working visit to Washington, D.C., November 25–29, 1984, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Mara after their meeting on November 27.[1]

President Reagan

It's been both an honor and a pleasure to have Prime Minister Ratu Mara of Fiji and his wife as our guests. And this is an historic occasion. The Prime Minister is the first head of state from the nine independent Pacific Island nations to pay an official visit here at the White House.

The Fijian nation he so ably represents is a model of democracy and freedom, a tremendous example for all the countries of the developing world.

Fijians can be proud, indeed, that in their country people from diverse religious, racial, and cultural backgrounds live and work together in peace and freedom. This accomplishment, and it is a great accomplishment, is a tribute to your democratic institutions and to the character of your people.

Mr. Prime Minister, when you return to your country, I hope you will convey to your citizens the deep respect and admiration of the American people.

Fijians are our brothers and sisters in the family of democratic nations. We share values that are at the heart of our societies, the most important of which is our abiding love of human liberty. That was underscored to many Americans who fought alongside Fijians in the Second World War, during the Solomon Island campaign, a turning point in the Pacific theater. We stood together then in the cause of human freedom. That bravery is matched today by the magnificent commitment that your people have made to the cause of peace. Under your leadership Fiji has become a vital part of international peacekeeping missions in the Sinai and in Lebanon. And America knows all too well the price that peacekeepers sometimes pay. Your fallen heroes of peace have a place in our hearts.

Fijians have put themselves on the line and won the gratitude of peace-loving people everywhere. If more nations were as responsible in their international community as Fiji, it would be a far better world.

The Fijian people's sense of decency in the conduct of international affairs has been expressed on many occasions in recent years, and we, again, have found ourselves standing shoulder to shoulder. In our condemnation of the brutal invasion of Afghanistan and the deliberate shooting down of a civilian Korean airliner. Americans also deeply appreciate your support of our efforts to rescue our students and restore democracy to the people of Grenada.

And I've enjoyed this opportunity to get to know Prime Minister Ratu Mara. He is a man to look up to in many ways. Oxford-educated and deeply religious, a man of conviction and wisdom, he has provided exemplary leadership for his people in the crucial beginning stages of democracy. His support of free enterprise and a market economy has enabled his people to enjoy stable economic progress. He has kept Fiji on a steady course and has always defended the principles on which this country was founded, principles that we Americans share. I'm particularly grateful for the sense of responsibility that he has demonstrated in the area of regional security. Having weighed his legitimate concern over nuclear issues against the defense needs of his country and the Oceania region, 1983 Prime Minister Ratu Mara reopened Fiji's ports to all our American naval vessels.

I know that such decisions are not easy and reflect a high degree of political courage. I applaud your statesmanship, Mr. Prime Minister.

I have thoroughly enjoyed our exchange of ideas today. The Prime Minister taught me the meaning of doing things the "Pacific way." He represents a vital and dynamic way, he represents an area of the world that is becoming increasingly important to the United States. We want to work more closely with the people of Fiji and Oceania to help their region continue on a course of stable economic progress and democratic government, free from international tensions and rivalries.

We seek cooperation and improved relations for the betterment of all our peoples. The Prime Minister's visit has been a significant step forward. For this visit, and for sharing your insights, I give you my heartfelt thanks: *vinaka.* I look forward to working closely with you in the future and the people of the United States wish you and your wife a pleasant visit in the United States and safe journey home. *Nisa moce.*

Prime Minister Mara

I'm very pleased, indeed, that it has been possible for you to find time in your busy schedule to meet me on this occasion and soon after your re-election to the Presidency. This is an indication of the warm ties of friendship between our two countries.

Our meetings and discussion this morning has brought our relationship onto a new and exciting level. There is now much greater understanding and appreciation of each other's views and aspirations. Our two countries have stood together for those common principles of justice, freedom, and fair play.

Fiji was used as a transit base for the American troops in the South Pacific during the Second World War. Our men fought side by side in the Pacific war in defense of our respective ways of life and shared values. Like your country, we stand for peace and appreciate determination to maintain peace and security everywhere.

We believe in peace and we are
ady to play our part in order to
monstrate that belief. That is why we
e involved in UNIFIL, [UN Interim
rce in Lebanon] and the multinational
rce and observers in Sinai. But as a
all island nation and like others in the
uth Pacific and elsewhere, we look to
u and your country for support and
idance in many of our endeavors.

This outlook is both sensible and
ical in view of your vast size and
at appears to us to be a country of
limited resource. Moreover there is a
sic similarity and broadly common
gin of many of our economic and
litical institutions. All these go to help
r people feel at home in each other's
mpany and make dialogue and com-
nication between our two countries
aningful and enjoyable.

Many young men and women from
ur country gave us loyal and devoted
vice through the Peace Corps. They
rked with us at different levels of our
ministration and with our people in
ral areas. Your South Pacific AID
gency for International Development]
ogram has been of considerable
sistance to the development activities
the Fiji Government, voluntary
ganizations, and regional institutions
our country.

We are confident that your assist-
ce will continue in the future, because
believe that you see it as part of
ur overall responsibility in our part of
e world. And this is an effective
arantee for peace and stability in our
ands.

Our meeting this morning gives us
nfidence that our relations will grow
om strength to strength in the in-
rests of both our countries and our
oples.

[1]Made at the South Portico of the White
ouse (text from Weekly Compilation of
esidential Documents of Dec. 3, 1984). ■

Fiji—A Profile

People

Noun and adjective: Fijian(s). **Population** (1983): 676,000. **Annual growth rate** (1981): 1.9%. **Ethnic groups**: Indians 50%, Fijians 45%, Europeans, other Pacific Islanders, overseas Chinese. **Religions**: Christian, Hindu, Muslim. **Languages**: English (official), Fijian, Hindustani. **Education**: *Attendance*—95% (6-13 yrs.). *Literacy*—75%. **Health**: *Infant mortality rate*—29/1,000. *Life expectancy*—72 yrs.

Geography

Area: 18,376 sq. km. (7,055 sq. mi.); about the size of Massachusetts. **Cities**: *Capital*—Suva (pop. 65,000). *Other cities*—Lautoka, Nadi, Labasa, Ba, Nausori. **Terrain**: Varied. **Climate**: Tropical maritime.

Government

Type: Parliamentary democracy. **Independence**: October 10, 1970. **Constitution**: October 10, 1970.

Branches: *Executive*—British monarch (chief of state), represented by a governor general; prime minister (head of government); cabinet. *Legislative*—bicameral Parliament (52-member elected House of Representatives, 22-member appointed Senate). *Judicial*—Supreme Court, Court of Appeals, Privy Council.

Political parties: Alliance Party, National Federation Party, Fijian Nationalist Party, Western United Front. **Suffrage**: Universal adult.

Administrative subdivisions: 4 divisions.

Flag: Light blue with Union Jack in top left corner and Fijian coat of arms centered on right.

Economy

GDP (1982): $1.185 billion. **Annual growth rate** (1979-82): 0.5%. **Per capita income** (1982): $1,852. **Avg. inflation rate**: 7%.

Natural resources: Timber, fish, gold, copper.

Agriculture: Sugar, copra, bananas, ginger.

Industry: Sugar refining, tourism, gold, lumber, small industries.

Trade (1981): *Exports*—$280 million: sugar, copra. *Imports*—$562 million: manufactured goods 24%, machinery 20%, fuels 16%, foodstuffs 13.6%. *Partners*—Australia, New Zealand, Japan, UK, Singapore, US.

Official exchange rate (1983): F$1 = US$1, based on a basket of currencies.

Economic aid received: Over the 1978-81 period, aid accounted for 3.2% of government receipts as against 1.6% in 1975-77. (These figures are extremely low for a developing country, however.) *Principal bilateral aid donors*—Australia ($11.5 million, 1981), New Zealand ($3.8 million, 1983), UK ($8.7 million, 1980). *Multilateral aid sources*—Asian Development Bank ($16.2 million, 1982), UN Development Programme ($1.4 million, 1980), EC ($4.1 million, 1980). *US aid (1982)*—$928,000. The US does not have a bilateral aid program in the South Pacific; the region-wide program channels development funds to governments and regional institutions through private and voluntary agencies on a cofinancing basis.

Membership in International Organizations

UN and several of its specialized agencies, South Pacific Forum, Commonwealth of Nations, Asian Development Bank, South Pacific Commission, South Pacific Bureau for Economic Cooperation (SPEC), associate member of Economic and Social Commission for Asia and the Pacific (ESCAP). A regional institution, the University of the South Pacific, is headquartered in Suva.

Taken from the *Background Notes* of September 1983, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

The U.S. and the Caribbean: Partners in Communication

by Diana Lady Dougan

Statement before the Caribbean Seminar on Space WARC [World Administrative Radio Conference on the Use of the Geostationary Satellite Orbit and the Planning of Space Services Utilizing It] and the Transborder Use of U.S. Domestic Satellites in Montego Bay, Jamaica, on October 2, 1984.

Ambassador Dougan is Coordinator for International Communication and Information Policy.

Let me begin by thanking our cohosts for inviting us to their lovely island. The warmth of Jamaica's climate, hospitality, and friendship are all well known in Washington. You are graced with a land of great physical beauty and blessed with a thriving democracy. The United States is proud to have Jamaica as a close friend and good neighbor—with close ties based on shared democratic principles, mutually profitable trade, and the personal bonds of friendship and kinship.

I wish to thank Minister Charles for his vision and insight and Prime Minister Seaga for his personal interest in having his country host this conference. We in the United States applaud the leadership he has shown in promoting democracy, respect for human rights, and economic development throughout the Caribbean. His strong support was immeasurably helpful in launching President Reagan's Caribbean Basin Initiative.

While I am not here today to talk politics, I would like to comment briefly on the subject of U.S.-Caribbean relations. The political and economic destinies of the United States and its Latin American and Caribbean neighbors are inextricably linked. We must progress together or not at all.

Central America is frequently in the headlines because there is trouble there. But that must not obscure a fundamental point: we have not forgotten the Caribbean. The commitment of this Administration to the entire Caribbean Basin is deep and long term. We seek to promote sustained economic development; to strengthen democratic institutions; and to encourage social reform and progress throughout the region. That is why we launched the Caribbean Basin Initiative, the CBI.

When we say CBI, many think of a one-way, duty-free trade program over a 12-year period. But the CBI is much more than trade legislation. The CBI includes other forms of economic initiatives which are tailored to the specialness of the Caribbean. For example, its provision to allow businesses to treat convention expenditures in the Caribbean as tax deductible expenditures holds the promise of increased tourist revenues for many of your countries. Moreover, the CBI heralds significant and long-term increases in U.S. assistance. Our $372-million fiscal year 1985 assistance program for the Caribbean represents an increase of 40% over 1983 funding and is three times the size of our program in 1979.

Thus, the CBI represents a milestone in our relationship with you. It offers an unprecedented and comprehensive effort to work toward rapid economic and social development. It opens up new opportunities for investment, employment, and trade. It is aimed at nurturing long-term growth, not dependence.

Our meeting here in the Caribbean with our Caribbean friends is a part of this initiative.

Challenge and Opportunity

Together we share many goals and face many mutual challenges and opportunities. Certainly one of the greatest areas of opportunity for all nations is in telecommunications. As neighbors and friends it is all the more vital that we have frank discussions and ongoing working relationships. International organizations such as the ITU [International Telecommunications Union] and INTELSAT [International Telecommunications Satellite Organization] provide effective mechanisms for dealing with many concerns, but they can never be a substitute for our country-to-country considerations. Further, the effectiveness of international organizations is increasingly dependent on early bilateral consultations. A good case in point was last winter's World Administrative Radio Conference on High Frequency Broadcasting.

In 1983 the United States consulted bilaterally with a number of nations before this conference. By taking the time early—long before the actual ITU negotiations began, explaining our positions, answering questions, and informally discussing ideas while they were still at a formative stage, we found nations had time to think about and respond constructively to complex proposals. Too often country positions become brittle if sprung suddenly in the pressure cooker atmosphere of an international conference. We believe these early consultations were key to the successful outcome of the conference, which dealt pragmatically and thoughtfully with the concerns raised by high-frequency broadcast issues.

During the waning days of that conference, Mr. Phillip Cross of Jamaica proposed that the United States engage in regular consultations with the nations of the Caribbean. This seminar is in large measure the result of his proposal. We have established here today a spirit of frankness, informality, and innovation. Collectively, we can better understand and deal with the complexities of today's telecommunications opportunities.

In the next 3 days we hope to share with you some of the challenges and changes taking place in our country and hear your concerns and your reactions to our proposals and to react to your proposals.

The process by which the U.S. Government develops the positions it takes at international conferences is long, complex, and arduous because of the primacy we place on the private sector as well as the diverse expertise and perspectives of the numerous U.S. Government agencies which contribute to our policy process. The key agencies are represented here at this meeting.

The sooner we learn about your concerns and your needs, the more effectively we can factor them into our responses and our policies. In doing so, my U.S. colleagues and I come with no illusions that we are the fountain of knowledge; we have information and perspectives to share but also plenty of questions to ask.

Distinguished colleagues, we are living in what may have correctly been pegged as the "information society." Futurist John Naisbitt pegs the transition from the industrial society to the information society at about 1956 when the first transatlantic cable was laid, white-collar workers began to outnumber their blue-collar colleagues in the United States, and the Russians launched Sputnik. The real importance of Sputnik, according to Naisbitt, was not that it began the space age but that it inaugurated the era of global satellite communications. Similarly, the launching of the U.S. space shuttle Columbia in

81 was far more important to the information age than to the future of ace exploration. Before the space uttle, the complex parts of a satellite stem had to be in the ground station. ow larger satellites will incorporate ose functions and ground stations will on the rooftop of your house. And in tle more than a decade, orbital slots ll give way to the concern for the inreased economies and effectiveness of ace platforms if, of course, one allows chnology to grow, not be boxed in by gid planning or preconceived notions of hat we as countries will need or want decade from now.

Satellites, coupled with the awesome owth of computer power and cable stems, have spawned a worldwide lecommunications industry whose 1980 les ran to $40 billion. That could uble by 1990 and double again to $160 lion by the turn of the century. That larger than the gross national product the United States in 1942. Telecomunications has been the fastest growig industry in the world every year for e last 10 years. Futurists predict it ll be the largest single industry in the rld. It has already touched and anged the lives of all of us here and creasingly that of every person on arth.

Communications has always required sender, a receiver, and a communicans channel. Increasingly sophisticated formation technology—television, ble, satellites, and the computer—has volutionized that simple process. The t effect of this faster information flow to bring the sender and receiver closer gether. The tyranny of geography and stance is losing its meaning. To each our countries, large and small which e separated by water, satellite comunication has added importance and tential.

Unfortunately, our thinking, our atudes, and consequently our decisionaking have not caught up with the chnology. But that is not surprising. 'e are being forced to reconceptualize ur national and global objectives to fit ie new economics of information. When e studied economics, we learned that pital was the strategic resource. In an formation age, with information the rategic resource, access to the conomic system is much easier.

The new source of power is not oney in the hands of a few but inforation in the hands of many.

This new age is brain intensive not pital intensive. It is providing opporunities for diverse individuals and naons to get in on the ground floor of the orld of the future.

Access to computer information banks and high-speed data flows can make an enterprise in Nassau as competitive as one in Los Angeles or Sydney. A banana grower near Port Antonio can call up any article from the National Agricultural Library in Washington. A doctor in Curacao can compare his diagnosis with case histories in Chicago. A professor at the University of the West Indies has access to hundreds of abstracts and data banks all over the world. You don't have to live in New York to play the stock market or London to trade with Lloyds. Through technology, the world is shrinking in distance and expanding in opportunities.

While the scientists are carving up microchips into increasingly thin wafers, it is up to us to make sure that we don't carve up the market for telecommunications services and products in the same way or fence in the new technologies. Politicians and regulators aren't comfortable with things they can't pin down and classify. Above all they crave order and predictability. Since they can't stop technical progress, they are often tempted to create regulatory regimes that will give them time to stop, take a breather, and try to figure out where to go from here.

Of course, the regulators have a difficult job. As a reminder of just how difficult, remember that when the American Congress passed the Communications Satellite Act of 1962, authorizing the United States to establish COMSAT [Communications Satellite Corporation] and develop international satellite services, there was no consideration given to the use of synchronous satellites. The technology consisted of random-orbit satellites, like Telestar. Synchronous satellites were not even contemplated in the near future. Yet, less than 2 years later, we put the first geosynchronous satellite in orbit and exponentially expanded the horizon for communications via satellite—so much for our ability to predict what technology will bring.

I believe we would do well to take a piece of advice tendered by the White House to the Federal Communications Commission in 1970 when it was trying to decide whether a proposal by ABC television to relay television programs to its affiliates through the country by domestic satellite was technically and economically feasible. With a dose of modesty and common sense, presidential assistant Peter Flannigan warned that:

> . . . in a time of rapid technological, economic, and social change, we would be ill-advised to adopt a policy without the flexibility for future reviews or to adopt an overly restrictive policy simply because of our inability to predict future development.

That sounds like sound advice to me; flexibility, adaptability, and nonrestrictiveness is my perspective of sound policy formation.

U.S.-Caribbean Cooperation in Communications

Let us now turn to some of the specifics which bring us together today. Outside the United States, no place in the world is better situated than the Caribbean to take advantage of the opportunities which satellites and computer technologies provide.

The new source of power is not money in the hands of a few but information in the hands of many.

Because of the irregular shape of the United States and the location of geostationary orbits, the footprint or coverage area of U.S. domestic broadcast satellites will cover the Caribbean. This allows your nations to benefit from that coverage if you choose to do so.

In addition to its advantageous proximity to the world's largest market, most of the Caribbean shares a common language with the United States. While I'm thinking mainly of English, Spanish is fast becoming our second language. In fact, with over 14.6 million people of Hispanic descent, the United States is well on its way to becoming one of the largest Spanish-speaking countries in the world.

Geography, language, and privileged access to the U.S. market all make the Caribbean a prime choice for investment. In fact, I noticed recently an advertisement in the *Wall Street Journal* promoting Barbados as a prime location for doing international business. A modern communications network was one of five advantages listed. With the political and economic stability, a large literate workforce, and close proximity

to the American market, the Caribbean can be a magnet for growth industries such as off-shore banking and the computer services industry. In our information-oriented society, access to efficient communications links is increasingly central in attracting investors, conventioneers, and tourists. People may sometimes claim that they would love to get away from the telephone for a little while, but don't take them too seriously.

This Caribbean conference focuses on two of the most important links in telecommunications.

Transborder Satellite Service. I would like to briefly reemphasize some key considerations on behalf of my government.

- The United States is proud of its instrumental role in the creation of INTELSAT and continues to be firmly committed to protecting the economic and technical viability of the INTELSAT system in carrying out its vital mission of providing a basic global telecommunications service.
- The advent of regional systems and INMARSAT [International Maritime Satellite Organization] highlight the recognition that systems outside INTELSAT provide important opportunities for expanding the economic efficiencies and varieties of satellite services and markets.
- Incidental coverage of U.S. domestic satellites is a technological fact and opportunity for neighboring countries.
- In addition to entering into the coordination process with the IFRB [International Frequency Registration Board] and INTELSAT, countries have responsibility to respect the copyright/intellectual property rights of the senders of programs and data.
- Coordination should be designed to promote efficiency, not obstruct new entrants to the field. INTELSAT coordination is becoming costly and time consuming. It should not be necessary to repeat the process for each satellite, service, or country.
- The United States respects the right of each country to regulate its own telecommunications industry. But such decisions should be made by sovereign nations and should not be delegated to, or worse, expropriated by international organizations.

We will not impose our own preferences on others but believe that opportunities are at hand that should be easily accessible to you if and when you care to use them.

Space WARC. Transborder satellite questions are high on our agendas now, but even more far-reaching decisions regarding satellite communications systems are ahead. The World Administrative Radio Conference will grapple with some of these issues next year in what we quaintly call Space WARC. The United States is vitally interested in this conference, a viewpoint which I know you share. How we manage the geostationary orbit will have a significant impact on the future of the telecommunications industry and, by extension, of those industries which depend on telecommunication.

We in the United States are making a major effort to formulate policies which will respond both to our national needs and to those of the larger community of nations. To this end, we have formed a small policy group, coordinated by my office, which is made up of individuals from key government agencies and from the private sector, to take the lead in the planning process for the 1985 Space WARC session. This policy group, which is well represented here, is in the process of identifying the principles which we believe should govern our efforts in preparation for Space WARC. I believe early discussions and candid exchange of views with other countries such as yours are vital.

There are a number of tough questions which we must collectively answer:

- How do we guarantee, in practice, equitable access for all countries to the geostationary orbit?
- Is there a solution, short of a wasteful *a priori* planning method which can be devised to provide a "guarantee in practice?"
- What, if any, planning methods can be devised to nurture, not restrict, the orbit's ability to meet the requirements of all countries?

I assure you that in attempting to answer these questions the United States appreciates the concerns which have given rise to this conference. Every nation should be able to have assurance that, when it is ready to use the resource represented by the geostationary orbit, it will receive equitable access. But we also believe it must be accomplished in a manner which will not stifle the continued development of the very technology which will make the geostationary orbit more usable and useful to all nations in the decades to come.

The United States has some preliminary ideas about how to address these issues. We need your reaction to our ideas and to hear your own proposals.

Conclusions

In closing, I would like to share with you the basic objectives of the United States in this overall policy area. As Secretary Shultz has succinctly stated, our policy is:

> . . . to promote an environment in which ideas and information can flow more freely among nations, to support the advancement of international commerce through the efficient and innovative use of communications resources, and to expand information access and communications capabilities of developing countries. The first objective is fundamental to the advancement of democratic institutions throughout the world; the second reflects the strategic contribution communications and computers make to the expansion of opportunities for worldwide trade and investment; the third recognizes communications as an important catalyst for growth in developing countries. These objectives can be most effectively achieved by relying whenever possible on free enterprise, competition, and free trade, with a minimum of direct government involvement or regulation.

We respect the fact that other nations have their own policies and own means of achieving them. However, by working together and understanding the practical effects of one another's policies and goals, we can meet collectively the challenges which the heavens and the future hold. ■

ommercialization of Outer Space

Harry R. Marshall, Jr.

Address before the International tronautical Federation and the International Institute of Space Law in usânne on October 9, 1984. Mr. rshall is Deputy Assistant Secretary Oceans and International Environmental and Scientific Affairs.

om the beginning of our nation and, leed, even from the inception of the ited States as a colonial appendage of 17th- and 18th-century British Emre, free enterprise and international mmerce have been key elements in r economic growth and social betternt. Since the beginning of the space e, it has been American private enterise—working in conjunction with U.S. vernment agencies, primarily the Nanal Aeronautics and Space Administation (NASA), the Department of fense, and the National Oceanic and mospheric Administration—which has nerated the enormous success of our manned and manned space programs. w we believe the time has come for vernment to take some concrete acn to promote the commercialization of ace, such as:

- Transferring ownership or anagement of government activities to mmercial industries;
- Expanding existing relationships tween government and industry in ace endeavors;
- Freeing private enterprise from necessary government regulations; d
- Ensuring access to tax incentives ailable for other business sectors.

This will permit the U.S. private sector to directly employ and expand the ills and expertise it has already applied in outer space.

residential Space Program

resident Reagan, in his State of the nion message in January, enunciated ree key elements of his space pro-am.

First, he declared a U.S. commitent to build and put into orbit a peranently manned space station during e next decade. The station would rve as a base for scientific and comercial activities which would benefit omestic and international interests like.

Second, he called for renewed U.S. emphasis on international cooperation in outer space activities. Specifically, he invited our friends and allies to join in the space station project.

Third, he called for an effort to encourage U.S. industry to engage in commercial ventures in outer space. In this connection, he pointed out that a primary governmental role will be to remove impediments to private sector activities.

Even prior to his State of the Union address, the President had moved to facilitate commercialization, notably with regard to the land remote-sensing satellite program and expendable launch vehicles; and since January of this year, the Administration has taken several specific steps to implement its space commercialization policy. My remarks will focus on these developments in the United States and comment on their international ramifications.

Landsat Commercialization

Administration Efforts. For the past 19 months, we have carefully planned the potential transfer of the civil land remote-sensing satellite program—Landsat—to the private sector by competitive process.

In February 1983, President Reagan authorized this effort, and Secretary of Commerce Malcolm Baldrige promptly established an interagency policy-level group to oversee this initiative—the Interagency Board on Civil Operational Earth-Observing Satellite Systems (IB-COESS). The IB-COESS was to set the policy framework for the formal request for proposals to acquire Landsat. A Source Evaluation Board was established to issue the request for proposals, evaluate the proposals submitted, and report findings to the Secretary of Commerce, who could then select a successful offeror.

The IB-COESS and the Source Evaluation Board included representatives from interested government agencies, including the Departments of Commerce, State, and Defense and the National Aeronautics and Space Administration.

The request for proposals, as approved by the IB-COESS, clearly stipulated that any proposal, if it were to be accepted, must meet certain well-defined national security and foreign policy requirements. Seven proposals were received by the March 10, 1984, closing date. The Source Evaluation Board reviewed the proposals and presented its findings and recommendations to Secretary Baldrige this past May.

The board found that three of the seven offerors were within competitive range. Subsequently, Secretary Baldrige authorized negotiations with two of them—Eastman Kodak Company and Earth Observing Satellite Company (EOSAT), a joint venture of Hughes Aircraft Company and RCA Corporation. The recommendation of Eastman Kodak regarding the financial conditions was rejected, leaving EOSAT—which has essentially completed its contract negotiations with the Department of Commerce—to take over operation of the existing Landsat system and provide a ground facility and two follow-on satellites. The arrangement is intended to cover a 10-year period, for which the government would pay $250 million. This figure would be separate and apart from what would be paid by the government for data.

Legislation. As the Administration proceeded with its Landsat exercise, Congress was preparing the necessary legislative support to provide the framework for phased commercialization of land remote sensing. This ultimately emerged as the Land Remote Sensing Commercialization Act of 1984. Among the key international and foreign policy aspects of this legislation, which took effect on July 17, 1984, are the following:

- A finding that land remote sensing by the government or private parties involves international commitments which must be observed and a requirement that a private operator observe and implement U.S. international obligations;
- A provision that the Department of State provide guidance on all matters which affect international obligations and, in particular, determine those conditions for nongovernment remote-sensing activities which are necessary to meet the international obligations and foreign policy requirements of the United States;
- A legislative requirement that a private operator of the existing Landsat system continue to provide foreign ground stations with unenhanced data in accordance with the terms of existing governmental agreements, but only for so long as the U.S. Government continues as the actual owner of the remote-sensing system;

• A finding that the private sector—and, in particular, the "value-added" industry—is best suited to develop land remote-sensing data markets in the United States and abroad; and

• An authorization to NASA to conduct remote-sensing research with foreign governments and international organizations.

Together, then, the Landsat commercialization initiative begun by the Administration and the congressional action provide the governmental framework to permit private commercial activity and innovation in taking over, developing, and operating a U.S. remote-sensing system consistent with international obligations. Most importantly, from the international perspective, the legislation provides the Secretary of State with the requisite authority for ensuring that private commercial Earth remote-sensing activities are conducted in strict accordance with the obligations of the United States under recognized international space law.

As I mentioned, negotiations are essentially completed providing for the private sector operation of Landsat. Accordingly, as required by the act, a report was submitted to the Congress on September 19 setting forth how the prospective operator would comply with the legislation. No conclusion of the contract can occur for 30 days from that date or unless the two congressional committees with oversight responsibility each provide, at an earlier date, a written notice of nonobjection.

In addition to providing for a follow-on remote-sensing system, the new legislation establishes a regulatory regime for the operation of remote-sensing satellites and data distribution by private entities, subject to U.S. jurisdiction. Jurisdiction under the new legislation would cover U.S. citizens or corporations operating a remote-sensing satellite. It would apply also to a U.S. parent corporation of a foreign subsidiary which operates a remote-sensing satellite.

In the case of remote sensing, certain governmental supervision is necessitated by virtue of international treaty obligations. As U.S. remote sensing heretofore has been undertaken by governmental agencies, this issue has not arisen until now. It is, of course, a matter which must be addressed not only in the United States but in any country where nongovernmental remote-sensing operations are to be undertaken. The Department of Commerce is responsible, under the law, for licensing and is directed to promulgate appropriate regulations.

Not much is known, at this time, regarding requirements other governments may impose, other than what is stipulated by treaty requirements. France and Japan have near-term plans for deployment of remote-sensing satellites. The French company, Spot-Image, is seeking to market remote-sensing services internationally. It remains to be seen how international competition develops in this field.

Expendable Launch Vehicle (ELV) Commercialization

Administration Efforts. The U.S. national space policy of July 4, 1982, while identifying the NASA Space Transportation System—the space shuttle—as the primary launch system for the U.S. Government, fully encouraged U.S. private sector investment and involvement in civil space activities.

This spawned a keen private sector interest in continuing ELV systems and developing U.S. Government policy support for commercial ELV activities. An increasing number of new enterprises has been established with the express purpose of developing commercial space launch capability.

Within the Administration in Washington, the Senior Interagency Group on Space reviewed this matter and concluded that a U.S. commercial ELV capability would offer substantial benefits to the nation and would be consistent with the goals and objectives of the national space policy. The existence of a viable commercial ELV industry, it is believed, would add to the general economic vitality of the United States and provide the United States with a more robust space launch capability.

The creation of a private ELV industry would also maintain a high-technology industrial base. Further, it would provide jobs for thousands of workers, thus adding to the Federal tax base. Commercial ELV operations should spawn numerous spinoff and supporting activities and strengthen the U.S. position in what is projected to be a growing international commercial market.

This would also reduce or eliminate U.S. Government closeout costs for discontinuing its ELV operations, and it would provide a potential market for excess flight hardware, special-purpose tooling, and test equipment, as well as propellants. There would also be a market for U.S. Government facilities and equipment that would otherwise be underutilized or no longer required.

On May 16, 1983, the President issued the U.S. policy on commercialization of expendable launch vehicles, which states that the U.S. Government fully endorses and will facilitate commercial operations of expendable launch vehicles by the U.S. private sector. This policy applies to ELVs previously developed for U.S. Government use as well as to new launch systems developed specifically for commercial applications.

The basic goals set forth in this space launch policy are to:

• Ensure a flexible and robust U.S. launch posture to maintain space transportation leadership;

• Optimize the management and operation of the Space Transportation System program to achieve routine, cost-effective access to space;

• Exploit the unique attributes of the space shuttle to enhance the capabilities of the U.S. space program; and

• Encourage the U.S. private sector development of commercial launch operations.

Regarding implementation, the policy specifies that the U.S. Government will:

• Endorse and facilitate the commercialization of U.S. expendable launch vehicles;

• License, supervise, and regulate U.S. commercial ELV operations only to the extent required to ensure compliance with treaties and other international agreements and with national and local laws and regulations, including those providing security, safety, and environmental requirements;

• Identify and make available, on a reimbursable basis, facilities, equipment, tooling, and services that are required to support the production and operation of U.S. commercial ELVs (such use would be subject to any governmental priority needs to meet critical mission or other national security requirements; however all reasonable efforts will be made to minimize impacts on commercial operations);

• Encourage the use of its national ranges for U.S. commercial ELV operations where commercial launch operations will be subject to minimum U.S. Government range regulations;

• Encourage free market competition among the various systems and concepts within the U.S. private sector;

• Not subsidize the commercialization of ELVs but will price the use of its facilities, equipment, and services consistent with the goal of encouraging viable commercial ELV launch activities;

• Provide equitable treatment for all commercial launch operators for the sale or lease of government equipment and facilities; and

• Consider promptly requests for approval of proposed commercial launch facilities and ranges and, after approval, regulate subsequent operations conducted at or from such installations. (Near-term demonstrations or test flights of commercial launch vehicles conducted from private ranges will be reviewed for approval on a case-by-case and timely basis.)

In parallel with its policy to encourage and facilitate private sector ELV entry into the space launch market, the U.S. Government will continue to make the space shuttle available to all authorized users—domestic and foreign—for commercial or civil governmental purposes.

Through FY 1988, the price for use of the space shuttle will be maintained in accordance with the current pricing criteria. Beyond this period, it is the U.S. Government's intent to establish a full cost recovery policy for space shuttle services for U.S. and foreign users.

The ELV commercialization policy directive also established a separate working group to prepare a report that would:

• Streamline the procedures used in the interim to implement existing licensing authority;

• Develop and coordinate the requirements and processes for the licensing, supervision, and regulations applicable to routine commercial launch operations from commercial ranges; and

• Recommend the appropriate lead agency within the U.S. Government to be responsible for commercial launch activities.

The working group submitted its report to the President on September 15, 1983, and a few months later on November 16, 1983, the President designated the Department of Transportation as the lead agency for the commercialization of expendable launch vehicles. Transportation Secretary Elizabeth Dole, in testimony before the House Subcommittee on Space Science and Applications of the Committee on Science and Technology on November 18, 1983, provided the subcommittee with the Department of Transportation's approach to dealing with the new commercial ELV industry.

Secretary Dole stated that the function would be assigned to her office because of the significance placed on this responsibility by the President. She stressed the need for the U.S. Government to establish a climate that frees the industry from needless regulatory measures and allows it to grow and develop.

The President, on February 24, 1984, issued an Executive order (E.O. 12465) which officially designated the Department of Transportation as lead agency for facilitating and encouraging commercial ELV activities by U.S. firms.

The Department of Transportation envisions itself as a single agency mandated to provide the commercial ELV industry with a single point of contact within the government—a contact which will not only coordinate and expedite approvals for launch but which will encourage and promote the industry. The Transportation Department chairs an interagency review group, consisting of the Departments of State and Defense and other relevant agencies, which will determine the minimum essential data required for launch application and review and approve license applications in the areas of their responsibility.

Congressional Action. Since 1981, a number of bills have been introduced in the U.S. Congress designed to promote and encourage the U.S. private sector to provide launch vehicles and associated launch services for domestic as well as foreign customers.

The House Committee on Science and Technology conducted hearings on House bill 3942, the Space Commercialization Act, which had been formally introduced on September 21, 1983. It was favorably reported to the House of Representatives and passed on June 5, 1984. On the Senate side, Senate bill 2931, the Commercial Space Launch Act, was introduced on August 9, 1984. The Senate Committee on Commerce, Science, and Transportation conducted hearings on September 6. At that time, the Administration announced its support for such legislation. These bills essentially:

• Promote economic growth and entrepreneurial activity through utilization of the space environment for peaceful purposes;

• Encourage the private sector to provide launch vehicles and associated launch services by simplifying and expediting the issuance or necessary government authorizations and by facilitating the utilization of government-developed space technology and facilities; and

• Designate the Department of Transportation to oversee and coordinate the conduct of launch operations, to issue and transfer launch licenses authorizing such activities, and to ensure that the public health and safety, foreign policy, and national security interests of the United States are satisfied.

Let me comment on the foreign policy aspects of the ELV bills as they have passed the House and are being considered by the Senate.

The findings and purposes of both bills highlight the need to satisfy U.S. foreign policy interests as part of the licensing process created. In satisfying this requirement, the Transportation Department as lead agency would consult with the State Department prior to issuing a license. Further, once a license is issued, the Department of Transportation would have to take steps to prevent a launch of a payload or suspend any licensed operation if foreign policy interests would otherwise be jeopardized. This would be the case, for example, if a person subject to the legislation intended to launch a payload in violation of U.S. treaty obligations.

With respect to the need to take foreign policy into account, the report accompanying the House bill is rather explicit. It notes that consultations will be continuous throughout the licensing process and that the Department of Transportation "should not act contrary to a national security or foreign policy determination made by another agency." I should note that this is reflective of the existing interagency deliberative process which has been utilized to date.

Presently, regulation of the few private sector launches in the United States has occurred under ITAR—the International Traffic in Arms Regulations—promulgated under the Arms Export Control Act (22 USC 2778; 22 CFR 121.01 *et seq.*) and administered by the State Department's Office of Munitions Control. The State Department has agreed in recent months to have this regime administered by the Department of Transportation until an appropriate statutory scheme is enacted. It is anticipated that the Executive order designating the Transportation Department as the lead agency will be amended

to effectuate this interim transfer. New legislation, as now being contemplated, would, in effect, supersede the application of ITAR for licensing launches of ELVs. Of course, ITAR would remain applicable for the actual export of ELV equipment or components for use abroad, such as at a foreign-based launch site.

Both bills provide for monitoring of activities of licenses. As a condition of obtaining a license, a launch site operator must be prepared to permit access by U.S. Government officers. This practice, as applied to the launch of a foreign payload, would be tantamount to U.S. requirements now imposed by NASA in connection with the use of the space shuttle.

The legislation has a very pragmatic approach with respect to extraterritorial jurisdiction. A U.S. citizen or corporation would be required to obtain a license, whether launching or operating a launch site in the United States or abroad.

With respect to a foreign corporation controlled by U.S. interests (as defined in regulations to be promulgated by the Department of Commerce), no license would be required if the launch took place or if the site was operated in the territory of another country, unless there is an agreement with such country providing for U.S. jurisdiction in such cases.

If the launch or the launch site is not within the territorial jurisdiction of any nation (e.g., on the high seas or in outer space), in that case the foreign subsidiary of a U.S. corporation would have to obtain a license, unless there is an agreement with the country in which the subsidiary is organized for such nation to assert jurisdiction over the activity.

Quite frankly, this approach is the result of much discussion on this issue in Washington, both in the Administration and Congress. The outcome appears to quite adequately balance the need for regulation by the responsible nation and the need to avoid excessive extraterritorial jurisdiction.

There is an obvious overlap between the jurisdiction in the Land Remote Sensing Commercialization Act of 1984 and the ELV legislation. Although one regulates the operation of remote-sensing satellites and the other only the aspects of their actual launch, foreign payloads will be subject to the provision of the act, for example, if they are launched in the United States. Again, I would note that this is essentially no different than the situation which now exists when a foreign customer seeks access to the space shuttle. If there are any problems in this regard, let me say that we have a lot of pragmatic people in Washington who are concerned about this issue and who, I am sure, will find an acceptable solution.

Conflicts of Law

Having been talking about and alluding to extraterritorial jurisdiction, let me make some general remarks about conflicts of law, because it certainly has relevance to outer space activities.

When the outer space, liability, and registration conventions were negotiated, the commercial use of space was only a dream of a prophetic few. But already, in little more than a decade, that dream is a reality. Private parties can build and launch spacecraft, and they can and do go abroad to do so. When the nationals of one state engage in commercial operations abroad, issues arise concerning the assertion of jurisdiction by the national's state or, in some cases, concerning actual conflicts of law.

Conflicts of law are going to happen in the interdependent world in which we live. The question is how to lessen the number of occurrences and mitigate them when they happen.

The conflicts-of-law issue, which arises when two states undertake to regulate the same activity, is beginning to take on a degree of prominence in the management of outer space activities.

In the outer space business, the issue comes about because of a number of governmental responsibilities, such as protection of the environment and public safety. Another reason is governmental responsibility for the actions of their nationals in outer space. And where governments think they have a responsibility, they are likely to impose regulations upon that activity. Where two governments think they have responsibility—or perhaps potential liability—then both may impose regulations on the same activity. When that happens, a conflicts-of-law issue arises requiring resolution. Thus, the commercial use of outer space is one field where conflicts of law are bound to happen.

The relevant outer space treaties impose responsibilities upon at least four different categories of states. The liability and registration conventions create responsibilities for:

- A state which launches a space object;
- A state which procures a launching of a space object;
- A state from whose territory a space object is launched; and
- A state from whose facility a space object is launched.

Article VI of the Outer Space Treaty imposes a broader obligation on states by providing that:

> States Parties to the Treaty shall bear international responsibility for national activities in outer space. . .whether such activities are carried on by governmental agencies or by non-governmental entities. . . .

Thus, arguably, a state is generally responsible for the activities of its nationals in space—whether or not the national initiates or engages in these activities within the territorial jurisdiction of the state.

As commercial use of space becomes a reality, our government must ask whether the U.S. Government is internationally responsible under the relevant conventions if a U.S. corporation goes a second country and launches a space object that results in injury in a third country. While the answer to this question would seem to be, "yes, there is responsibility," what if it is not a U.S. corporation but a foreign corporation, which is controlled by a U.S. company, that launches or procures the space object from foreign territory?

In my view, I believe it is appropriate that the launching state must bear the brunt of responsibility, along with the state of nationality of the controlled foreign subsidiary. But there may be situations where there is no launching state, such as where the launch occurs on the high seas or from outer space. In the legislation I have mentioned, a U.S. license would be required unless an agreement has been concluded under which another country is exercising appropriate regulatory control.

We believe this policy approach is consistent with our treaty obligations and takes account of the interests of others. It should minimize conflicts and encourage coordinated use of outer space. The United States recognizes tha

flicts-of-law questions will still arise, , consistent with our general policy such subjects, we stand ready to seek perative solutions to such problems.

uitable International Competition

en the spirited international competi- n in recent years between the space ttle and the French Ariane expend- e launch vehicle, it is probably not prising that attention of potential vate ELV operators in the United tes would focus on the conditions af- ting their competitiveness in the in- national marketplace. On May 25, 84, one of those ELV operators, anspace Carriers, Inc., filed a petition der Section 301 of the 1974 Trade Act ging that the member states of the ropean Space Agency and their ce-related instrumentalities are sub- izing the satellite launching services the French company, Arianespace, A. The specific subsidy allegations in- de:

- Two-tiered pricing of launch serv- s, i.e., lower prices charged on serv- s to the export market;
- Provision of launch and range ilities, services, and personnel to ianespace at unreasonably low cost;
- Provision of administrative and/or hnical personnel to Arianespace at reasonably low rates; and
- Subsidized mission insurance es.

Transpace Carriers, Inc., claims that se subsidies have resulted in lost es and suppression of bid prices.

On July 10, 1984, the U.S. Trade presentative decided to accept the tition of Transpace Carriers, Inc., for vestigation. The decision to accept its tition for investigation does not in any y prejudice the final outcome in the ited States on this matter. Under the ovisions of the Trade Act of 1974, the S. Trade Representative has 1 year— at is, until July 9, 1985—to investigate e allegations made in the petition and complete consultations with govern- ents named in the petition. If the issue not resolved before the end of the in- stigation, the U.S. Trade Representa- e must recommend to the President at, if any, action provided for in the ade Act should be taken. The Presi- nt must make his decision within 21 ys.

The United States requested consultations with European governments and European Space Agency officials on this matter. The timing and content of those consultations are being discussed in diplomatic channels. We are hopeful that it will be possible to begin these discussions soon, and we are optimistic that the results of those discussions will result in equitable competition in this sector.

Administration Initiatives

As the Reagan Administration has moved to initiate specific steps to encourage increased private commercial presence and activity in outer space, it has also begun vigorous evaluation of further initiatives that can be taken in the near future.

As some of you may know, one of the President's earliest directives established a series of Cabinet councils to facilitate decisionmaking and policy formulation with respect to major issue areas. A working group of the Cabinet Council on Commerce and Trade was established late last year to review industry-proposed initiatives designed to encourage commercial activity in space. Numerous meetings took place, including briefings by the industry. Ultimately, as announced in July, the Administration has decided to take the following initiatives to facilitate the commercial use of space.

- Consistent with Administration decisions on fundamental tax reform, revisions will be sought in tax laws which discriminate against commercial space ventures, for example:

—The current "carry-on" test for the 25% research-and-development tax credit may be changed to allow corporations engaged in a trade or business to form joint ventures and be eligible to use any such tax credits resulting from the venture.

—The 10% investment tax credit and the accelerated cost-recovery system may be made available for space capital projects owned principally by U.S. interests and operated for domestic purposes.

—Prototypes used in outer space development may be made eligible for the research-and-development credit even though they eventually will be used in commercial service.

- Long-term government contracts with new space ventures will be facilitated if the government has a need for the product and if the purchase would be cost efficient.
- Tariff regulations could be clarifed to ensure that projects manufactured in space are not considered imports when returned to the United States.
- Radio frequencies for private sector use will continue to be assigned on a timely basis.
- Additional protection of proprietary information should be provided.
- Government agencies will take steps to assure fair international competition in outer space.
- Current practices to increase private sector awareness of space opportunities will be expanded, and increased industry investment in high-technology space-based research and development will be encouraged.
- Various initiatives to implement national policy on the commercial use of space will be taken, such as increasing public awareness about the commercial opportunities in space and developing a plan for privatization of additional government space activities (beyond land remote sensing and expendable launch vehicles).
- High-level national focus for commercial space issues will be sought and implemented through the White House Working Group on the Commercial Use of Space. (The working group, to be chaired by the Department of Commerce, will consist of all interested departments and agencies within the U.S. Government, including NASA and the Departments of State, Defense, Treasury, and Justice.)

The above array of initiatives, and others that may be taken in the future, reflects a firm determination on the part of the Reagan Administration to encourage and promote commercial outer space activities in order to benefit the domestic economy and reduce unnecessary government expenditures. ■

Assassination of India's Prime Minister Gandhi

Prime Minister Indira Gandhi of India was assassinated outside her home by two Sikh members of her security guard and died a short time later in the All-India Institute of Medical Sciences on October 31, 1984. Secretary Shultz headed the U.S. delegation to Prime Minister Gandhi's funeral in New Delhi on November 4.

Following are statements made by President Reagan and Secretary Shultz on October 31, the Secretary's arrival statement in New Delhi on November 2 and news conference on November 3.

PRESIDENT'S STATEMENT, OCT. 31, 1984[1]

I want to express my shock, revulsion, and grief over the brutal assassination earlier today of Prime Minister Indira Gandhi of the Republic of India. The people of the United States join me in extending our deepest sympathy and condolences to the people of India and the Prime Minister's family as they mourn Mrs. Gandhi's death.

As Prime Minister of the world's largest democracy and chairman of the Nonaligned Movement, Mrs. Gandhi was a source of global leadership. Her determined efforts to promote peace, security, and economic development in South Asia and throughout the world will serve as a constant reminder of Mrs. Gandhi's commitment to protect the shared values of democratic nations.

The Prime Minister and I had personal correspondence recently regarding the scourge of terrorism. We agreed upon the necessity for freedom-loving states to strength our cooperation to stamp out this menace to humanity.

Her senseless murder serves as a vivid reminder of the terrorist threat we all confront. We must, therefore, renew our determination to overcome this threat and ensure that Prime Minister Gandhi's accomplishments and memory will serve as an inspiration for humanity.

SECRETARY'S STATEMENT, OCT. 31, 1984

The Government and people of the United States are shocked and outraged by the brutal assassination of Prime Minister Indira Gandhi, the leader of a great democracy, the Republic of India.

Mrs. Gandhi served her country as Prime Minister for over 15 years and was also a major and powerful force in the world community through her dynamic role in global affairs, the Nonaligned Movement, the United Nations, and other forums. President Reagan and Prime Minister Gandhi shared a strong determination to continue the struggle against terrorism.

The United States denounces this despicable act which has taken the life of the Prime Minister and expresses its profound sympathy to the people of India and Mrs. Gandhi's family for their tragic loss.

ARRIVAL STATEMENT, NOV. 2, 1984[2]

This is a sad occasion for India, for the United States, and for men and women of good will throughout the world. Indira Gandhi symbolized India: She spoke for India's commitment to a humane democracy, to a better life for all the people of India, and for peace and justice among all people. She won the respect of all, not the least that of my fellow Americans, as a good and wise leader. Thus she earned well her position as a world citizen of the first rank. We may be assured that her place in the history of our times is secure as it is secure in the hearts of her people.

I speak for all Americans when I tell you how profoundly shocked we were by the brutal act of terrorism which has taken Indira Gandhi from us. It was an action which stands condemned by all civilized people. Terrorism, of which this is such a truly frightful example, has become the scourge of our times; it has touched the lives of all; we are diminished by it wherever it occurs as we are diminished today by the murder of Mrs. Gandhi. Let us, I plead, rededicate ourselves to the task of ensuring that terrorism will not succeed in its deeply cruel disruptive purposes.

India, the country that gave the word and thought of nonviolence to the world, knows well the hand of terror—the hand that on the very morning of her independence struck down Mahatma Gandhi, the inspiration and true father of that independence. In the United States we have not been spare Twenty-one years ago this month John F. Kennedy was struck down by an assassin's bullet. President Reagan 3 years ago was the target of a mindless assassination attempt. But both India and the United States have shown the strength, resilience, and vibrancy of democracy in their time of crisis. And so, we know that the Indian people an their leaders, as did we in our days of trial, will have strength in their sadnes and draw strength from their commitment to democracy.

Your new Prime Minister has spoken of his mother's "dream of a united, peaceful, and prosperous India. He has called on his countrymen to cor plete her unfinished work. We know that the people of India will meet this challenge.

Our two lands, the United States and India, have a firm and enduring relationship, one that is based on our common democratic heritage, our long history of a regarding association, our rich web of personal ties, our shared in terest in an ever-expanding mutual sup port and cooperation. The United State strongly supports the independence, un ty, and territorial integrity of India an recognizes its pivotal role in the region We share the important goals of peace and stability both in South Asia and over all the globe. We look forward to working closely, productively, and in th highest of mutual regard with the new government of Prime Minister Rajiv Gandhi. We will do so as we did with t government of his great and distinguished mother to whom our thoughts turn so strongly, so warmly on this tragic day.

NEWS CONFERENCE, NOV. 3, 1984[3]

I'd like to ask the Majority Leader (Senator Baker) and Senator Moynihan to join me. We have made various statements during the course of our vis here, in particular at the conclusion of the meeting that we had with the Prim Minister, and I think those statements are intended to express our sympathy, our support and our respect for the independence, integrity, and unity of India; and, of course, our desire to have our relationships continue to improve and to see that whole side of our life ex pand. I'd be glad to respond to your questions, or one of the Senators may.

Q. Did Rajiv Gandhi accept the President's invitation to visit Washington next year?

A. He'll have to speak for himself on
t. It was an invitation that I was able
xtend, and obviously he is having to
out his own situation. We agreed
in principle he would. He said he
ld certainly want to come, but as to
when and so forth, we'll have to
out through diplomatic channels,
we'll proceed to do that.

**Q. Can you tell us what happened
he hoped for meeting with Prime
nister Tikhonov?**

A. We just had it.

Q. Could you tell us about it?

A. I considered it a good meeting.
touched on a number of things but
st principally the desire of the United
tes for a constructive relationship
h the Soviet Union, and I think I can
ly say that he expressed similar sen-
ents from the Soviet side.

**Q. Was there any discussion of the
viet press hints that Moscow
ieves or is accusing the United
tes of some kind of involvement in
events in India over the past
eral days?**

A. We certainly brought it up
cefully, and he said that he had
ked into it and that the Soviet Union
l no such view.

**Q. Was there any conversation,
y discussion or anything that might
taken as a step closer to the
umption of either arms talks or any
ier type of contacts of that nature?**

A. No, it was a very brief meeting,
l I think that about all that one could
was the general intent, and I think
t was certainly positive.

**Q. Let me followup. Was there any
ecific message from President
agan that you took to him perhaps
take back to the Kremlin?**

A. Only the general statement of the
esident of his desire for a constructive
ationship as expressed to Mr.
omyko during Mr. Gromyko's visit.

**Q. If he said the Soviet Union had
such view of the United States' in-
lvement in events or assassination
re, how did you explain that in view
the views which did come out of
e Soviet Union via TASS itself?**

A. He suggested that I was wrong
saying that they came out of the
viet Union.

Q. Would you tell something on some other meetings you are having later here?

A. But, of course, we came here with the very distinguished delegation of particularly distinguished former ambassadors. I don't want to downgrade the U.S. Senate or the Secretary of State, but I think Ambassadors Cooper, Galbraith, Goheen, and Moynihan constituted a group of people representing the long history of interest by very prominent Americans in India, and we came here to pay our respects and to express our sympathy and give her our support and confidence in democracy in India. So I think that was the main point of visit here.

It so happened that we have had some meetings with others than those in the country we are visiting. We had a number of meetings with prominent Indians that we know, various members of the delegation. But in addition to meetings with Indians, I can count off who we were seeing. We are seeing the Soviets. I just mentioned the Chinese, I will have to leave in a minute or so or I will be late for the Sri Lankans, the British, the Pakistanis, the Japanese. I have seen a number of friends in walking along through the corridors and so on.

Q. Can you provide us with a little bit of analysis of the present political situation and events of this week?

A. I don't think it's my place to do that. It's impressive that the Indians, in the wake of this shocking act of terrorism, have moved swiftly within the framework of constitutional democracy to identify the new Prime Minister, and I would have to say that in the meeting that I had with him he came through with a sort of quiet strength that I found very reassuring.

Q. In the statement this morning, you said you reaffirm the United States' specific commitment to stability in this part of the world. I am wondering if, first of all, you see the instability that has occurred in India in terms of rioting as a threat to the stability in this part of the world? And second of all, if you got the impression in your conversation with the new Prime Minister that the situation was becoming more under control and he was not overly concerned about it?

A. We didn't dwell on the internal Indian situation. It's something for the Indians to deal with. I am sure that they will. As a matter of fact, so far as I can see, things have been settling down. I look forward to my own meeting with President Zia, and have chatted with him briefly it so happened since we sat next to each other in the bus going out to the cremation. But I will talk with him a little bit more later. I understand that he and the Prime Minister had quite a good talk. Of course, the great source of instability in this region is the Soviet presence in Afghanistan and the turmoil in that country.

Q. Did Mr. Gandhi question U.S. aid/military aid to Pakistan and in that context, what assurances were you able to give him, particularly with respect to the Pakistan nuclear program?

A. He raised our relationships with Pakistan and particularly arms sales to Pakistan. From the standpoint of the United States, we wish to be good friends and good supporters of both India and Pakistan. We would like to see all the moves that suggest the possibility of closer and better relationships between these countries, and these are much applauded by us. And the positive statements, as I said, that seemed to come out of the talk between President Zia and the Prime Minister, I welcome.

Insofar as our support for Pakistan is concerned, it does have a border with Afghanistan, from which a large number of refugees have come into Pakistan, around 3 million, and the presence of the Soviets in Afghanistan constitutes a definite threat to them. So it is with that in mind that we have given support to Pakistan.

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[1]Text from Weekly Compilation of Presidential Documents of Nov. 5, 1984.

[2]Press release 245 of Nov. 2, 1984.

[3]Press release 247 of Nov. 5, 1984. ■

Afghanistan Under the Soviets: Five Years

The following paper was prepared by Craig Karp of the Bureau of Intelligence and Research in December 1984.

On December 24, 1979, detachments of Soviet airborne troops began to land at Kabul, capital of Afghanistan. By December 27, the total of Soviet troops in Kabul had risen to 5,000. Under varying pretexts, they disarmed many of the Afghan troops stationed in the capital. That night, Soviet forces stormed Darulaman Palace, residence of President Hafizullah Amin. Afghan soldiers loyal to Amin, also chief of the People's Democratic Party of Afghanistan (PDPA), were overcome by the Soviet troops. At the same time, a transmitter across the border in the Soviet Union, claiming to be *Radio Kabul*, broadcast a taped announcement by Babrak Karmal, one of the founders of the PDPA, that Amin had been overthrown by a group of party members.

A few hours later, the real *Radio Kabul*, seized by Soviet troops in a coordinated attack, began broadcasting in the name of the new "Afghan" regime. It proclaimed that Babrak Karmal had been named President of the Democratic Republic of Afghanistan (DRA). Shortly thereafter, it disclosed that President Amin had been tried and executed by a party tribunal. That same night *Radio Kabul* announced that the U.S.S.R. had accepted an urgent request from the Afghan Government for military assistance.

Thousands of troops poured across the Amu Darya (Oxus River) from the southern U.S.S.R. into Afghanistan or flew into airfields under control of Soviet forces previously dispatched as advisers. The influx mounted until by early January 1980 there were 40,000 Soviet soldiers in Afghanistan, rising to 85,000 by that summer. They occupied all the major cities of the country, enforcing the rule of the puppet Karmal regime on a land that has never long been held by foreign invaders.

Background

The U.S.S.R. undertook this invasion to contain a rapidly growing insurgency against the oppressive radical Marxist government of Amin. The countrywide movement threatened to end the rule of a Marxist regime to which the Kremlin had become heavily committed and to put in power in Kabul a government uncontrolled by and probably hostile to the Soviet Union.

The Marxist leadership that the Soviets altered in December 1979 had come to power in an April 1978 coup that ousted and killed Prime Minister Mohammed Daoud. One of the early leaders of the Nonaligned Movement, adept at balancing East and West, Daoud himself had deposed his cousin, King Zaher Shah, in 1973. Shortly after the *Saur* (April) Revolution, the two factions making up the PDPA split, and Babrak's Parcham group was purged by the Khalq faction of then Vice President Amin and President Noor Mohammed Taraki. In September 1979, following a Soviet-backed attempt to eliminate him in a shootout in the presidential palace, Amin declared himself president. The following month Kabul announced Taraki's death.

The communists in Kabul alienated the Afghan people by their insensitive enforcement of social and economic "reforms," including a land redistribution program which encountered immediate and intense opposition. Dissent was met by brutal repression.

Opposition to the communist government grew quickly and spontaneously throughout Afghanistan. Virtually all elements of the population were involved: Islamic fundamentalists who had already organized in opposition to the King and Daoud; parliamentary moderates; royalists loyal to Zaher Shah; army officers resentful of the growing role of Soviet military "advisers"; traditionalist and tribal elements angered by the regime's efforts to enforce its programs in areas where the central government's writ had never run large. These ethnic and tribal groups, which are the rural or nomadic majority of the population, form the core of the resistance.

Military Situation

Facing the mighty Red Army, one of the world's largest and most powerful, the prospects of a poorly armed insurgent movement seemed initially hopeless. Yet, after 5 years of Soviet occupation, the military situation in Afghanistan remains at a virtual impasse. The "limited contingent" that the Kremlin dispatched has not been enough to suppress the resistance of the Afghan people. Although the Afghans are not likely ever to be strong enough physically to expel the invader, the Soviets slowly, but steadily, have been compelled to increase their forces and firepower and continually reevaluate their tactics merely to maintain their position.

The Soviets and their Kabul allies are able to exercise effective control over only a small fraction of Afghanistan. Except for sweep operations, they rarely venture away from their own bases, parts of the cities, and the major highways. At night, even these are not safe for them. Most of the country's rural areas remain beyond Soviet and regime control. The Afghan resistance fighters (*mujahidin*), on the other hand, are able to move throughout the countryside and exercise virtually full authority over wide areas. In some places they effectively govern, collect taxes, and run schools.

Soviet and Kabul regime efforts to establish control over the major cities and towns have met with only limited success. Maintaining security in Kabul, a priority for the government, but the city has increasingly been subject to resistance actions. Security in the capital deteriorated sharply in late 1984, when the *mujahidin* carried out a number of rocket attacks. Significant areas of Herat and Qandahar, the second and third largest cities, are under resistance control, and their populations have dwindled due to Soviet and regime bombardment.

Resistance Capabilities. The *mujahidin* have been increasingly effective throughout the 5 years since the invasion. Their armament has improved from traditional homemade rifles through nearly the full range of Soviet weaponry, much of it captured or handed over by deserters from the Afghan Army. As the war has worn on, they have acquired a capability to counter Soviet or regime aircraft, with antiaircraft guns and recently with some surface-to-air missiles. Although there are continued reports of disputes and even fighting between resistance groups, there also have been signs of increasing operational cooperation.

Most importantly, despite extreme hardship and suffering, there is no sign that the resistance is losing the general support of the overwhelming majority

ghans. The Afghan people over the 5 years have provided the *mu-din* with food, shelter, and recruits, —in the case of many of those still king for the government or army— pment, access, and inside informa-.

The DRA Army. The inability to ntain an effective Afghan military been one of the most significant olems for the Kabul regime and for Soviets in Afghanistan. The Afghan ny, which had some 90,000 men ore 1979, has been reduced largely ough desertion to around 35,000–000. Regular conscription is supple-nted by roving press gangs. The draft has been lowered almost every year recently dropped to 16. Such efforts mselves result in increased desertion es, as in 1983 when the term of vice was lengthened and already harged veterans made subject to itional callup. The continued de-oration of the Afghan Army has essitated a greater reliance by scow on its own troops.

Soviet Forces. The Soviet Union has about 115,000 troops in hanistan (an increase of about 10,000 m the number observed in 1983), who supported by about 30,000–35,000 ops stationed in the contiguous Cen-l Asian region of the U.S.S.R. Theft l assault, abuse of alcohol and drugs, ck marketeering, poor discipline, ease, and supply shortages caused tly by *mujahidin* interdiction have uced effectiveness. The Red Army ives some benefit in training and ipment testing in its first real combat erience since World War II.

Despite often low morale and the s of 20,000–25,000 casualties (about -third killed), Moscow appears deter-ned to remain in Afghanistan. At the ne time, there has been no indication at the Soviet Union is at present ady to significantly expand its force mmitment, and current strength is fficient to thwart any forseeable at-npt by the resistance to dislodge em.

Because they cannot depend on ghan Government troops, the Soviets ve been forced to play an expanded e and to display a new aggressive-ss, as evidenced by their major opera-n last spring in the Panjsher Valley, their seventh attempt over the last 5 ars to take this strategic valley, they sorted to high-altitude saturation mbing by aircraft based in the Soviet ion and committed many thousands of their own troops. While they were able to reestablish control in the lower valley, they failed in their goal of eliminating the local resistance and its leader Ahmad Shah Masood. Masood had used a truce offered by the Soviets in 1983 to consolidate his forces and carry out operations outside the valley. Repeated regime claims to have killed Masood again proved untrue. The Soviets have pursued a scorched-earth policy in the Panjsher and destroyed most of the crops and irrigation networks in the valley.

Soviet counterinsurgency tactics have hit civilians as well as the *mujahidin*. For some time, Soviet planes were dropping antipersonnel mines disguised as toys, watches, and other objects that Afghan children or refugees would pick up. These mines were designed to maim rather than kill. Frequent savage reprisals against villagers suspected of aiding the *mujahidin* further alienate the population against the Soviets and the regime.

Chemical and Toxin Weapons. Evidence indicates that Soviet troops and their Afghan proxies have used lethal chemical and toxin weapons in Afghanistan. Attacks with such weapons on the *mujahidin* were reported as early as 6 months before the full-fledged Soviet invasion and continued up through 1982. Reports of chemical and toxin agents used include mycotoxins (poisons derived from natural biological sources), nerve gases, incapacitants, blister agents, carbon monoxide, and nonlethal gases delivered by a variety of means. Typical targets are *mujahidin* hiding in tunnels or in inaccessible mountain redoubts. Although there have been no confirmed incidents since 1982, there are recent indications that chemical agents are still being used.

Political Situation

Tainted by Soviet sponsorship, the Karmal regime has been no more successful in winning political backing from the Afghan people than its predecessor, in spite of major efforts to broaden its support. The regime from its inception adopted a much more moderate approach to social and economic change. When it eventually reintroduced land reform, it included exemptions for military, religious, and tribal leaders who support the regime. The government has attempted a reconciliation with religious leaders (mullahs). Babrak Karmal has even tried to portray himself as supportive of Islam. Public skepticism and religious opposition are fueled by regime efforts to control the faith, such as the late 1984 removal of 20 of Kabul's most prominent mullahs from their mosques.

In December 1980 the regime, with much fanfare, announced the formation of the National Fatherland Front (NFF). Made up of tribal and religious leaders and representatives of PDPA-backed unions and social organizations, the NFF was designed to extend party influence. Efforts to persuade nonparty members to join have not been successful. Aside from token participation in regime-sponsored conferences, most religious, tribal, and community leaders will have nothing to do with the Marxist government. Many, instead, are active in the resistance.

The formation of the NFF was one of a series of Soviet-sponsored efforts to offset the devastating internecine conflict between the Parcham and Khalq factions of the PDPA. The Soviets insisted on inclusion of Khalqis in the Cabinet and have attempted to rein in Parcham moves to extract vengeance for the oppression meted out to them when the Khalq was in power. These moves have born little fruit. Continued interparty strife has resulted in assassinations of members of both factions.

Repression is also visited on those outside the regime. The Soviet-directed secret police (the KHAD), the police, and the army are reportedly responsible for torture, executions, and human rights violations of every description. Recently,

Afghan Communist Factions

The Afghan communist party is called the People's Democratic Party of Afghanistan (PDPA). It is split into two groups, whose rivalry is often violent.

The Parcham (Banner) faction, headed by President Babrak Karmal, is currently dominant. Parcham members hold the most high-level government and party positions. This faction is largely composed of upper- and middle-class, urban, Dari-speaking intellectuals.

The Khalq (Masses) faction was led by former Presidents Taraki and Amin and now by Interior Minister Gulabzoi. Khalqis tend to be of lower class, rural, Pashtun-speaking background. A probable majority of party members, they predominate in the police and military, which ensures continued survival of this dogmatic but more nationalistic group.

in a speech to the security forces, even Karmal himself was moved to criticize them for being arbitrary and oppressive.

Moreover, the Kabul government has given shelter and assistance to international terrorists. When members of the al-Zulfiqar movement hijacked a Pakistan International Airlines jet and were welcomed in Kabul, international sanctions were imposed which bar Afghanistan's Ariana Airlines from landing in many countries.

Economy

Economic conditions in Afghanistan—a landlocked country with little arable land, limited natural resources, and only rudimentary infrastructure—have always been precarious. Since the invasion, conditions have deteriorated. Agricultural production has dropped, causing food shortages in some areas and, for the cities, increased importation of foodgrains from the Soviet Union. Cultivators have fled the fighting, the draft, or to join the resistance. For those who remain, it is often too risky to go out into the fields. Due to input disruptions and *mujahidin* sabotage (since most industry is state owned), industrial production also has declined.

The only growing parts of the economy are those linked to the Soviet Union, part of a concerted Soviet policy of fostering such ties. Natural gas, Afghanistan's major natural resource and export item, is piped directly from the ground into the U.S.S.R. at below world market prices. No distribution pipelines run to the Afghan cities. A major copper mining project is in the works to produce copper for direct export to the Soviet Union. Outside the thriving black market, statistics show little trade with the noncommunist world.

Refugees

Partly as a result of increased military activity, refugees continue to leave Afghanistan, although at a reduced rate from earlier periods. Pakistan remains host to an estimated 2.5 million refugees, the largest refugee population in the world. An estimated 800,000 more Afghan refugees have fled to Iran.

In addition to those who have left Afghanistan, an undetermined number have been displaced within the country itself as fighting and destruction have driven people into urban areas. Since the Soviet invasion, the Kabul population has doubled, despite the exodus of large numbers of urbanites from the city.

Despite the heavy burden the refugee influx has placed on Pakistan, the refugees have been welcomed and generally good rapport continues between them and their hosts. Pakistani assistance to the refugees includes cash allowances and payment of relief administration costs.

The Government of Pakistan has asked the UN High Commissioner for Refugees (UNHCR) to undertake an international relief program for the refugees in Pakistan which includes basic food, housing, health care, and education. Contributions from several other countries and international voluntary agencies have greatly assisted this program.

Working through the UNHCR, the World Food Program, and a variety of voluntary agencies, the U.S. Government continues to share in the international assistance program. Since 1980, the United States has contributed more than $350 million to Afghan refugee relief. During fiscal year 1984, the United States contributed about $70 million to support Afghan refugees in Pakistan, including $49 million through the World Food Program. The U.S. contribution represents some 35% of the total UNHCR budget and about 50% of the international food contribution.

International Reactions

The world reacted with shock and hor ror at the Soviet invasion and the con tinuing brutal war. The United States denounced the invasion and imposed a number of sanctions against the Sovie Union. The Organization of the Islami Conference, demanding a Soviet pullo voted to suspend Afghanistan's memb ship and called on its members not to recognize the Karmal regime. The Nonaligned Movement called for the withdrawal of all foreign forces.

From the very beginning, the Kab government has maintained with Sovi affirmation the position that the presence of Soviet troops is a bilatera matter. A troop withdrawal could be considered only after outside interference, i.e., the resistance, had ceased. The DRA proposals call for in ternational guarantees of noninterference as part of any settlement.

UN Negotiating Efforts

In January 1980 the UN General Assembly condemned the Soviet invasion by an overwhelming vote. In November of that year, the General Assembly passed a resolution calling f the withdrawal of foreign forces from Afghanistan and calling on the Secretary General to seek a negotiate solution. A similar resolution has pass each succeeding year. In 1984 the resolution, sponsored by Pakistan and 46 other nonaligned states, won a rec vote of 119 to 20 with 14 abstentions. This wide margin reflects the continui censure by the world community of th Soviet occupation of Afghanistan.

The major elements of the Genera Assembly resolution provide the basis for a settlement and for the UN-sponsored negotiations. These are:

- The complete withdrawal of all foreign troops;
- The restoration of the independent and nonaligned status of Afghanistan;
- Self-determination for the Afgha people;
- Return of the refugees with safe and honor.

In 1981, negotiating efforts were begun by the Secretary General's "personal representative" Javier Perez de Cuellar. When Perez de Cuellar himsel became Secretary General, he appointe Under Secretary General Diego Cordovez to the position.

Major Afghan Resistance Groups

Resistance fighters inside Afghanistan generally are organized as local or tribal bands, confining their operations to a particular area. Many of these groups are affiliated with political parties mostly headquartered in Peshawar, Pakistan.

The major parties in Peshawar have formed two coalitions, often referred to as the fundamentalists and the moderates. The former group, led by Professor Abdul Rasool Sayyaf, is sometimes called the seven-party unity. It is composed of three major parties: Gulbuddin Hikmatyar's *Hezb-e Islami*; the *Hezb-e Islami* faction of Yunus Khalis; and the *Jamiat-i-Islami* headed by Burhanuddin Rabbani. The other coalition, also known as the three-party alliance, consists of: the *Harakat-e-Inqelab* of Nabi Mohammedi; the *Mahaz-e Milli* of Pir Sayyid Gilani; and the *Jebh-e Nejat-e Milli* led by Sibaghatullah Mojadeddi.

In June 1982, after a series of
arate consultations, Pakistan and the
ul government sent delegations to
eva for indirect talks led by Cor-
ez. Iran, which strongly condemns
Soviet occupation, did not directly
icipate because "the real represent-
es of Afghanistan" were not invited,
Iran agreed to be kept officially in-
ned. The Soviet Union was kept
fficially informed. Although there
e reports of "progress" and "flexibili-
no agreement was reached. The
eva talks reconvened in April and
e 1983 and in August 1984. Cordovez
d the most recent meetings
hnical," and although there was no
arent progress, both parties have
ed to meet again in February 1985.
The United States fully supports the
efforts to find a solution, based on
four principles of the General
embly resolutions.

look

outlook for the immediate future of
hanistan is grim, with the expecta-
that the fighting will continue for
forseeable future. The Soviets seem
nt on a long-term strategy based on
ntaining the regime in Kabul, wear-
down the resistance, and the
etization of the Afghan Government,
nomy, society, and people. However,
mujahidin appear willing to pay the
vy cost of continuing their struggle,
they say they will not give up.
Much will depend on the outside
ld, on attitudes toward the conflict
he bordering states and in the world
arge. The goal of U.S. policy is a
otiated political settlement for
hanistan which would get the Soviet
es out and end the agony of the
han people. ■

Afghanistan: Five Years of Tragedy

Statement by Ambassador Jeane J. Kirkpatrick, U.S. Permanent Representative to the United Nations before the UN General Assembly on November 14, 1984.[1] *Also included is the text of the General Assembly resolution adopted on November 15.*

The occupation of Afghanistan approaches the end of its fifth year. In the succession of special sessions and debates, this General Assembly has time and again called for an end to the occupation of this beautiful land of ancient caravans. Time and again, we have called for the withdrawal of invading forces, for the right of the people of Afghanistan to determine their own future. Yet even after 5 years and all these efforts, the situation remains virtually as it was in the first year of occupation—a human disaster and a military impasse. For the Soviets, the war against the Afghanistan people, the Afghan nation, has now lasted longer than the Second World War, but still the Afghan people are not subjugated.

So, after 5 long and difficult years, the struggle in Afghanistan continues. But we should not be too surprised at the will and determination of the Afghan people. Since at least the time of Alexander the Great, the Afghan people have demonstrated their extraordinary willingness to bear hardships and make sacrifices in long and bitter resistance against foreign invaders in all directions. They are, perhaps, the original national liberation movement in the true and most meaningful sense of that term. Their struggle to liberate their nation will go on.

What has happened in Afghanistan during these 5 tragic years? The regime of Babrak Karmal—installed by the Soviet Union during the December 1979 invasion, after another communist prime minister, Hafizullah Amin, and all his family had been killed—has remained unpopular, weak, divided within itself. It has been able neither to increase its support throughout the country nor to win the allegiance of the Afghan people. When Babrak Karmal assumed the leadership of the government in Kabul, his strategy appeared to be to seek to gain public sympathy by blaming the evils endured by the Afghans on the previous government. Yet, he was increasingly rejected by the Afghan nation and its leaders personally. He also sought to reconcile the estranged Parcham and Khalq factions within the People's Democratic Party of Afghanistan, to institute conciliatory domestic policies, to release many political prisoners and ease political repression, to downplay the role of the Soviet Armed Forces and advisers, to strengthen the Afghan Army, and to lay the foundation for the transformation of the Afghan social and economic systems by sovietizing the Afghan educational system and sending Afghan exchange students to the Soviet Union for training. The goal, it would appear, was a docile client state.

What has happened in Afghanistan in the past 5 years? At the most general level, we may say that the goal of the occupying forces and of their puppet government has not been achieved, and few of the strategies of that government have had any success at all. Most have been total failures. Hostility to the regime of Babrak Karmal has grown rather than diminished. The overwhelming majority of the Afghan people oppose the alien system he seeks to impose. The tide of resistance continues to rise.

The People's Democratic Party of Afghanistan, the political facade behind which the Soviet Union attempts to exercise political control, remains fractured. Political intimidation and assassination remain facts of political life in Kabul, often blamed on the resistance in an effort to cover up the inability of the leadership of the party to bring the two factions together and to govern effectively. No matter what domestic policies are adopted, the Government of Afghanistan is unable to implement them beyond Kabul and a few other cities. The city of Kabul itself remains under virtual siege despite the enormous concentration of troops there. The authority of the Government of Afghanistan simply does not extend beyond these few strongholds. In fact, in one major city it is reported that the governor, to go to his office for a few hours a day, must travel in a convoyed armored personnel carrier.

Repression has intensified after the release of some political prisoners in the early months of 1980—there are more political prisoners than ever before. The

secret police, known as KHAD, are ubiquitous. The role of Soviet advisers in every aspect of the Afghan Government has increased to the point that every major decision appears to be made by Soviet advisers, not by Afghans. During the heavy fighting in the summer of 1984, the Soviet forces were forced to take over an increasingly large share of the fighting, largely because the Afghan Army, rent by disloyalty, desertions, defections, and indiscipline, lacks the will to fight.

Economic and Human Devastation

What has happened to Afghanistan? Its economy has been virtually destroyed. That economy had already stagnated after the April 1978 coup, but since then Afghanistan has experienced wrenching economic disruption and destruction. Two years ago, in April 1983, Prime Minister Sultan Ali Kashman admitted at an economic seminar in Kabul that about 24 billion afghanis, some $432 million in damage, had already been done to that country. This is one-half the total amount set for developing the country's economy during the 20 years before April 1978. Agricultural production has also declined, necessitating the importation of large amounts of grain. Severe food shortages exist in various areas of Afghanistan, in part because food has been deliberately burned and livestock destroyed. Most educated and skilled Afghans, along with millions of their fellow men, have fled as refugees to Pakistan, Iran, and other parts of Afghanistan. Valleys and villages have been deserted, factories are idle, and the agricultural infrastructure developed over centuries has deeply deteriorated. The effects of all this destruction are now emerging throughout the country. AfghanAid, a charitable organization, recently provided the results of its investigation of over 5,000 children in 30 Afghan provinces. The report estimates that half a million Afghans are in imminent danger of starvation. According to Dr. Frances D'Souza, director of the study, conditions in the developed areas of the country have been severely damaged, the standard of living for most Afghans has fallen drastically, malnutrition is widespread. Still, Afghans have not given up their fight to rid their country of foreign domination.

The human devastation more than equals the economic devastation. Violation of human rights abounds. The regime has continued its attempts to control political expression and also the flow of information. It has relentlessly pursued its efforts to sovietize Afghan political life and the social fabric of the country. Arbitrary arrests, detention, and torture continue to be commonly practiced by the ubiquitous security and police forces. Due process is completely absent for persons accused of political crimes. Homes are searched and robbed by armed soldiers without warrants. "Press gangs" roam the streets looking for recruits into the Afghan Army. Kabul saw a new wave of executions of suspected *mujahidin* over the summer. In the countryside, the Soviets have increased their policy of arbitrary retaliation against villages suspected of harboring *mujahidin* fighters. Tales of brutality to children, to ordinary civilians, are ubiquitous, too.

Control and Censorship by Terror

What has happened to Afghanistan? Information is not easy to come by. No humanitarian organizations are permitted to operate in Afghanistan. The International Committee of the Red Cross has not been allowed in Kabul since 1982. Selected journalists, who report favorably on the Soviet Union and the Afghanistan regime, are permitted to operate in the country. Other journalists do not fare as well and are subject to capture and imprisonment without the usual international norms of trial and consular access. The experience of the French journalist, [Jacques] Abouchar, has recently demonstrated the hazards of attempting to function as a journalist in this environment. Two other French journalists were told in Islamabad only last month: "I warn you, and through you, all your journalist colleagues, stop trying to penetrate Afghanistan with the so-called guerrillas. From now on, the bandits and the so-called journalists accompanying them will be killed."

Since last spring, Soviet forces have launched major operations throughout the country. In late April, the sixth major offensive in the Panjsher Valley was launched using—for the first time since World War II—high-level saturation bombing from airplanes based in the Soviet Union, driving out inhabitants, emptying valleys, swelling the tides of refugees already forced to flee their homes.

Refugees and Resistance

What has happened in Afghanistan? As of 1983, there were a million and a half Afghan refugees in Iran. Some 4 million others have fled to Pakistan, and an estimated 2 million more are displaced within Afghanistan itself. Thus, in 5 years, almost half the population have fled from their homes and sought re in internal or external exile. What a counts for this mass exodus, which c member of the International Rescue Committee called "refugee movemen that is historically unparalleled"? Wh accounts for it is what has happened Afghanistan. Throughout the countr fighting and skirmishes of heavily ar occupation troops against virtually u armed civilians continue. But in spit Soviet air power and increased invol ment of Soviet military forces, the w of the *mujahidin* has not been broke Intense fighting raged throughout th summer. Recent visitors describe Qa dahar, Afghanistan's second largest as a living cemetery; Herat as a gho town.

But nowhere has the strength an resilience of the Afghan resistance b more apparent than in Kabul, where during September and into October, *mujahidin* have become increasingly fective in challenging Soviet control the Afghan capital, a virtual armed camp. In Afghanistan, we see confir the truth of political philosophers wh have observed that conquest cannot serve as the stable base for the posse sion and exercise of political power. Rousseau said it: "The strongest mar never strong enough to be always master unless he transforms his pow into right and obedience and to duty. Conquest is achieved by force and violence, by armies wielding weapon invasion and occupation, but the tran formation of might into right is achie by persuasion, by persuasion of a cla to legitimate rule. In Afghanistan, w see again that rulers may achieve po by force but that simple possession o power does not obligate submission—may even obligate resistance. The Afghan people—invaded, overrun, murdered, occupied—resist. Their re ance is a modern legend. Slated for i corporation, absorption, secularizatio the Afghan people refuse to acquiesc the destruction of their society, cultu themselves as a nation.

Soviet Expansionism and Aggressio

What has happened in Afghanistan? Why were the Afghan people subject to this terrible suffering to begin with Why did the Soviet Union invade Afghanistan anyway? Obviously, the people and Government of Afghanista constituted no threat to the security o the U.S.S.R. Indeed, it is difficult to i agine how an independent Afghanista could conceivably have posed a threat the Soviet Union. For decades, relatio

een the Soviet Union and Afghani- had been a model of peaceful co- ence of two countries with different l and political systems. Afghani- a member of the Nonaligned Move- t, had no ties to other governments h might have caused concern to cow. It neither sought nor received ons from Soviet adversaries. It did seek to proselytize a fundamentalist lution among neighboring peoples. ence and anarchy in Afghanistan did threaten the peace of the region. In- , there was no turmoil in Afghani- before April 27, 1978, when a nt coup marked the beginning of effort to impose on the people of hanistan a foreign ideology and an n way of life. There was no invita- , no request for Soviet help from the han Government, whose leader was dered by invading forces. There was velcome from the Afghan people, 5 years later there has been no drawal of occupying forces.

Why did the Soviet Union invade hanistan in the first place? Perhaps ory best explains it. Those who ve the Soviet Union is, at base, a emporary embodiment of historic sian goals, see the Afghan policy in light. Since the time of the czars, it id by those who argue along that Russian leaders have pursued the m of a warm-water port on the In- Ocean. Domination of Afghanistan hus, essential to the fulfillment of oric territorial aspirations. A century , Afghans recognized these territorial rations. Abdur Rahman, Amir of hanistan, wrote: "The Russian policy sia is that, in any way, rightly or ngly, friendly or unfriendly, with ce or war, the Islamic kingdoms uld be washed away. . . ." If contem- ary Soviets do, as some people eve, live out age-old aspirations in hanistan, so do contemporary hans. Afghans live out historic han predictions in their resistance to quest. Abdur Rahman also wrote of people 100 years ago: "Whether ined soldiers or simple peasants, ey] would all sacrifice every drop of od till the last man was killed, in hting for their God, their Prophet, ir religion, their homes, their nilies, their nation, . . . their liberty d independence." Day after day, con- nporary occupying armies experience e fulfillment of Abdur Rahman's ophecy that, day after day, contem- rary Afghans realize.

GENERAL ASSEMBLY RESOLUTION 39/13, NOVEMBER 15, 1984[1]

The General Assembly,

Having considered the item entitled "the situation in Afghanistan and its implications for international peace and security",

Recalling its resolutions ES-6/2 of 14 January 1980, 35/37 of 20 November 1980, 36/34 of 18 November 1981, 37/37 of 29 November 1982 and 38/29 of 23 November 1983,

Reaffirming the purposes and principles of the Charter of the United Nations and the obligation of all States to refrain in their international relations from the threat or use of force against the sovereignty, territorial integrity and political independence of any State,

Reaffirming further the inalienable right of all peoples to determine their own form of government and to choose their own economic, political and social system free from outside intervention, subversion, coercion or constraint of any kind whatsoever,

Gravely concerned at the continuing foreign armed intervention in Afghanistan, in contravention of the above principles, and its serious implications for international peace and security,

Noting the increasing concern of the international community over the continued and serious sufferings of the Afghan people and over the magnitude of social and economic problems posed to Pakistan and Iran by the presence on their soil of millions of Afghan refugees, and the continuing increase in their numbers,

Deeply conscious of the urgent need for a political solution of the grave situation in respect of Afghanistan,

Taking note of the report of the Secretary-General,[2] and the status of the diplomatic process initiated by him,

Recognizing the importance of the initiatives of the Organization of the Islamic Conference and the efforts of the Movement of Non-Aligned Countries for a political solution of the situation in respect of Afghanistan,

1. *Reiterates* that the preservation of the sovereignty, territorial integrity, political independence and non-aligned character of Afghanistan is essential for a peaceful solution to the problem;

2. *Reaffirms* the right of the Afghan people to determine their own form of government and to choose their economic, political and social system free from outside intervention, subversion, coercion or constraint of any kind whatsoever;

3. *Calls* for the immediate withdrawal of the foreign troops from Afghanistan;

4. *Calls upon* all parties concerned to work for the urgent achievement of a political solution, in accordance with the provisions of the present resolution, and the creation of the necessary conditions which would enable the Afghan refugees to return voluntarily to their homes in safety and honour;

5. *Renews its appeal* to all States and national and international organizations to continue to extend humanitarian relief assistance with a view to alleviating the hardship of the Afghan refugees, in co-ordination with the United Nations High Commissioner for Refugees;

6. *Expresses its appreciation and support* for the efforts and constructive steps taken by the Secretary-General especially the diplomatic process initiated by him, in the search for a solution to the problem;

7. *Requests* the Secretary-General to continue those efforts with a view to promoting a political solution, in accordance with the provisions of the present resolution, and the exploration of securing appropriate guarantees for the non-use of force, or threat of force, against the political independence, sovereignty, territorial integrity and security of all neighbouring States, on the basis of mutual guarantees and strict non-interference in each other's internal affairs and with full regard for the principles of the Charter of the United Nations;

8. *Requests* the Secretary-General to keep Member States and the Security Council concurrently informed of progress towards the implementation of the present resolution and to submit to Member States a report on the situation at the earliest appropriate opportunity;

9. *Decides* to include in the provisional agenda of its fortieth session the item entitled "the situation in Afghanistan and its implications for international peace and security".

[1]Adopted by a vote of 119 (U.S.) to 20 with 14 abstentions.

[2]A/39/513-S/16754.

UN Effort To End Soviet Invasion

For 5 long years, the Afghan people, who are surely among the most courageous and independent in the world, have demonstrated their determination to remain a people. What can the rest of us learn from this harsh experience? We can note and remember the incredible courage and endurance of the Afghan people. We can affirm that their battle is not lost, that their struggle is alive in Afghanistan's valleys and mountains and in this world body.

The proposed resolution and expected vote in this Assembly are a reflection of the views of us all against the outrage that continues in Afghanistan. What can we do to help? We can

remember the needs of the Afghan people, of the Afghan refugees in Pakistan. We can remember what that government—the Government of Pakistan—has done to ease the plight of the Afghan refugees. We can applaud the humanitarian work of the UN High Commissioner for Refugees, of the World Food Program, of private voluntary agencies who labor without recess to assist the millions of refugees. We can support their efforts. We can note and appreciate the contributions of all those volunteers, of the Government of Pakistan, of the United Nations and other bodies to the survival of the Afghan refugees huddled on the borders. We can vote for the resolution that is offered here in this body.

It is not too difficult to conceive a solution for Afghanistan's problems. In fact, the basis for our solution is present in the resolution on which we will vote in this body. The United States supports the resolution on Afghanistan before us. We believe its four major elements offer the basis for a negotiated settlement that will be just and viable, one in which the legitimate security interests of all the parties will be protected.

These elements are the immediate withdrawal of foreign troops; the preservation of the sovereignty, territorial integrity, political independence, nonaligned character of Afghanistan; the right of the Afghan people to determine their own form of government and to choose their economic, political, and social system free from outside intervention, subversion, coercion, or constraint; and the creation of the necessary conditions which would enable the Afghan refugees to return voluntarily to their homes. We believe this is a basis for an honorable solution which serves the interests of all parties.

What else can we do? We can support the steady and untiring efforts of the Secretary General [Javier Perez de Cuellar] and his personal representative, Mr. Diego Cordovez. They have made progress in defining a settlement and how it might come about. As President Reagan said in his address to this body on September 24 of this year, the United States strongly supports the efforts of the Secretary General and his personal representative. We welcome the announcement that those efforts will resume in 1985. We support, too, the strong efforts the Government of Pakistan has made to seek a solution through this medium. We believe that these efforts offer the basis for hope that a negotiated political settlement can be found which will end the terrible war against the Afghan people. We believe that the people of Afghanistan, of Pakistan, the people of the Soviet Union, would profit greatly from such a peaceful solution. We very much hope that the processes here in the General Assembly contribute to that end.

[1]USUN press release 131 of Nov. 14, 1984. ■

Africa's Economic Crisis

by Jeane J. Kirkpatrick

Statement made in plenary session at the UN General Assembly on November 6, 1984.[1] Ambassador Kirkpatrick is U.S. Permanent Representative to the United Nations.

The grim images of death from starvation we have recently seen coming out of Africa have moved the compassion of people in the United States and around the world. The dimensions of Africa's immediate crisis seem almost overwhelming. In addition to the human tragedy in Ethiopia, 36 countries are plagued by abnormal food shortages, and an estimated 150 million are facing hunger and malnutrition. Drought has turned an already critical situation into a major crisis, overshadowing large parts of sub-Saharan Africa. This is why the Secretary General's initiative on Africa is so timely. We applaud his efforts to focus world attention on this imperiled region of the world.

Even as we speak, people around the world are rallying to Africa's side. In my own country, all forms of aid to Africa, and particularly to those hardest hit by repeated cycles of destructive drought, have been rising significantly in the past months. Two weeks ago, my government announced an additional $10 million in emergency food aid to Ethiopia. This raises our total aid to that country to $45 million this year, roughly double our emergency aid of last year. Only last week, President Reagan also approved an additional $45 million in emergency food assistance to the drought-ravaged African nations of Kenya, Mozambique and Mali. All in all, food assistance to Africa increased by 175% this year, and we are still considering other emergency appeal requests. In addition, private citizens in America continue to open their hearts and pocketbooks to the devastated peoples of Africa. Private voluntary organizations and UN agencies in this country are being swamped by inquiries and contributions. The response has been an affirmation of the special compassionate bond between the peoples of Africa and the people of the United States.

Other Western countries are also responding generously to this catastrophic situation. The European Community recently announced an emergency grant of nearly $22 million for relief efforts, and other individual countries are supplementing that assistance. We applaud all these efforts.

Political Disruption of Relief Efforts

Clearly, the current mobilization of the world community has been substantial. In fact, the surge in food shipments has begun to strain the region's transportation system. Ships are stacked up in harbors awaiting off-loading. Grain waits on the pier for trucks to transport it to refugee camps and feeding centers. Such situations dramatize the need for care in coordination of relief efforts, and they also make clear the obligation of national governments to make relief efforts their first priority. What is more reprehensible than to find relief for some regions hampered and disrupted for political reasons? What could be more discouraging to the generous impulse of people abroad than reports of corruption among customs or military officials who control the transportation of these crucial food supplies? With this in mind, we should also ask ourselves what impression this General Assembly will leave if we appropriate $75 million for a grand conference center in Addis Ababa, while millions starve for lack of food elsewhere in the country. What priorities and preoccupations are reflected in such a decision in such a year?

Though the tragic situation in East Africa has only recently focused the world's attention on Africa's economic woes, these problems are not new. They will not be washed away when the rains come once again. The United States has

been cooperating with African tries in efforts to strengthen can development against the in- able, tragic cycles of climactic and omic change. Our support for inter- onal institutions such as the Interna- al Monetary Fund and the World k helps African countries meet t-term crises and lay the founda- s for long-term development. We are ar the largest contributor to develop- t efforts in the region through our eral aid programs and voluntary ributions to the UN Development gram, UNICEF [UN International dren's Emergency Fund], ICRC [In- national Committee of the Red ss], and other multilateral programs. he last 4 years, long-term U.S. teral development assistance to ica has increased some 35%, averag- nearly $1 billion a year. This figure er and above the emergency food stance mentioned earlier. It is twice much aid as my country gave only 7 rs ago. The same trend is mirrored any other traditional donor coun- s. Recent years have been marked by ajor increase in the share of total of- al development assistance (ODA) oted to low-income, sub-Saharan ntries.

Despite significant assistance flows, over a decade African development lagged considerably behind that of er developing regions. The recent al recession compounded these gstanding problems, and now re- ved drought has driven millions of icans further into destitution. A rk question confronts us: Had African elopment stumbled well before ught made a terribly difficult situa- n desperate? State-controlled pro- ms designed to provide a shortcut to elopment had already resulted in a rp decline in agricultural output. ny parts of the continent, including as that were previously net food ex- ters, had become dependent on food ports. Coercion failed where market entives might well have succeeded.

velopment Challenges

r challenge here today is not only to press our concern for the current ght of African peoples but also to rt a course for the future which faces l accepts the hard lessons of ex- ience. I am pleased to note that re is a growing consensus on what t of policies are called for. A joint A [Economic Commission for ica]-African Development Bank report put it very succinctly: "Growth," it declared, "cannot come simply from increased government spending and intervention in the economic process as in the past. What is necessary at this stage is for governments to act to remove obstacles in the way of individual initiative, eliminate inappropriate prices and subsidies which discourage production, and effectively control waste and mismanagement in the public sector. This entails more reliance on efficient allocation mechanisms and more decentralization of decisions away from central authorities to individual producers and to firms." Simply put, these two regional institutions recommend that African governments put their faith in the people. They should do so, not for some ideological or political motives, but simply because it works. Market mechanisms and adequate producer incentives have proven to be the most effective engines of economic development. They worked in Europe and North America in the last century, and they are working in South and East Asia today.

We believe the qualities required in this crisis are those which have often served us well: qualities of compassion, realism, industry, and optimism. These are the qualities that transformed the vast wilderness of the new world. We try to make them the basis of our cooperation with countries in today's world who themselves face the challenges of development. The United States is ready to put aside every consideration of politics and self-interest in the effort to remove the shadow of death and suffering from men, women, and children threatened by starvation. But realism compels us to recognize that in the end the progress which alone consistently averts misery cannot be the gift of compassion. It cannot be the gift of one state to another any more than it can be the gift of an all powerful state, however enlightened. It cannot be a gift at all. Sustained development and economic growth can come only from the initiative, effort, and discipline of people themselves, the work of their own hands, heads, hearts, and fertile imaginations.

Director General Saouma of FAO [Food and Agriculture Organization] recently observed that "Aid will tend to flow to those who are most sincerely trying to help themselves." This principle lies at the heart of the new U.S. assistance program we call the Economic Policy Initiative (EPI) for Africa. I am pleased to be able to announce that only 2 weeks ago the U.S. Congress approved over $75 million in additional aid in FY 1985 to help reinforce the efforts of those African countries we see successfully tackling their developmental problems. We hope with the successful implementation of the EPI to increase our development assistance to Africa over the next 5 years by an additional $500 million directly to those countries whose policies encourage the initiative and enterprise of their people.

Conclusion

Thus, despite the grim images of woe, despite the undeniable errors, failures, and setbacks, we have not lost faith in Africa's destiny. We put our faith in the African people, and in the freedom which we believe can unleash their virtues, abilities and energies. We put our faith in the growing realism and determination with which many African governments are charting new and difficult courses, courses that recognize the value of this freedom. We should all recall that the desperate gloom with which some view Africa today was mirrored two decades ago by dire predictions for South Asia. Yet, though serious problems have yet to be surmounted, people there now look to the future with justifiable hope. So too can the people of Africa, if their governments have the wisdom to take down the barriers athwart the many roads to progress. The future lies in the hands of farming women, when they have incentives to grow the food that will feed their hungry nations. It lies in the ambition of small-scale entrepreneurs, when a climate exists to encourage their initiative. It lies in the prudence of governments that encourage productive private investment from abroad. It lies in the wisdom of leaders who realize that no great monuments to fame are as important, as impressive or as lasting as the accomplishments of individuals who toil in freedom for a good they have freely chosen as their own.

[1]USUN press release 115 of Nov. 6, 1984. ■

International Campaign Against Drug Trafficking

by Jon R. Thomas

Statement made in the Third Committee at the UN General Assembly on November 15, 1984.[1] *Mr. Thomas is U.S. Representative to the Third Committee and Assistant Secretary for International Narcotics Matters.*

I will address today a very special kind of global menace—a problem so complex that many thoughtful people do not believe it can be resolved, a problem so staggering in its implications for all our nations that we have no choice but to succeed. That problem is narcotics production, trafficking, and abuse. I will address the continuing problems we face and share with you an appraisal of our common future, emphasizing the new opportunities I see for more effective action.

I especially want to comment on the new spirit of improved bilateral and multilateral cooperation that increasingly justifies an optimistic appraisal of our prospects.

It has often been said that there is no greater force than an idea whose time has come. Narcotics control is certainly not a new idea; yet, I submit there is a more intensive worldwide declaration of a need for action being expressed at this time by more nations, with a greater sense of urgency, than during any previous period. Today, drug abuse is rampant throughout the community of nations. It affects producer as well as consumer nations, and it is this mutual concern that has resulted in an expanded opportunity for concentrated action. I believe that the greatest force we can harness to combat international narcotics trafficking is this collective desire to rescue our societies, our institutions and especially our children from this dread phenomenon. Joint actions, especially multilateral actions within geographic regions and spheres of interest, can enhance and make more effective the best of our national and bilateral efforts.

Granted, there will continue to be an expanding need for nationally initiated control programs and bilateral assistance projects. But the evidence is compelling that we need something more than individual initiative. No nation can cope with drug abuse by relying only on its own treatment, prevention, and domestic enforcement. No single nation can resolve the international production or trafficking problems.

The demand for drugs is so widespread and the supply of illicit drugs so great, that only a truly comprehensive, rigorously pursued international strategy will suffice.

Progress in Control Efforts

Because of the severity and complexity of the narcotics problems, some people say that the situation is hopeless. Nothing could be further from the truth. Recent events give reason to be optimistic that the current approaches of the international community are making significant progress in establishing the base for potential control of production and distribution of major illicit substances. I choose these words carefully; we do not have control, but we have improved the possibility that we will gain control.

We have been encouraged in recent years with many signs of progress in Latin America, Southwest and Southeast Asia.

It would be appropriate to begin with Turkey, where a crop control program enforced by a strong government, with support from the international community, led to a complete suppression of illicit cultivation. That ban continues to be effective today because of that same strong dedication. And, when the problem spread to Mexico, there was an equally strong response. The Mexican Government's successful aerial herbicide eradication program has reduced the production of heroin from about 6.5 metric tons in 1975 to an estimated 1.4 metric tons in 1983, and also dramatically reduced marijuana cultivation. The Mexicans call their efforts the "permanent campaign," recognizing that fighting narcotics requires a constant readiness and long-term sustained efforts.

The Mexican Government has also supported interregional activities, providing helicopters and crews to assist the Government of Belize with the herbicidal eradiction of marijuana and providing the Colombian Government with technical assistance on aerial marijuana eradiction.

Latin American Antinarcotics Campaign

The very impressive Colombian campaign against narcotics, which has be increasingly effective over the past 3 years, moved into a decisive new pha on July 5 when the national police be to test the aerial eradication of marijuana with the herbicide glyphosate. More than 5,000 acres have been sprayed, and the Colombians, who ar ticipate an even more comprehensive program in 1985, are well on their w toward achieving control of cannabis production. They are continuing thei strong effort to control cocaine prod tion as well. The Colombians have pa tragic price for this campaign. On Ap 30, Minister of Justice [Bonilla] Lara outspoken advocate of strong antinar cotics controls, was machine-gunned death on a residential street in Bogot in a contract murder apparently finar ed by narcotics traffickers. But the k ing did not deter President [Cuartas] Betancur and his ministers. Since the assassination, Colombian police have staged more than 1,500 raids resultir in 1,425 arrests and the destruction about 50 cocaine laboratories. Presid Betancur has also declared that Colo bia will extradite traffickers.

In August, President Siles ordere Bolivian military as well as police uni into the Chapare region, where coca cultivation and narcotics trafficking h expanded dramatically in recent year These security measures are the prerequisite for future coca control and eradication efforts in that area. The Bolivian Government has also mounte raids against traffickers in the Beni, another important narcotics trafficki center. By mid-year, Peru had increas its eradication of coca bushes in the Upper Huallaga Valley to nearly 4,90 acres, compared to 1,700 acres eradicated in all of 1983. This progra is continuing despite increased violen in the valley by terrorists as well as b narcotic traffickers.

A great deal more needs to be do in Bolivia and in Peru to begin to dea adequately with the many narcotics related problems, but clearly moveme in the right direction has begun. We a the UN Fund for Drug Abuse Control have responded to requests to assist projects to extend both coca control p grams and rural development assistan to the other major growing areas of Peru and Bolivia. While events in Colombia have given rise to hopes that n jor progress is being made against nar cotics trafficking in Latin America, th

also generated well-founded con-
s that drug traffickers will seek new
s in other countries.
Panamanian Defense Forces this
May discovered and destroyed a
e cocaine complex, which had been
tructed by Colombian traffickers in
en Province, and also destroyed
e large plantings of coca in that
, which is adjacent to the Colombian
er. Panamanian authorities in-
epted large quantities of ether used
fine cocaine, which was bound for
laboratory complex as well as
ratories in Colombia.
Brazilian National Police have had to
up their activities in the Amazonas
ns, where traffickers are encourag-
ribal groups to expand their tradi-
l plantings of coca and are
blishing cocaine laboratories.
larly, Argentina has been obliged to
te increasing resources to deal with
ising number of cocaine laboratories
h have been established within its
ers during the past 2 years.
Venezuela has adopted stronger
narcotics laws, and the government
ncreased its cooperation with the
mbian National Police on narcotics
icking and related problems in their
non border region. Last year,
ezuela destroyed close to 500 acres
arijuana in its western provinces
among its narcotics seizures, was a
record 667-kilogram shipment of
ine, which was being transshipped
ugh Caracas International Airport.
government has recognized the nar-
s problem and stands ready to con-
t it.
A variety of programs have been
ched in the Caribbean and Central
erica, including efforts to improve
r surveillance and interdiction
bilities in the Bahamas and to im-
e on interdiction in Jamaica.

an Narcotics Efforts

nforcement activities have improved
ertain Latin American countries, we
e seen a shifting in the smuggling
es and tactics of narcotics traffick-
organizations. A similar pattern of
ting sources has been seen in South-
t Asia, where the substantial reduc-
s in opium poppy cultivation in
istan are being, unfortunately, over-
lowed by uncontrolled production in
hanistan. In Pakistan, narcotics pro-
tion has dropped dramatically from
metric tons in 1979 to an estimated
ons in 1983. Narcotics control pro-
ms are operating in the Malakand,
loon-Amazai, and Buner areas with assistance from the United States and the United Nations, and the government has embarked on a Special Development and Enforcement Plan under the auspices of the UN Fund for Drug Abuse Control to extend its ban on opium cultivation into the remaining areas of the Northwest Frontier Province. We were especially encouraged by the response of international donors to this program.

The Thai Government increased its commitment this year to controlling opium cultivation in civilian-police-military command villages in return for development assistance and eradicated 800 acres in what we hope was a demonstration of future Thai intentions. The army has disrupted trafficking and refining activities along the border with Burma through military operations against trafficking groups.

Earlier this year, the Government of Burma conducted effective military operations against narcotics traffickers in the Shan and Kachin States which resulted in the seizure of quantities of narcotics, chemicals, refining equipment, and weapons. The Burmese also eradicated more than 10,000 acres of opium poppy cultivation this past season.

A key element in worldwide advances in narcotics control has been the expanding role of the UN Fund for Drug Abuse Control under the effective leadership of Dr. Guiseppe DiGennaro. The Fund is now developing projects in support of coca control in South America, marking a long needed involvement by the United Nations and indirectly by European donors in a problem which affects Europe as well as the United States. This UN activity was largely made possible by a pledge of $40 million over 5 years by the Government of Italy. The Fund has also received pledges of more than $11 million from Italy, the United States and United Kingdom, with other pledges in the offing for the Special Development and Enforcement Program in Pakistan. Other key donors to source country programs include the Federal Republic of Germany, Saudi Arabia, Sweden, and Norway. The major donors support the Fund's leadership in the policy that all UN drug development projects will contain drug enforcement provisions and agree that economic assistance should be linked to commitments by recipient governments to eliminate illicit narcotic crops by specified dates.

A Worldwide Challenge

However, while progress is being made, we are faced with numerous challenges.

Worldwide production of illicit opium, coca leaf, and cannabis is many times the amount currently consumed by drug abusers. Some governments do not have control of the narcotics growing regions, and prospects in several countries are dampened by corruption, even government involvement in the narcotics trade. Markets shift and new production sources emerge even as we achieve success in eradicating current crops, most prominently evidenced by the transitions from country to country of the centers of heroin and cocaine production. To meet these challenges and others, we need to forge a true international alliance of concerned nations.

The world requires narcotics control programs in all the significant producer countries supported by increased assistance from the international community. But we also need more nations to apply their political resources to this problem. All nations have a vested interest in a successful solution, and when finally allied, their combined political and economic resources will make that successful resolution possible. The forging of this alliance is more urgent than ever before. We must capitalize on today's opportunities to expand and improve narcotics control. There are greater incentives on the part of drug exporting countries to act and to move quickly. Virtually every source country has suffered the problems of economic dislocations, institutional instability, and crime related to narcotics trafficking. Several have also been besieged by political problems, including armed insurgencies supported by profits from the drug trade. These source countries increasingly understand that they are the first beneficiaries of successful narcotics control programs.

In a major address on narcotics on September 14, Secretary of State George Shultz noted that the growing narcotics network was part of a trend toward international lawlessness that has been increasing ominously over the past two decades. He called narcotics trafficking, terrorism, and similar kinds of outlaw behavior "the modern versions of piracy." The Secretary noted there is ample evidence showing that these different types of lawlessness are linked. Money from drug smuggling supports terrorists. Terrorists provide assistance to drug traffickers. Organized crime works hand in hand with these other outlaws for their own profit. What may

be most disturbing is the mounting evidence that some governments are involved in both narcotics trafficking and in terrorism. As Secretary Shultz went on to say, the world has good reason to suspect that narcotics smugglers are being aided by certain governments, that they are getting protection and are being provided with safe havens and support in shipping drugs to the United States and other countries.

Clearly the complicity of these governments in the drug trade, and government complicity in terrorist acts, are matters of grave concern; and I believe the increasing awareness of these adverse and other effects are improving the prospects for narcotics control.

One of the more encouraging signs in the battle against the narcotics plague is the increased attention governments are placing on the need for bilateral and regional cooperation in antinarcotics activities. Underlying this trend is the realization by governments that first, no country is immune from the political, economic, and social problems associated with narcotics trafficking and second, it can be countered only if nations work together to bridge the legal and physical boundaries which divide them.

In August, several leaders from Latin America, including Argentine President Alfonsin, Bolivian President Siles, Colombian President Betancur, Panamanian President Barletta and Venezuelan President Lusinchi traveled to Quito for the inauguration of President Febres-Cordero of Ecuador. It is very noteworthy that, in meetings among themselves and with Vice President Bush, the first topic was not the issue of financial debt nor regional military security, but narcotics control. That this occasion turned into an unprecedented summit meeting on narcotics attests to the awesome challenges narcotics production and trafficking present to the well-being of Latin American nations. What emerged from these meetings is what we might refer to as the "Spirit of Quito"—that is, the recognition among many Latin American nations that they must now stand together and work together to wipe out this scourge which threatens their societies.

The United States believes that strong regional, cooperative efforts are the key to lasting progress against narcotics trafficking in Latin America, throughout our hemisphere, and in the world at large. Thus, we strongly support the spirit coming from the meetings at Quito and Mar del Plata which called attention to the need for increased international action to deal with the multiple political, economic, and social problems caused by narcotics trafficking. This spirit has been reflected in remarks to the General Assembly. For example, President Lusinchi emphasized the need for strong international action and cooperation to support the domestic activities of the individual governments when he addressed the General Assembly on September 24. He said: "The narco-traffickers cross frontiers every day and there is not a government in the world working alone which can eliminate the serious political and social threat which drugs represent."

Leaders of Latin American governments have recognized that drugs constitute a threat not only to the health of their citizens, but also to their societies and democratic systems. Now they say, "We have had enough." The vigor with which these leaders are collectively approaching this problem is reflected in several resolutions, which have been proposed and still others being discussed by national delegations.

We welcome the personal leadership taken by many Latin American leaders, and we support the strengthened commitment against narcotics trafficking and production, as underscored by the resolution drafted by the Government of Venezuela requesting that the Commission on Narcotic Drugs give priority to consideration of a draft convention against drug trafficking. We look forward to working jointly in February, at the Commission meeting, building on the framework of existing conventions to strengthen the international resolve against narcotics trafficking, and we compliment President Lusinchi and his government on this thoughtful initiative.

Similarly, this emerging spirit is reflected in the suggestions of our colleagues from Argentina, Bolivia, Brazil, Colombia, Ecuador, Peru, and Venezuela to strengthen existing international institutions and encourage governments to improve national legal and social frameworks to deal more effectively with drug trafficking. We look to existing institutions, like the UN Fund for Drug Abuse Control, to achieve an immediate impact in meeting the narcotics challenge. The Fund is an established institution with expanding activities. Let us support it financially and politically so that it can pursue the goals which the international community has endorsed.

Conclusion

We believe there is need for improve coordination in the UN system and h that the designation of the Under Secretary General for Political and General Assembly Affairs will lead t that coordination of the important w of the Fund, the Division for Narcoti Drugs, and the International Narcoti Control Board. We agree with the recently published findings of the Joi Inspection Unit that the specialized agencies should develop specific drug control programs for consideration b their member governments, and that governments should use their own resources whenever possible. We als concur with the recommendation tha drug abuse projects should have spec conditions requiring governments to force narcotics control objectives.

It is our hope that we can vote f and speak in support of several such tiatives. We have some differences w sponsors on some language in drafts, and we welcome their assurances tha we can discuss our respective viewpo in a manner conducive to agreement, was noted in my discussions just last week with Venezuelan Foreign Minis Morales Paul.

While I have focused at length t on Latin America, in part because m of the resolutions of interest to this meeting have emanated from that ar our concern is, of course, for the worldwide effort. The United States stands ready to help the government and peoples of Latin America, Southwest and Southeast Asia to wo together for the common good. This is spurred by President Reagan's ple to a foreign policy that vigorously se to ensure effective international narcotics control. We believe that nation and bilateral efforts must be complemented by strengthened regional cooperation in all global sectors. Rece ly, we have offered to provide appropriate financial and technical supp to improve regional narcotics enforce ment information exchanges in Latin America, as well as to develop region programs to create heightened public awareness of the personal dangers of drug consumption and the social and economic costs of the illicit drug trad For several years now, we have supported the special drug abuse initiativ of the Association of Southeast Asian Nations, or ASEAN, and encourage t work of the Pompidou Group and oth who approach this problem on a multi tional basis. We are also proud of our forts these past 4 years to reduce dru

nd in the United States, where a effective national awareness pro- led by Mrs. Reagan has atically heightened community nsiveness. We are encouraged by pread of the parents movement, so in our country, to other societies. of these endeavors, we enjoy a of cooperation with our Congress, h has been most unequivocal in ng a linkage between narcotics con- nd development assistance. herefore, let us consider these American initiatives as part of the ing worldwide expression of con- about the narcotics problem. The s these resolutions address and the dies they seek have implications for our international efforts, and my rnment asks that all nations join her in this new alliance for our non good. And when we have d on these resolutions, let us pro- with development of common egies. Experience dictates the erative program of work that is ed.

he grower-to-user chains which h across five continents must be n through a comprehensive pro- of international control. We must pressure at all points in the —through crop control, through in- ed seizures of both drug products inancial assets, through intensified tigation and prosecution of traf- rs, and through effective treatment prevention of drug abuse. Interna- l strategies should give top priority op control—bans on cultivation and uction, enforced when necessary by ication and by interdiction and other rcement programs operating as to the source as possible.

An effective international strategy ld offer financial and technical tance for narcotic control projects. must improve our knowledge of all cts of the problem and exchange in- ation to improve coordination of y and effort. The people and rnments of illicit drug producing tries must become more aware of problems they export to other coun- —and the domestic problems they creating within their own societies. re is a need to raise the foreign y priority assigned to narcotics con- to integrate narcotics into bilateral tions, and to upgrade the level at h narcotics matters are considered oreign ministries.

Assistance should be sought by drug producing nations and provided by donor countries with clearly defined crop control objectives if we are to achieve success. We should recognize the need to link this assistance with crop control agreements. Governments of producing nations must have and demonstrate the political will to undertake effective crop control and interdiction programs. Part of that demonstration of will must be the commitment of social and political as well as material resources, and promulgation and adoption of laws which facilitate control objectives. We need a higher level of awareness throughout the international community. We need to communicate through the world press the kind of intensive efforts that are being made. Awareness is increasing, and it shows in many programs, including not just improved interdiction and eradication, but in the decisions of governments to consult with their people on solutions.

Above all, we must work together, in an alliance at the national, regional and international levels through bilateral and multilateral programs. The agreements which we make here, which will manifest mutual respect and an understanding of individual and collective needs, must send a signal to the international community that we have made common cause in a more vigorous, more widespread, and more united effort to control international narcotics production and trafficking.

[1]USUN press release 132 of Nov. 15, 1984. ■

Perspectives on the U.S. Withdrawal from UNESCO

by Gregory J. Newell

Address at Stanford University in Stanford, California, on October 31, 1984. Mr. Newell is Assistant Secretary for International Organization Affairs.

In addressing today's assemblage of present, potential, and professional academics—all of you concerned, of course, with the state of our international relations—it is timely for me to share with you our appraisal of the present course of U.S. multilateral foreign policy, taking as a centerpiece the condition of relations between the United States and UNESCO [the United Nations Educational, Scientific and Cultural Organization].

I will assume that you have an interest in the workings of both intergovernmental and private transnational organizations. The success or failure of our nation's activity in foreign relations, not least in our multilateral foreign relations, ultimately rests on the activity or inactivity of private persons.

Important work promoting international cooperation is done by the educational, cultural, and scientific institutions formed by private persons, through which they work to supply expertise, support, and professional outreach.

It is from this perspective that I offer my thoughts on the meaning of our decision to withdraw from UNESCO as it bears on the conduct of international relations by the United States. I will also discuss the implications of that decision for the UN system generally.

There are conflicting views as to the manner in which the United States could best move to achieve the ideals to which UNESCO was originally dedicated. There is no disagreement that those were worthy ideals. There is no substantial disagreement, either, that UNESCO has strayed far from fidelity to them. Our experience in receiving the official responses of some 126 nations to our UNESCO decision emphatically confirms that.

The responsible question now is this: "What can the United States do to achieve those objectives—by what means, in what forums, through what cooperative activities?" Our basic thesis is simple; I believe it is also sound: a methodical analysis of present realities can diagnose what must be done to produce genuine and necessary international cooperation and development.

Our decision to withdraw from UNESCO is a paradigm of the process of keeping workable international cooperation alive. To keep effective cooperation alive, we must insist on fidelity to the development that any given UN specialized and technical agency was created to serve.

Our critics seek a rollback of the withdrawal decision and would urge us at this time to explore no other alternatives. Such an approach is, indeed,

negative. It will achieve no needed reforms in UNESCO; will fail to advance cooperative activities in international education and communications; and will divert attention from the sole object on which attention should be focused—the conduct of UNESCO in discharging its legitimate mandate.

We really should move on to the remaining questions—with their implications for other UN system agencies. Thus, I am here to discuss the question of UNESCO reform; I am not here merely to reexamine the U.S. withdrawal decision. That decision was scrutinized before it was effected and was responsibly announced in December 1983—with constructive results. It has, in fact, been ratified by an overwhelmingly affirmative response on the part of unbiased parties genuinely concerned for the welfare of the multilateral system.

UNESCO programs and personnel are heavily freighted with an irresponsible political content and answer to an agenda that is consistently inimical to U.S. interests.

There was a question whether the United States should withdraw from UNESCO, but I had thought that any real controversy as to whether the responsible American public supported our decision was put to rest at the Dartmouth debate when [Democratic presidential candidate Walter] Mondale endorsed the decision to withdraw from UNESCO—after *The New York Times* and *The Washington Post* had also done so.

I can speak to the question of whether our decision has been effective. In our many multilateral consultations, one statement has consistently been made. The recurring statement is that the Reagan Administration has charted a course of renewed commitment in the multilateral system that is strong and coherent, clearly understood, and decisively implemented—though there are those who may disagree with that course.

There are those who say that we, the United States—the Reagan Administration—have created a UNESCO crisis. Such critics imply that our withdrawal is the source of UNESCO's problem. More thoughtful observers of our foreign affairs are quite aware that UNESCO has long known that it was coming to face an increasingly troubled existence. The United States does want to find a way to solve the problems that are found in UNESCO. The United States desires also to describe the basis on which we believe that essential functions, once entrusted to UNESCO, can be preserved in forums that are effective.

Much of the work of UNESCO is praised, naturally enough, by those who are paid to do it. Plainly, their judgments should not be presumed to be unbiased. Often, we are now discovering, those who criticize our UNESCO withdrawal decision imply that they speak for large and deservedly respected scientific and cultural organizations—but speak, in fact, only for themselves. The truly responsible are quite aware that we have acted responsibly to cure long-festering problems that were coming to discredit genuine attempts to effect international development in education, science, culture, and communications.

Making the Decision to Withdraw

When the Department of State confronted the question of whether continued U.S. membership in UNESCO could be productive—given UNESCO's declining effectiveness and the long-standing adverse impact of its programs and attitudes on U.S. interests—we asked basic and important questions.

UNESCO policies had frequently served anti-U.S. political ends, and the Reagan Administration had frequently advised UNESCO of the limits of U.S. (and Western) toleration of misguided policy and programs and budgetary mismanagement. For nearly 3 years we applied to UNESCO the same priorities and criteria that guide our relations to all multilateral organizations. Our policy priorities have been to:

- Reassert American leadership in multilateral affairs (we are no longer interested solely in a practice of damage limitation);
- Implement a strict budgetary policy of zero net program growth a significant absorption of nondiscretionary cost increases for the first ha of the decade (we will no longer acquiesce in budgetary expansion that l tripled outlays in the UN system dur the past decade);
- Obtain equitable American rep sentation within the secretariats of multilateral agencies (we expect to h Americans in key policy positions);
- Reduce the burden imposed on nations by an excessive number of lengthy international conferences (we have no desire to send American dele gates to all of the 1,000 major confer ences scheduled each year); and
- Advocate and create a role for private sector in each of the international organizations (we recognize the value, experience, and resources of t vital private sector).

With respect to each of these priorities, UNESCO's performance had fallen significantly below that of othe major international organizations. UNESCO alone, among the major organizations, had not responded.

In June 1983, consequently, an in depth policy review of U.S. participat in UNESCO was commissioned. At t same time, a special effort was made describe our reasoned expectations as policy, programs, budget, and manag ment.

At the conclusion of this two-pronged effort to reassess, reason, a rehabilitate, the President concluded that continued U.S. participation in UNESCO—as it is currently organize focused, and directed—does not serv the interests of the United States. W appeared was a persistent pattern of three major problems.

Extraneous politicization of virtually every subject dealt with: edu tion, natural and social science, culture, communications, human rights, disarmament. UNESCO programs and personnel are heavily freighted with an irresponsible politic content and answer to an agenda that consistently inimical to U.S. interests. The approach that UNESCO consiste ly takes to "disarmament" reflects eit a specific pro-Soviet bias or, at best, adheres to the naive and simplistic Ne Delhi declaration.[1] Human rights programs and resolutions in UNESCO ar almost invariably infected with Soviet and statist concepts of alleged "collecti rights," in denigration of individual rights and freedoms recognized in the

rsal Declaration of Human Rights. SCO lends itself to the machina- of those who think that "collective " (including those of the state) are to or more significant than the of the individual.

NESCO's current budget for tional programs—once widely ted and professionally effective— laces heavy emphasis on Soviet- ed "peace and disarmament" initia- Some $978,000 is spent on that ac- as against $62,000 for the eradi- of illiteracy among 10 million of orld's refugees.

oluble UNESCO participants are tently hostile to U.S. political , values, and interests. Our par- tion, then, in UNESCO "consensus" n occasion, amount to complicity fication of the United States— is part of everyday life there. The SCO environment is relentlessly te to our ideals, and this environ- is unlikely to change, whatever nable effort we bring to bear.

n endemic hostility toward the institutions of a free society, es- lly a free market and a free , coupled with the promotion of t theories of development.

us UN agencies seek to give life to vision of a "new international eco- order"—compulsively statist and sarily ineffectual. UNESCO func- ies soon undertook their own —to create the "new world infor- n and communication order." This mplated "new order" of things l, in particular, establish a program ich we will not acquiesce. If imple- ed, it would threaten our First dment rights—the freedom of the . To this program we remain un- bly opposed. There is no sign that rful elements within UNESCO have abandoned advocacy of their cher- "new order." In line with the agen- the "new world information and unication order," repression of a press will persistently be advocated n UNESCO. This we can surely in- om the statements of Associate tor General Gerard Bolla in Paris vember 1983, and of UNESCO's tor General [Amadou-Mahtar] w in a December 14, 1983, press rence in New Delhi.

And yet another "new order" may be ng to be born in Paris. A large er of UNESCO members have ed for action to create a "code of uct" controlling the operations of national corporations. This would de the film, book publishing, music, and television industries, whose receipts from abroad are estimated to total some $3.5 billion each year. This initiative, with or without our opposition, will return again and again as circumstances seem propitious to its proponents. We oppose such a movement. We suggest that opposition from without—principled and total opposition—would be the most effective.

UNESCO management practices are atrocious. . . . Some 80% of UNESCO's $400-million biennial budget is consumed in Paris.

The most irresponsible and unrestrained budgetary expansion in the United Nations system, and serious management problems. UNESCO has far exceeded the "zero net growth" budget policy of the United States and the Geneva group[2] (which together contribute 74% of UNESCO's budget). It initially proposed, for the 1984–85 biennium, a 9.7% program increase. This it did while other UN system agencies responded with zero or near-zero proposed program growth—Food and Agriculture Organization (0.5%), World Health Organization (−0.31%), International Labor Organization (1.92%), World Meteorological Organization (0%), World Intellectual Property Organization (−1.12%), and the United Nations itself (0.7%). UNESCO's budget has grown approximately 300% between 1972 and 1982.

UNESCO management practices are atrocious. It is widely accepted that only one dollar out of every five is allocated to programs for the developing world. Some 80% of UNESCO's $400-million biennial budget is consumed in Paris. T.C. Young, UNESCO's director of its Bureau of the Budget, confirms that estimate. Some 81% of UNESCO's employees, moreover, are based at headquarters in Paris, leaving only 19% in the field. No serious effort had been made either to control or cut back on conferences and major meetings (400 scheduled in 1984), publications (300 million document pages in 1983), or other effluvia of a large and unfocused bureaucracy in excess of 2,300 persons.

Consider another focal point of criticism—the UNESCO Secretariat. Most honest observers would agree that the Secretariat now presumes to direct too often, not to take direction; that it now undertakes to formulate program directions, not to implement them; that it now offers an idyllic Parisian respite from the rigors of existence in the Third World, not a self-effacing service to the "South"—in the "South." It should suffice to note that the United States fully appreciates that such service should be given to the "South," and that we seek ways effectively to contribute to that service—rather than to the care and feeding of a bloated centralized cultural bureaucracy in Paris.

What Is the Problem?

In a word, the U.S. withdrawal from UNESCO is not the problem; UNESCO's conduct is. The United States is engaged in a serious attempt to solve the problem, not to exacerbate it. UNESCO's flawed redefinition of its unchanged historic mandate is the source of the problem.

The United States still seeks solutions and desires to support workable and authentic international cultural cooperation. Our UNESCO review was not cursory; neither was it prejudiced. We genuinely sought to determine how we could participate in UNESCO on any satisfactory terms and simultaneously sought, in good faith, to persuade the organization and its Director General that UNESCO had embarked on a counterproductive path.

The same question we asked in connection with UNESCO is deservedly raised in connection with the operation of other UN system organizations. But if other agencies have remained faithful to the charge that brought them into being, the answer will certainly differ. It is currently our conclusion that sufficient fidelity to their respective missions does characterize most UN system agencies. The International Labor Organization, the Food and Agriculture Organization, the International Atomic Energy Agency, and the World Health Organization, among others, give no serious observer cause for significant complaint.

Some suggest that no alternatives to UNESCO can be found. But we do have other alternatives: multilateral, regional, bilateral, and private sector alternatives.

In some elements of this approach, we have been joined by others—though we categorically did not conspire to set out on a joint course, nor did we even solicit "conscious parallelism." Our decision to withdraw has at least moved UNESCO to talk of reform. Now all parties seek change of some sort. A group of 24 Western nations has expressly urged that significant changes be made. Our traditional allies have taken positions most similar to our own, though they draw their own bottom-line conclusions about membership.

. . . the U.S. withdrawal from UNESCO is not the problem; UNESCO's conduct is.

The British have now said that they will reconsider their own commitment to participation if significant progress is not made this year. The Dutch, the Danes, the Italians, the Canadians, and the Japanese have written to the Director General of UNESCO. They have now been joined by others of the Nordic countries in calling for "sweeping reforms." The Federal Republic of Germany, too, has publicly urged UNESCO reform. The general posture of our allies is, nonetheless, that UNESCO reform might induce the United States to stay.

A Summary View of UNESCO

Where, then, is UNESCO today, and where stands the United States with respect to it? Many other countries, not always openly supportive, do rely on the United States to provide leadership in international organizations and to protect the interests of all democratic peoples. The President's decision to withdraw from UNESCO has already moved other member states to more responsible activity in other international forums.

The United States still seeks solutions and desires to support genuine and effective international cooperation. The United States stands ready to implement our pledge to support means of international cooperation that offer some reasonable promise that they will work. We appreciate the continuing work of well-functioning multilateral organizations, but we do not take for granted their stable existence, their financial well-being, or their managerial capacity. The problems that currently afflict international cooperation and development are not new, but the approach of this Administration is perhaps new. The general approach we have taken with respect to international cooperation and development in and through the United Nations is very well illustrated by our decision to withdraw from UNESCO.

The signal that a U.S. withdrawal from UNESCO has already sent to multilateral international organizations is not that the United States is bent upon withdrawal from multilateral affairs. It is, rather, that we seek effective, nonpoliticized, and genuine means of achieving international cooperation and coordination.

This is clearly the posture that President Reagan has consistently taken. He knew from personal experience that the belief was surely naive that mere membership in the League [of Nations] or in the United Nations would suffice to banish conflict between nations. The cause was oversold, and disappointment was inevitable. But the Reagan Administration is justly proud of the continuity of its connection with the best of the hard-won—blood-won—insights gained from the World War II years. This President personally remembers, as he noted in remarks following his June 17, 1982, UN speech:

> My longevity has given me a perspective on the founding of the United Nations that was useful in the preparation of the remarks that I made today. . . . I do remember the U.N.'s first days and our hopes at that time that this would be a forum for all mankind, replacing armed conflict with debate. . . . I recall the inspiration of [FDR's] declaration with Winston Churchill of the Four Freedoms at a time when the freedom-loving people of the world were sorely in need of inspiration. In a very real way, this, an institution dedicated to peace, was his dream. . . . [H]owever imperfect the reality may be, Americans still dream that dream.
>
> I am younger—by four decades—and must consult the written record to gain some sense of that national experience, which is the personal experience of those we venerate as wise and experienced.

We have consistently sought to assure all those concerned that the U Government is not now abandoning its international responsibility for co erative multilateral activity. But if a existing organization persistently fai render the service it was engaged to perform, alternatives must be explor Alternatives will be offered; alternat will be accepted. Alternatives, in the end, will increasingly make goods an services available.

The interests we have entrusted the specialized technical agencies of UN are, ultimately, our national interests. We recall that the services o UN agencies were, in very large measure, performed by other cooper tive agencies long before the UN wa created. Our nation, under any leade ship, will surely always seek to ident and achieve its lasting and fundamer interests. It is true, of course, that o national interests are served by inter tional cooperation. We do, therefore, seek to bring fully two-thirds of the world—those peoples outside the Eu peanized West—into the "scientific a as a Nobel laureate, the physicist I. I Rabi, once put it. Accordingly, we dc seek to advance the cause of interna tional cooperation in education, scien culture, and communications. But ou overriding aim must be to advance tl interests of our own nation and its citizens—just as others legitimately s to advance the interests of their nati and their citizens.

Conclusion

The processes and objectives of genu and effective international cooperatic are not being abandoned by the Reag Administration. Attempts to achieve ternational cooperation of this sort a rather, being strengthened. We take seriously the obligation to achieve int national cooperation. Our decision to withdraw from UNESCO was, in the words of one astute observer, "pro-U We will continue to support the Unit Nations with reason and compassion- and there we will sustain American values, express American views, and pursue American interests.

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[1]See the communique of the March 19 Nonaligned Movement summit.

[2]An informally affiliated group of Western donor nations. ■

uation in Kampuchea

ane J. Kirkpatrick

tatement before the UN General bly on October 30, 1984.[1] *Amdor Kirkpatrick is U.S. Representto the United Nations.*

ncipal purpose of this United Nais to preserve the right to self-mination, independence, security, overeignty of all nations. The er is clear, so is the history of the d Nations in emphasizing and enging self-determination and indence of nations. The United Nacan, indeed, be proud of its role in cing self-determination for millions ople and in working to preserve the endence of all nations. There is no iple that was more widely shared or basic than that one nation should se force to invade and subjugate ier people.

The people of Cambodia, however, nue in occupation by a foreign r, denied their right to self-mination and independence by the list Republic of Vietnam, which in- and continues illegally to occupy odia. Five times the world comty has called on Vietnam to lraw its illegal expeditionary force o restore to the Khmer people their to seek their own destiny under a y chosen government without outinterference. The overwhelming ins which have supported the ral Assembly's call for withdrawal reign forces reflect the concern of reat majority of the world's nations e continuing tragedy in Cambodia.

What has occurred in the wake of resolutions? Hanoi, aided and abety the Soviet Union, ignores those utions, continuing its illegal occupaof Cambodia and its oppression of Cambodian people in violation of the ter of the United Nations and in de- of the expressed will of the eral Assembly, offering to the Camian people no opportunity for self-rmination or self-government. The to address the situation in Cama for the sixth time is testimony to stubborn policy of military conquest colonization being pursued by the alist Republic of Vietnam.

During the past two decades, Cama's people have endured unmatched ering. Hanoi's use of Cambodian ter- in its war against the South and the war between the Khmer Republic and the Communist Khmer Rouge, aided by Hanoi, destroyed Cambodia's economy. Khmer Rouge victory in 1975 brought a horror the world still struggles to comprehend. Systematic political murder and starvation took the lives of more than 1 million Cambodians and nearly destroyed an ancient culture.

The Socialist Republic of Vietnam must bear a full measure of responsibility for the tragic tyranny of the Khmer Rouge. Vietnam's support was critical to the Khmer Rouge victory in 1975. Hanoi's claim that it invaded Cambodia to liberate the Khmer people from Pol Pot and that it remains there only to prevent his return to power is a transparent deception. Vietnam deposed Pol Pot only when it became apparent that it could not dominate and control the Khmer Rouge. No one laments the demise of the Khmer Rouge, a regime detested universally. But Hanoi did not invade Cambodia for the purpose of returning Cambodia to its people. Instead, Vietnam did so in order to install a puppet regime largely comprising former followers of Pol Pot, including the hated Heng Samrin himself.

Now, the Cambodian people are threatened with the loss of their homeland and the extinction of their culture. Thousands of Vietnamese nationals have settled throughout Cambodia, abetted and encouraged by Hanoi. Independent observers have estimated their number to exceed 500,000. Vietnam's clients in Phnom Penh have been instructed to assist Vietnamese, both former residents and new immigrants, in any way possible and to consult with their Vietnamese superiors before taking any action affecting Vietnamese settlers. Vietnamese immigrants are also given extraterritorial status and many have reportedly received Cambodian citizenship. This officially sanctioned Vietnamese immigration raises serious questions about Hanoi's long-term intentions toward Cambodia. It will be the ultimate tragedy if Cambodia, decimated by war and famine, should now be extinguished as an entity, overrun, submerged, and colonized by its expansionist neighbor.

Nearly 250,000 Khmer civilians remain encamped along the Thai-Cambodian border, unable or unwilling to return to their homes. Assistance to them remains an international responsibility. The United States will continue to do its share and urges other nations to continue their support for this program of humanitarian assistance. We offer our sincere appreciation to the Secretary General and his Special Representative for Humanitarian Assistance to the Kampuchean People Dr. Tatsuro Kungi for their efforts on behalf of the Khmer people uprooted by invasion and war. The staffs of the UN border relief operation, the World Food Program, the UN High Commissioner for Refugees, and other specialized UN agencies, the International Committee of the Red Cross, and the various voluntary organizations continue their important and untiring work in providing emergency food and medical care to the displaced Cambodian people, often under dangerous conditions caused by Vietnamese attacks. Their efforts have earned the commendations of the international community and our admiration. Special thanks are also due to the Royal Thai Government for its aid to the Khmer people, particularly during the fighting earlier this year.

Vietnam's invasion and occupation of Cambodia is a challenge to the UN system and to the international community. The challenge is to induce Vietnam to withdraw its army and to restore Cambodia's independence, sovereignty, and neutrality without permitting a return to power of the Khmer Rouge. The members of the Association of South East Asian Nations (ASEAN) have provided the world the leadership to meet the challenge here at the United Nations and beyond.

The 1981 UN-sponsored International Conference on Kampuchea, in its final declaration, worked out the principles which must guide a settlement of the Cambodian problem: a cease-fire and withdrawal of all foreign forces under UN supervision; free elections under international auspices; and arrangements to ensure that armed groups do not interfere in free elections and respect the results of those elections. Ninety-four nations participated in that conference. Its principles have been endorsed by five successive resolutions of the General Assembly. They provide the best basis for meeting the challenge posed by the Cambodia crisis. The United States supports these principles and extends its appreciation to Mr. Willibald Pahr, Chairman of the International Conference on Kampuchea, and to Ambassador Massamba Sarre and his colleagues of the *ad hoc* committee for their continuing efforts in seeking a settlement in Cambodia.

The United States affirms its support for Mr. Pahr's recent proposal to internationalize the temple complex surrounding Angkor Wat so that these ruins can be restored free from danger of war. Mr. Pahr's proposals merit international support. The ruins at Angkor Wat and Angkor Thom represent the greatest achievements left by classical Khmer civilization and are a cultural treasure of importance to the entire world. Their destruction through neglect and war would be a tragic loss to us all. Despite political concerns, the ASEAN nations have endorsed Mr. Pahr's initiative. Unfortunately, Phnom Penh and its Vietnamese masters have denounced the proposal. It is not surprising that Hanoi shows no interest in preserving these relics of Cambodia's glorious cultural heritage. But it is sad that Hanoi's Cambodian clients are unable to assert enough independence even to save the enduring symbol of Khmer civilization.

Vietnam, unfortunately, rejects the reasonable proposals of the ICK (the International Conference on Kampuchea), insisting that the situation in Cambodia is irreversible. ASEAN has sought to work out the framework of a settlement which preserves the legitimate security concerns of Cambodia's neighbors, including Vietnam, as long as the key elements of Vietnamese withdrawal and free elections are preserved. The September 1983 ASEAN "Appeal for Kampuchean Independence" proposed a territorially-phased Vietnamese withdrawal, coupled with an international peacekeeping force and reconstruction aid in the area vacated, as part of a Vietnamese commitment to a complete withdrawal and elections. Hanoi rejects this proposal, insisting that it will maintain its clients in Phnom Penh for as long as necessary until the world finally accepts its domination of Cambodia. Hanoi ultimately seeks, then, the legitimization of its client regime.

But that regime clearly does not represent the Cambodian people and its pretensions to do so have been repeatedly rejected by the people of Cambodia, by its neighbors and by the General Assembly. Vietnam no longer offers its clients as claimants to Cambodia's seat at this Assembly. Their regime remains dependent on Vietnamese soldiers and Vietnamese officials to remain in place. The growing appeal of the nationalist organizations led by Prince Norodom Sihanouk and former Prime Minister Son Sann is indicative of the fact that the Khmer people are unwilling to accept a regime established on the bayonets of a foreign army. The United States welcomes the presence in this debate of Prince Sihanouk and Son Sann. They and the organizations they lead are the true embodiment of Khmer nationalism and the hopes of Cambodians for a future which is neither Khmer Rouge nor Vietnamese.

To what lengths will Vietnam's rulers go to impose their will on others? The war in Cambodia, and the confrontation with China it has engendered, have drained Vietnam's economy. With a per capita income far lower than any of its ASEAN neighbors, indeed, one of the lowest in the world, Vietnam supports the world's third largest standing army. Unable to pay the costs itself, Vietnam has turned increasingly to the Soviet Union for assistance. Massive Soviet aid meets Hanoi's military needs but cannot meet the needs of the Vietnam people, thousands of whom have risked their lives to flee in small boats rather than remain in a Vietnam oppressed and destitute. Other nations have reduced their aid because of their opposition to Vietnam's occupation of Cambodia. Moscow has traded on its aid to increase its military presence in Vietnam, establishing now a major air and naval base at Cam Ranh Bay and underlining the falseness of Vietnam's claim to be a nonaligned nation.

Even Vietnam's rulers have begun to realize that their efforts to control Cambodia have failed and that they face an increasingly difficult situation. In recent months Hanoi has tried to demonstrate to the world its willingness to reach a political settlement. In speeches and interviews, the Vietnamese Foreign Minister has hinted at Hanoi's willingness to negotiate a settlement at a conference and its willingness to consider peacekeeping activities in Cambodia.

Genuine Vietnamese willingness to negotiate a settlement in Cambodia based upon the principles of the International Conference on Kampuchea and successive resolutions of the United Nations would be a welcome development, above all, for the Cambodian people. But Hanoi apparently still views a political settlement simply as a means, one more tactic, to legitimize its client regime and secure it against the threat from the Cambodian resistance. Then, Vietnam says, it will withdraw the "bulk" of its army. The world rejects this concept of a settlement and will continue to reject it.

It should be noted that Vietnam put on its "peace mask" in March of this year during its Foreign Minister's tri Indonesia and Australia. Days after return to Hanoi, the Vietnamese Arr launched its dry season offensive alo the Thai-Cambodian border. In Marc and April of this year, Vietnamese forces launched a series of assaults, backed by armor and heavy artillery, against the civilian encampments, th forcing more than 80,000 people to fl to safety inside Thailand. Nearly 50,(of these civilians still remain in temporary encampments, unable to retu because of the ever-present threat of Vietnamese shelling or attack. Even Hanoi talks of a settlement and nego tions today, the Vietnamese Army is building up its forces near Thailand, threatening the civilian encampment which house 250,000 Cambodians. N units have moved up near the border and artillery fire continues to threat the residents of these camps. It is an ominous harbinger for the coming dr season, which may begin only after t General Assembly completes its worl The world will mark Vietnam's actio in Cambodia as well as hear its word

In time, the Cambodians' quiet, heroic determination will convince its leaders that they cannot subjugate th Khmer people. We hope that realizat will lead to a settlement of the Cambodia problem to the satisfaction of a parties, most importantly the Cambo dian people. The way to a fair and ju settlement has been shown by the in national community. The General Assembly resolutions on Cambodia, t 1981 International Conference on Ka puchea, and ASEAN's "Appeal for K puchean Independence" all outline a basis for a comprehensive settlement Cambodia involving complete withdra of foreign forces, UN-supervised fre elections and nonintervention and noninterference in Cambodia interna fairs. Such a settlement would guarantee a free and neutral Cambod and constitute a threat to none of its neighbors. It would also end Vietnam international isolation, restore Vietna dignity and freedom of action and pe mit Vietnam to turn to the task of building its own economy and upliftin the living conditions of the long-suffering Vietnamese people.

The United States looks forward that day, and in the meanwhile, offer its full support to the efforts of the Secretary General and his representatives, to the ASEAN countries and, above all, to the people of Cambodia i their struggle.

[1]USUN press release 106 of Oct. 30, 1984. ■

ntadora: A Process Central American Peace

se S. Sorzano

tement made in plenary session UN General Assembly on Octo- 1984.[1] Ambassador Sorzano is y U.S. Permanent Representative United Nations.

been a year since this body last with the Central American ques- n that relatively short time, a number of developments—some e, some negative—have taken n the region that merit our review alysis.

rhaps there is no better place to his review than with the Con- process, given its prominence in attention, its unquestionable inter- al support and its potential impact regional situation.

Support for Contadora Process

upport for diplomatic efforts to e an effective and lasting peace in al America has been strong, con- and continues undiminished. efforts pre-date the Contadora s and go back to the very origins present crisis, when the United in 1978 sought actively to help the bloodshed in Nicaragua to a hey continued when, in October the United States participated in aboration of the San Jose accords, principles for a peaceful settle- anticipated the content of the Con- a Document of Objectives. And for 2 years, the United States has epresented by a special presiden- ivoy to promote and support ue both among and within nations region.

ddressing a Joint Session of the Congress in April 1983, President an authoritatively set forth our natic policy toward the region. He fied four objectives.

The United States will support greement among Central American ries for the withdrawal—under verifiable and reciprocal condi- —of foreign military and security ers and troops.

We want to help opposition os join the political process in all ries and compete by ballots instead llets.

• We will support any verifiable, reciprocal agreements among Central American countries on the renunciation of support for insurgencies on neighbors' territory.

• And, finally, we desire to help Central America end its costly arms race and will support any verifiable, reciprocal agreements on the non-importation of offensive weapons.

As the Contadora process increasingly occupied center stage of efforts to promote dialogue among nations of the region, the United States repeatedly made its support of that effort clear and unequivocal. Following the Declaration of the Presidents of Mexico, Colombia, Venezuela, and Panama at Cancun, July 17, 1983, President Reagan wrote these Contadora Presidents on July 21 to congratulate them on their efforts to promote dialogue in Central America. The President wrote that, "my government has consistently expressed strong support for the Contadora process. The Cancun Declaration, by articulating the crucial issues which must be treated to reach an effective and enduring resolution of the Central American conflict, is an important contribution to advancing that process."

Following agreement by the five Central American nations on September 9, 1983, on the Contadora Document of Objectives, the U.S. Government took the position that the document represented a comprehensive statement of the issues which must be addressed and declared it "an excellent basis for continued regional negotiation." We have in innumerable instances stated our view that the Document of Objectives constitutes a sound outline of an effective agreement and that we support its comprehensive and verifiable implementation.

That support has been consistently expressed at each stage of the Contadora process. We welcomed the agreement of January 8, which created working commissions to develop recommendations for the implementation of the Document of Objectives. On June 1 of this year, at the request of the President of Mexico, acting on behalf of the Contadora Group, Secretary of State [George P.] Shultz initiated a series of high-level bilateral discussions between Nicaragua and the United States, in support of the Contadora process. Vice Minister of Foreign Affairs Victor Hugo Tinoco and U.S. Special Envoy Ambassador Harry Shlaudeman have now held six rounds of talks in that series and further meetings will be taking place. Ambassador Shlaudeman has, additionally, consulted repeatedly with all participants in the Contadora process.

When the Contadora participants had under consideration a second draft agreement, the revised *acta* of September 7, Secretary of State Shultz characterized this draft as a positive development in a continuing negotiating process. Comments on the revised draft *acta* were submitted by the Central American states as requested by the Contadora Group on October 15. The comments of some of the Central American countries are a matter of public record. They clearly indicate a strongly favorable attitude toward the *acta* and that the effort to make the *acta* an effective and comprehensive implementation of the Contadora Document of Objectives should continue.

The preceding should suffice to demonstrate that the United States regards the Contadora process as offering the most appropriate forum and the best hope for achieving a verifiable and comprehensive solution to the problems of the region. It is a regional effort to solve a regional problem, free from outside interference. As that negotiating process now goes forward, our support continues undiminished. The Contadora Group's draft resolution now before us, General Assembly document A/39/L.6, exemplifies such efforts to achieve peace, and the United States is prepared to support it.

In affirming our support for the process, and in applauding the efforts of the nine participating countries, we note with approval the express determination of those countries to continue this effort until a document has been achieved which reflects the views and needs of all the countries in the region. Since this final document will have been drafted to accommodate the views and needs of these countries of the region, they will, of course, be the appropriate signatories of the document.

Contadora Democracies Established

The establishment, strengthening, and protection of democracy is an explicit and essential component of the Contadora formula for a Central American regional solution. So it is entirely appropriate that the Contadora countries themselves are democracies. One of the

principal goals put forward in the Document of Objectives signed in September 1983 by the Contadora Four and all five Central American governments, is: "To adopt measures conducive to the establishment and, where appropriate, improvement of democratic, representative, and pluralistic systems that will guarantee effective popular participation in the decision-making process and ensure that the various currents of opinion have free access to fair and regular elections based on the full observance of citizens' rights."

A related objective, agreed to at the same time by the nine participants in the Contadora process, is: "To promote national reconciliation efforts wherever deep divisions have taken place within society, with a view to fostering participation in democratic processes in accordance with the law."

Against the expectations of skeptics and pessimists and despite the desperate opposition of groups determined to use violence to frustrate the popular will, Central America is undeniably undergoing a profound democratic transformation fully compatible with these Contadora objectives. My delegation is pleased to note the recent dramatic progress in Central America toward empowering the people to choose, establish, and develop democratic governments. In 1982, the then military government of Honduras peacefully relinquished power to permit free and fair elections for a new president and national assembly, which were duly and constitutionally elected and continue to govern the country democratically despite grave economic problems and deliberate destabilization attempts from neighboring Nicaragua. This determination to continue on the path of democracy—rather than Nicaragua's purely verbal and propagandistic expressions of support—is what demonstrates Honduras' acceptance of the Contadora objectives.

The year 1982 also saw the military reform junta in El Salvador presided over by Jose Napoleon Duarte, peacefully give up power to permit free and fair elections for a constituent assembly that was charged with drafting a new constitution and choosing a provisional president. The winner in the constituent assembly elections was not Mr. Duarte's party but a coalition of the opposition, which elected its own leader as assembly speaker and also chose the provisional president. Just this year, the Salvadoran people again were allowed to vote, this time, directly to choose their president. The contest was vigorous; there was robust competition among many parties. No candidate received an absolute majority in the first round of voting. Only after a spirited runoff campaign was a new Salvadoran president, Mr. Napoleon Duarte, chosen.

In the Salvadoran elections, which were observed by representatives of 60 nations and international organizations, and 800 journalists, the Salvadoran people took considerable risks for the sake of establishing a democratically elected popular government. Candidates and voters alike participated in the elections under threats of violence from the Marxist-Leninist guerrillas seeking to dominate El Salvador by military force. To demonstrate the deadly seriousness of their threats, the guerrillas stepped up their campaign of violence against civilians during the electoral campaign. Some assembly members were murdered by the guerrillas as a "response" to the election process. Roads were mined, buildings were bombed, bridges were dynamited in the effort to impede the elections. Despite these acts of murder and sabotage, 75% of the eligible voters voted. Under these circumstances, there can be no question as to who supported Contadora's objectives and who did not.

The same is true with respect to the courageous offer of President Duarte to go unarmed to meet and seek conciliation with the commanders of the insurgents of his country. With the whole world watching, the meeting took place peacefully in the church at La Palma, with the mediation of the Archbishop of San Salvador, Monsignor Rivera y Damas. President Duarte's objective in the meeting was precisely what I have cited from the Contadora Document of Objectives: "To promote national reconciliation efforts" where "deep divisions have taken place within society, with a view to fostering participation in democratic processes in accordance with the law."

Guatemala also has taken significant steps toward establishing a constitutional, popular and democratic government. Just a few months ago, the people of Guatemala peacefully, freely, and fairly elected a constituent assembly that promises to prepare the way for presidential elections next year. That, too, is progress toward the Contadora objectives.

Finally, in 1982, the people of Costa Rica continued their proud and admirable tradition of nearly four decades of uninterrupted rule by popularly elected governments by electing a new president. And in this most recent election, as in every election but one since the 1940s, the president elected was of the opposite party from that of the president he replaced. Needless to : no better example of the democrati spirit embodied in the Contadora ol tives can be found.

The record is clear that three o five Central American nations now democratically chosen civilian gove ments, and that one other has take concrete steps toward establishing democratic, civilian rule while prom unambiguously to follow through to completion of that process next yea The recent elections in these four republics met the key criteria for authentically democratic elections: ' permitted open competition under tions of free speech, press, and assembly. They were inclusive: larg nearly universal portions of the ad populations of these countries were ble to participate. And their results definitive: that is, the outcome of t votes largely determined the partis composition of the governments.

Nicaraguan Elections: Fair or Fa

In contrast to the other Central American nations, Nicaragua is op defying both Contadora and the m ment toward democratic, civilian, a constitutional government evident throughout the region. As an outw symbol of its contempt for civilian government, the Sandinista leader only prefer to be addressed by the military title of *comandante* but ev pear before this General Assembly full military regalia.

We must confess we were not prised. For a number of years, my delegation has been pointing to the cumulating evidence indicating the nature of the Sandinista regime.

Indeed, the unelected military of Nicaragua have a longstanding of ideological contempt for free, fai clusive, and competitive, democrati elections in their own country and neighbors'.

Although 1 month before they achieved power in 1979, the Sandi leaders promised the Organization American States that they would h free elections after assuming powe they quickly reneged on that promi and have never shown the slightest uine inclination to implement it.

Early in 1980, the Sandinistas solidated their control over the Cou of State, enlarging it and packing i their own supporters to ensure a p nent majority. In July 1980, Sandi Defense Minister Humberto Ortega nounced that there would be no ne elections since the people had alre

" during the revolution. "Elec-
he ominously declared, "could not
d until the people had been 're-
ted.' "
he following month, in August
Humberto Ortega announced that
ns would be put off until 1985.
then, it was said, these would not
urgeois" elections—which I take
an the kind of authentically
ratic elections called for in the
dora objectives and in the Univer-
eclaration of Human Rights—but
e's" elections. Power "will not be
l off," insisted the Sandinista In-
Minister, Tomas Borge.
n August 25, 1981, Humberto
a remarked in a speech to the
y: "We have not promised the
ns that they (the bourgeoisie)
we are going to promote, and we
ver going to discuss power, as we
lready said on other occasions,
se this power was taken by the
through arms, and here the
of the people will never be ques-
."
ree years later, after enormous
ational pressure, national elections
scheduled for this coming
nber 4, in Nicaragua. But how do
litary rulers of Nicaragua conceive
se elections? Here is what a
er of the military junta, Bayardo
said in May 1984.

at a revolution needs is the power to
e. This power to enforce is precisely
onstitutes the defense of the dictator-
the proletariat—the ability of the
impose its will using the instruments
d, without going into formal or
ois details. From that point of view,
ctions are bothersome to us.

e same time, Comandante Arce
ted that following the certain San-
a victory in the November elec-
the Sandinistas would remove the
le of political pluralism" and
ish "the party of the revolutionary,
ngle party."
view of all these antidemocratic
ments emanating from several *com-
ntes*, no one should be surprised
the November 4th "elections" in
agua turn out to be a farce in-
le of deceiving even those few who
arbor hopes that the *comandantes*
urn out to be the genuine demo-
after all.
low can these elections be deemed
cratic? Who can claim that they
ly with Contadora? To put it sim-
onditions for free and fair elections
caragua do not exist. All the news
a are controlled by the Sandinistas
with the exception of the newspaper *La Prensa*, which is routinely censored, and the radio of the Catholic Church, which is forbidden to broadcast political material. There is evidence that the draconian military draft is being used as a means of intimidating supporters of the political opposition. The electoral council created to administer the elections is completely dominated by members of the Sandinista Party. Vigilante mobs—the infamous "turbas"—have been encouraged to, and do intimidate the opposition. And the most representative elements of democratic opposition simply are not being allowed to participate in the elections. The principal opposition alliance, the Coordinadora Democratica, had asked to have its candidates placed on the ballot, but only if certain essential conditions were met. These included commonplace conditions for democratic contests such as: an end to press censorship, suspension of martial law, separation of the state from the Sandinista Party, and an amnesty law to allow all Nicaraguan citizens to participate in the electoral process. The conditions were refused, and the Coordinadora, not wishing to be a part of a farcical election, refrained from registering for places on the ballot.

Religion and Human Rights Under Sandinista Rule

Many other aspects of the situation in Nicaragua are gravely at odds with the Contadora objectives of regional peace, social well being and internal democracy. One of these is intense religious intolerance. The Roman Catholic Church, of which a majority of Nicaraguans and other Central Americans are members, is suffering persecution. Faithful clergymen are being intimidated by the violence of "turbas divinas;" even Pope John Paul was rudely mocked by Sandinista operatives when he visited Nicaragua last year. When the military regime summarily expelled 10 Catholic missionary priests from the country in July of this year, the Archbishop of Managua, Monsignor Obando y Bravo, remarked: "We want to state clearly that this government is totalitarian. . . . We are dealing with a government that is an enemy of the Church." The Archbishop of San Jose in Costa Rica, Monsignor Roman Arrieta, received the expelled priests into his country in a poignant ceremony and declared: "There were still in the world men and women of good will, who did not believe a totalitarian regime had enthroned itself in Nicaragua. Now those people know the truth."

The Nicaraguan delegation is fond of quoting *The New York Times* in their statements. Let me also quote from the *Times*. Just today the *Times* carries a front page article quoting Nicaraguan Bishop Pablo Antonio Vega's statement that, "It is said and repeated that all these calamities and wars are caused only by foreign aggression of an imperialism that is the enemy of humanity. The people, for their part, ask: To what imperialism belong those who impose a regime that plunders, jails and issues constant calls to arms? Who has decided this? Who has made the choice to move from one system to another . . . ? . . . Why do they wish to impose by force and deceit, ideologies which, good as they may be, are not accepted by the people? Why are we offered only new oppressions and more serious confrontations? Is this not the basic cause of our growing internal weakness?" Anyone that has followed Nicaraguan developments the last few years will have no difficulty answering those questions. Certainly, the Nicaraguan people have no doubts about how to answer them.

Minority religious communities in Nicaragua have also suffered under the Sandinistas. Virtually the entire Jewish community of Nicaragua has fled the country since the Sandinistas took over. Moravians and evangelical Protestants, who make up a large proportion of the Miskito Indian population, are also being persecuted.

My delegation has addressed this Assembly before on the matter of the gross violations of human rights committed by the Sandinistas against the Miskito, Sumu, and Rama tribes of indigenous peoples of Nicaragua's Atlantic Coast. These Sandinista practices, including forced relocation into concentration camps, destruction of villages, homes and livestock, and violence against civilians, have elicited the grave concern of the Inter-American Commission on Human Rights.

The militarization of Nicaragua under the Sandinistas is a concrete threat to the peace of the entire region. Since 1979, Nicaraguan-trained military forces have increased from 10,000 to over 100,000. This is an extraordinary level of militarization for a country with a population of only 2.8 million. Sandinista armed forces outnumber the combined armed forces of all of the other Central American countries.

Despite the Sandinistas clear anti-democratic intentions, their violations of human rights, their denial of social and political pluralism, their continuing subversion of neighboring countries, their frenetic arms buildup, and their harboring of thousands of foreign troops and advisers, the Sandinista regime shamelessly declares its support for Contadora and cynically proclaims its intention to sign the Contadora *acta* as it now stands. Of course they will. But then they will sign anything and promise anything that will perpetuate their power and privilege.

Conclusion

This expediency in the pursuit of power, this reliance on military means to dominate a resisting populace, this ostentatious fascination with military titles, symbols, and uniforms sadly reminds us of the era of military dictatorship the world had hoped Nicaragua had already transcended. Regrettably, this is not the case and that is why in recent weeks crowds of Nicaraguans that have perceived the real nature of the Sandinistas have been heard in the city of Corinto chanting the slogan, "El Frente y Somoza son la misma cosa" ("The Sandinistas and Somoza are the same thing").

The people are seldom deceived and the Nicaraguans are no exception. They see their Sandinista rulers living in luxury in former Somoza mansions enjoying privileges denied their fellow citizens and partaking of sumptuous meals when mothers see their children grow hungry for lack of milk. So it is not suprising that remembering the inequalities of the Somoza regime the Nicaraguans today shout that, "El Frente y Somoza son la misma cosa."

The people remember. Somoza repressed political freedoms; censored *La Prensa*; jailed, tortured, and murdered his political opponents; and generally intimidated the population into political acquiescence. But the Sandinistas today are doing exactly the same thing and, naturally, the Nicaraguan people have concluded that "El Frente y Somoza son la misma cosa."

Let the Sandinistas, too, remember. Let them remember the fate of Somoza because, if the long-suffering Nicaraguan people are equating the Sandinistas' Front with the Somoza regime, they are likely to take the same measures with the Frente that they previously took with Somoza.

[1]USUN press release 100 of Oct. 25, 1984. Introductory remarks omitted here. ■

Freedom of the Press: The Need for Vigilance

by Gregory J. Newell

Address before the Inter-American Press Association general assembly in Los Angeles on October 30, 1984. Mr. Newell is Assistant Secretary for International Organization Affairs.

It is a pleasure to speak to an audience with which one shares fundamental convictions and common values. Ours is a common belief in the freedom of the press and the principle that information should freely flow, even across national boundaries.

The Government of the United States is appreciative of the distinguished record of the Inter-American Press Association (IAPA). You have sought to unify the print media in the Western Hemisphere to combat threats to press freedom. You have gained the respect of this Administration.

We applaud the efforts of IAPA to intervene on behalf of imprisoned journalists. We also applaud your attempts to persuade those countries with press restrictions that they should lift such controls, or at least begin to lessen them. We applaud, too, the fact that you have sent delegations to Paraguay, Uruguay, Peru, and Argentina in recent years. Though the paper *La Prensa* in Managua remains subject to censorship, the editor gives credit to you for the fact that the Nicaraguan Government has permitted publication to continue. Your ongoing watchdog role of examining the status of press freedom in the Western Hemisphere every 6 months has had a restraining effect upon governments. Thanks to you, they do realize that the world would be informed of any restrictive actions.

As we are all aware, journalism is a dangerous profession. Your own president, Horacio Aguirre, was a fugitive from oppression. He has been a valiant warrior in the never-ending struggle against those who seek to use the press to aggrandize their governments—when they should instead pursue truth. There are other heroes in the press of the Americas: Pedro Chamorro, editor of *La Prensa* (Nicaragua); Stephen Schmidt, formerly of the *Tico Times* (Costa Rica); and Aldo Zucollilo, publisher of *ABC Color* (Paraguay), to name but a few. In 1983, according to Freedom House, 14 journalists were killed and 10 threa with death, 4 were kidnaped, 80 ar- rested, and another 24 were beaten saw their offices bombed.

UNESCO's Efforts to License the Press

Yes, journalism is a dangerous prof sion. But in the name of offering "p tection," there are those who are nc proposing measures that would put governmental noose around journali necks. More dangerous, however, is threat that this poses to the fabric democratic society. This is the real danger posed by the ill-advised cour that some seem intent upon pursuir various international organizations as UNESCO [UN Educational, Scie and Cultural Organization].

Despite the fact that the report UNESCO's own MacBride commissi strongly opposed the creation of sp privileges designed to "protect"—or count of the dangers inherent in an such licensing system—UNESCO c tinues, year after year, to include ir activities the preparation of studies the convening of conferences concer with the "protection of journalists"- mere euphemism for the licensing o journalists. Inevitably, as the MacB report pointed out, a regimen that fered "protection" to journalists wou require that somebody stipulate wh that would be entitled to that "prote tion."

Licensing of journalists is a viru that seems particularly to infect Lat America. There are at least 11 coun in the region so afflicted—that are favorably inclined toward the propo for licensing that have been current UNESCO for over a decade.

To review a bit of this history: t MacBride commission report of 198 soundly rejected licensing as a prote device. At a UNESCO conference in 1981—from which U.S., Canadian, West European representatives had originally been excluded—a plan to up a new international agency for th "protection" of journalists was advar Following a strong protest by the U. Department of State, four Western resentatives were finally permitted t attend. The plan had apparently bee derailed.

was there contemplated that an tional commission would issue in- onal press identity cards, but also ensure that correspondents m to accepted rules for profes- ethics." The Western group saw in proposals yet another attempt to journalists working abroad and other ploy by UNESCO to control reedom.

llowing the meeting, our mission s told UNESCO's Director l, Amadou-Mahtar M'Bow, that retariat's treatment of the issue ection of journalists had touched tive nerve in the United States. It e clear that this precipitated adop- the Beard amendment, a con- nal declaration that U.S. funding ESCO was to be cut off if the zation "implemented" certain pro- calculated to restrict a free press. rector General was informed that ntinuation of such behavior would t difficult for our government to that UNESCO was genuinely in- d in working constructively to im- relations with the United States. e Director General then promised l future meetings of this kind be open, and that if there is no among journalists for protection, West insists, then he would mend that UNESCO drop the idea otection" from its program.

t these proposals have not been d from the UNESCO program. ague-based International ization of Journalists (IOJ), which to represent 400,000 journalists l the world—though I suspect it ot speak for members of this at all—keeps pushing for "protec- UNESCO responds by including in ivities each biennium an accom- ing series of studies and con- es.

such program has yet come to n. But our central concerns re- he same. We obviously have not railed these activities, and we con- to wonder whether it is not just a r of time before like proposals are ck on the track—under a full head am.

ow we find an additional confirma- f UNESCO's unrelenting intent to ent the press—in "The World Con- e on Working Conditions and ity of Journalists," financially and gically supported by UNESCO, to be held in Mexico City, March 18–25, 1985. UNESCO's Secretariat, unreformed, seems to pay no attention to U.S. and Western sensitivities on this highly controversial matter.

A meeting to plan this conference was held in Geneva on July 5–6, 1984. The organizers of the 1981 conference appeared once again among the sponsors of the proposed 1985 conference: the International Organization of Journalists, FELAP (the IOJ Latin American affiliate), the International Catholic Union of the Press, UNESCO, the Union of African Journalists, the International Labor Organization (ILO), the International Committee of the Red Cross, and the Brussels-based International Federation of Journalists (IFJ). Of these, only the IFJ has a membership that includes Western journalists; Western journalists were otherwise excluded from planning meetings.

Our government has formally questioned the involvement of the ILO and the Red Cross in this conference. As an expression of our concern, I have written to and spoken personally with Francis Blanchard, Director General of the ILO, and have written and placed a call to Alexandre Hay of the Red Cross, to inquire as to their cosponsorship of this event. We also expressed our concerns to UNESCO at the recent executive board meeting in Paris. The American Newspaper Publishers Association has also represented to Mr. Hay that the Red Cross might prudently reconsider its sponsorship, in light of the history we here recall.

Although the last UNESCO general conference approved a meeting of experts to examine the working conditions of foreign correspondents to gain a better understanding of the difficulties they encounter, the agenda for the 1985 conference goes much further. It proposed to take up "responsibilities and ethical standards for journalists," "protection of journalists," "working conditions for foreign correspondents," and "implications of the new technology."

The sponsoring organizations appear to expect UNESCO to pay for preparatory studies on these topics, and, indeed, UNESCO supplied funding to hold a second planning meeting last month in Prague.

At this second meeting the agenda was modified to include the status, rights, and responsibilities of journalists (including definition of what constitutes a journalist) and the safety of journalists on dangerous missions. The items on new technology and working conditions for journalists were dropped from the agenda. FELAP, the Latin American affiliate of the International Organization of Journalists, is to prepare a paper on the protection of journalists. Is it merely coincidental that the same person who wrote a background paper for the 1981 UNESCO meeting is to write a paper for this meeting on the status, rights, and responsibilities of journalists? He is Hifzi Topuz, former director of UNESCO's Free Flow of Information Sector.

Is it only coincidental, too, that Danilo Aguirre, the Secretary General of FELAP—which, as an organization, is the principal organizer of the Mexico meeting—has indicated that protection of journalists should include establishment of a commission to issue identity documents to journalists—the very proposal that was rejected at the 1981 conference.

Finally, to note a third suggestive "coincidence," free press groups will again be excluded from voting status at the Mexico City conference, i.e., the representatives of FIEJ, IPI, WPFC, and IAPA will be able to attend only as observers.[1] The rationale given is that, since this is a conference on working conditions, only international *unions* are eligible.

On this rationale, presumably, the International Committee of the Red Cross was invited. It does have humanitarian concerns, but ought not lend itself to this unrelenting effort to "protect" journalists as NWICO [New World Information and Communication Order] advocates wish to "protect" them.

The fact that the UNESCO Secretariat has been involved in planning and financing the preparations for this meeting illustrates once again that the Secretariat is insensitive to the serious concerns shared by all who are here today. May I suggest that the Secretariat is more than merely insensitive. It is disdainful of our sensibilities.

UNESCO's active involvement in planning such as this constitutes a breach of the promises made to us by the Director General with respect to

nonexclusivity in composing meetings that deal with highly controversial issues. The Secretariat knows full well that UNESCO efforts aimed at licensing journalists under the guise of "protection" will be perceived by the United States as a direct challenge to our deeply held values and vital national interests.

NWICO's Dangerous Panaceas

UNESCO must understand, but appears not yet to comprehend, that its constant call for the establishment of a New World Information and Communication Order gives us great concern. The NWICO, frankly, however much it might be thought to embody legitimate aspirations, is based on fallacious assumptions and prescribes dangerous panaceas.

In the best known version of NWICO, submitted to the MacBride commission (of which the then-incumbent Tunisian Minister of Information, Mr. Moustapha Masmoudi, seems to be the principal author), there appear demands for:

- Regulation of the right of access of information;
- Definition of appropriate criteria to govern "truly objective news selection";
- Regulation of the collection, processing, and transmission of news and data across national boundaries;
- Imposition of duties and responsibilities on the media;
- Establishment of a supranational tribunal to monitor media behavior;
- Implicit limitations on the advertising and activities of transnational corporations; and
- Enforcement of a right of reply and rectification for alleged inaccuracies.

Were we to accept Mr. Masmoudi's version of an NWICO, we would be accepting the idea of state control over all news and over all information coming in and out of any country. We would thereby be sanctioning censorship, too—and this we will not do. We also mean to guard against lesser annoyances. As Ellie Abel, an insightful American journalist, puts it, any implementation of the proposed NWICO would create an unwanted "international nanny."

Higher standards of truthfulness, accuracy, and respect for human rights cannot be imposed by decree or by international regulation. To the extent they are lacking, they must come from the journalistic profession itself, as working journalists give honest effort, display enhanced sensitivity, and commit themselves to the attainment of their own praiseworthy ideals of fair treatment.

It is true that UNESCO has not yet implemented an international code of journalistic ethics, nor created a licensing system for journalists. And it is true that UNESCO resolutions have no force in law. Sanctions that UNESCO is tempted to validate, however, by constantly entertaining them in that forum, can lend respectability to actions that could be taken, with effect, by potentially repressive governments—as we have already witnessed.

U.S. Commitment to a Free Press

Let me reiterate the Reagan Administration's firm commitment to the values of a free press.

- We will reject any moves to give to nations a duty to control or supervise the media, making journalists comply with "standards" promulgated by intergovernmental agencies or by governments.
- We will oppose interpretations of an NWICO that could make governments the arbiters of media content.
- We will oppose false interpretations that would place the blame for communications imbalance on the Western media.
- We will oppose interpretations that seek to translate biases against our free market and our free press into restrictions on Western news agencies, advertisers, or journalists.
- We will strongly and actively courage others to do the same.

In sum: we will continue to defe these values, whenever and wherev they are challenged or put in jeopar

The uncompromising positions t by the Reagan Administration agai threats to the principles of a free p have been joined by the support of Congress, the concerned public, and private media.

These firm positions of the U.S. Government—together with that fo support for free flow of information rightly praised by President Reaga his September 24, 1984, speech to t UN General Assembly—will surely l some effect on deliberations in inter tional forums such as UNESCO.

As we are proud of your suppor the values of a free press in all the Americas, so are we proud of the g and fortitude of our own Thomas Je son, who, early in the history of thi Republic, stood forth in bold defens these values. He acted as he spoke– once, but again and again and again and with an effect for all time. His words and his deeds continue to ren us all that eternal vigilance is the p of liberty. We, too, must remain vigilant.

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[1]FIEJ—*Federation Internationale d Editeurs de Journaux et Publications;* IPI—International Press Institute; WPFC—World Press Freedom Commit

e Resurgence of Democracy Latin America

cretary Shultz's address before the al Assembly of the Organization of can States[1] and a news conference[2] silia, Brazil, on November 12.

surgence of democratic govern- n this hemisphere is a natural tion for mutual understanding proved cooperation. And I believe mmon strength will increase the consistently we apply our demo- principles—the more we provide overnment as well as free elec- nd economic opportunity as well tical competition.

e challenges are awesome. But ideas can be turned into great ements. This visionary capital of a is proof enough of that. And racy can help us to turn our st visions into achievements.

e can, I believe, show that m, social justice, and economic pment are mutually reinforcing t mutually contradictory as our nist adversaries claim. We can hat democracies can combat anti- violence such as terrorism and ics trafficking more successfully lictatorships or regimes that rely ce. And we can show that the th of democracy is the path to at home and abroad.

the last 4 years, counting all the ies of this hemisphere, almost one- of a billion people have voted in three dozen national elections in ntries. That is more people voting re elections in more countries than efore in the history of this phere.

his resurgence of democracy has oth qualitative and quantitative. tests determine whether elections enuine instruments of democratic ntability. They are participation, tition, and freedom.

Participation has increased atically in almost every country the 1960s. In some, the proportion lts voting has doubled.

Competition is also a steadily ening norm. From Argentina to nited States, from Grenada to dor, the choices offered voters have real ones.

• Freedom is the ingredient that makes participation meaningful and competition genuine—freedom from coercion and fear; freedom of speech and of the press; freedom of assembly; freedom to choose.

Because it fully expresses their interests and idiosyncracies, democracy protects the distinctiveness of our peoples and nations. It is a means of managing differences without depending on force. It is a means of enhancing individuality through freedom, and, therefore, democracy also creates powerful bonds among nations. Relations among democracies are more complex but more peaceful. Democratic governments listen to their peoples' voices, and agreements, once reached, have the strength that comes from popular support.

For much of the past generation, there has been a tendency to focus on what divides the peoples and nations of the Americas. We all know the refrains of division and doubt: north or south; poor or rich; Anglo or Latin; debtor or creditor; black or Indian; oil exporter or oil importer. Differences there are, but these litanies ignore more powerful realities: we are united by geography; we are united by the course of history; and we are united by choice—by the respect for individual decisions that are at the core of democracy and the secret of its success.

In short, democracy is a means of building strength out of diversity. The United States finds it easier to cooperate with nations that are democratic. And today, more OAS members are practicing democracies than ever before.

The Central American Conflict

Let me turn to the subject of ending the Central American conflict.

The apostles of the violent left preach that armed revolution is necessary to change society for the better. The apostles of the violent right answer that repression is necessary to preserve civilization. But the distinguished Peruvian novelist, Mario Vargas Llosa, is right when he reminds us that to believe that violence is unacceptable in Europe and the United States but is perfectly all right in Latin America or the Caribbean is to accept a shoddy and shameful double standard. No one should underestimate the capacity or the determination of all Americans to govern themselves peacefully.

For Central America, the democratic resurgence we are witnessing throughout the Americas is a particular source of hope. In the United States, Europe, and other industrial democracies, there is a new appreciation that democracy can help Central America to develop in peace and in accordance with its own interests. Liberals and Conservatives, Christian Democrats and Democratic Socialists—the fundamental political groupings of the West—have all been impressed by El Salvador, disillusioned by Nicaragua, favorably surprised by Guatemala, encouraged by Honduras, and continually reminded by Costa Rica.

The participants in the Contadora process have formally identified national reconciliation in a democratic framework as a requirement for an enduring peace in Central America. The agreed Contadora objectives underscore the need to defend democracy where it is threatened, to help build democracy where it does not now exist, and to resist the abridgment of democracy from whatever quarter. Recent treaty drafts reject terrorism, guerrilla activity, or any other usurpation of power outside a democratic framework.

But it is easy to proclaim one thing and to do another. This past September, the Nicaraguan Government announced that it was prepared to sign the Contadora draft at the very time that it was refusing to ensure that its elections would be free and competitive. In 1979, the OAS formally called for the holding of free elections in Nicaragua as soon as possible. We are still waiting.

We all know that good words will not guarantee that armed opposition groups will be integrated into a genuinely democratic political system. And we all know that promises will not be enough to guarantee that one nation is not a military threat to another. Promises will not reduce an already dangerous military imbalance that is constantly fed from outside this hemisphere. Credible verification and control mechanisms will be necessary to ensure that whatever is agreed will actually be implemented.

A workable Contadora agreement, one that does what has been proclaimed—credibly and verifiably—would be a benchmark for this hemisphere and for the world as a whole. The United States pledges its continued support to achieving such an agreement.

An example of the Contadora spirit at work is today's El Salvador. President Duarte's bold and courageous La Palma initiative represents the kind of skilled and democratic leadership necessary to move armed conflict toward peaceful resolution. It was possible because of the legitimacy of his government—based upon an electoral mandate and a governing consensus. It is a demonstration of how democracy can work to address the most pressing problems of society, even under the most difficult conditions. It can serve as a lesson for us all.

The Struggle Against Terrorism and Drugs

Let me turn now to the problem referred to by earlier speakers already of stopping the terrorists.

The struggle between civilization and barbarism—the leading 19th-century definition of the struggle for freedom—is today the struggle between democracy and terrorism. Democracy is civilization in the modern era. Terrorism is the new barbarism. Democracy builds. Terrorism destroys.

Whatever causes they profess, all terrorists have the same overarching goal: to impose their will by force and intimidation. Terrorism is not simply a new manifestation of traditional conflict. Terrorism is the particular enemy of democratic government.

Who, for example, is the target of the terror of Peru's Shining Path guerrillas? Is it poverty or oppression? No. It is Peruvian democracy. Today the automatic weapons of *Sendero Luminoso* are trained on President Belaunde and his democratic government; tomorrow they will be aimed at his elected successor.

Democracies have the moral authority and obligation to prevent terrorists from stealing their freedom. We must have the courage to stand up to the terrorists and defeat them without falling prey to their methods.

The United States will not be driven off a democratic course by terrorism, whether at home or abroad. We are increasing significantly our capabilities to defeat terrorism and to work closely with others in doing so. Last month, the U.S. Congress adopted several laws aimed at hijacking, hostage taking, and attacks against diplomatic missions. We have begun an antiterrorism training and assistance program for civilian agencies of friendly governments, paralleling those with friendly military forces.

But a greater multilateral effort is required. The OAS and its member states must act on this increasingly evident fact: that a terrorist or guerrilla attack on any democracy is an attack on all democracies.

Illicit narcotics production, trafficking, and abuse have much the same impact as terrorism—and there are cases of a lawless symbiosis between traffickers and terrorists.

Once considered mainly a "U.S. problem," drug abuse is spreading, cancer-like, throughout the hemisphere. Drugs are attacking families, communities, and societies that previously felt themselves immune. And the costs of drug abuse are real: lost productivity, escalating health and social expenses, and, most profoundly, the senseless waste of life.

The illicit narcotics industry breeds corruption and special influence, damaging the law and public institutions. The lure of extraordinary drug profits entices producers into an underground world that subverts legitimate businesses and threatens banking systems and national economies. And by increasing related criminal activities, drug trafficking weakens the entire social fabric.

Growing awareness of this enormous threat has led to important multilateral policy statements in Quito and Buenos Aires and at the August meeting of the Inter-American Economic and Social Council in Santiago. Illicit drug trafficking is one of the agenda items for this General Assembly. It deserves our serious attention and immediate action: to inform our publics, to increase cooperation among national narcotics control agencies, and to strengthen existing international institutions. Democracy requires a collective victory over the traffickers and their allies.

The Need for a Strong Judiciary

One way to fight the terrorists, the drug traffickers, and all who abuse human life and dignity, is to develop the capacity of our legal systems to render independent, fair, timely, and accessible justice.

Last summer, I received a letter from some private citizens who commented that: "If one really wants to support a process of consolidation of democracy . . . one simply cannot neglect . . . the third and most delicate of the powers of the state: the judicial power." I couldn't agree more. It is fundamental that in a democratic society all citizens have access to means for effective enforcement of their civil, political, economic, and social rights.

All the members of the inter-American system recognize the equ of all citizens before the law. All pr for an independent judiciary. This is part of our common heritage. Regre tably, what is proclaimed is not alw what is done. In many nations, the system lacks the capacity to assure the principles established by law are observed in fact. The problem varie from country to country, but each is fected, including my own.

The problem of imperfect justic not something we or any other nati can "solve." To be effective, the administration of justice must evolve stantly to stay in tune with social realities. We must give both immed needs and long-range institution-bui a prominent place among our conce

Each nation must make its own sions regarding its own judicial needs—and then sustain the commi ment to see them through. A numb governments are doing so. And thr regional cooperation, national decis makers can consult on approaches common problems; they can pool resources to achieve some aspects reform more effectively.

Last year's OAS General Assen established an inter-American prog for cooperation in legal developmer actively implemented, this program could be a useful mechanism for co sultations and technical assistance. U.S. Government has begun to cooperate with a number of govern ments and private organizations to port their efforts to improve the ac ministration of justice. We are rea do more. This is an integral compo of our support for the consolidatio democratic institutions throughout hemisphere.

Restoring Growth

Let me turn to the subject that we discussed yesterday, which I have headed here "restoring growth." A would start by saying that I felt my that our informal dialogue was a pl ure. The format worked well, the t people picked out to discuss under general economic heading were the ones, the discussion was good—a lo content to it—so I think we are in position to turn our ideas into achie ments.

Until just a few years ago, eco growth in this hemisphere was stea strong, and substantial. It is import that we remind ourselves of that,

e it shows what can be done.
hout the 1960s and 1970s, it
ed about 6% per year. This
nted real progress. But many
nvestment, and entrepreneurial
es remained. And although
ic savings were very important,
indebtedness grew very signifi-

the 1960s, capital inflow to Latin
a was largely official assistance
ign direct investment. In the
foreign capital came mostly in the
f commercial loans. Some of this
ncurred debt supported invest-
rojects with rates of return high
to justify the borrowing. Other
ent to build reserves. But con-
le borrowings were spent for con-
on, or some financed capital
When growth in the hemisphere
a halt in 1981, old debt became
to repay and new debt became
xpensive. By 1982, the burden of
g external debt became extreme-
y, and some countries were
to suspend payments and seek
luling.
are still adjusting to these
But the initial crisis has been
ed. In the past 2 years, over $70
n external debt has been
luled. Through such cooperative
and with the support of
teral financial institutions, orderly
g of debt has resumed in many
es. With private and government
s and creditors all playing a part,
rnational financial system has
more flexible and effective than
ad believed possible.
e major task now is to resume
ntial, sustained growth. An effec-
owth strategy typically requires
ral adjustments to bring govern-
pending more in line with govern-
evenue, to increase domestic sav-
nd to increase productivity.
e allocation of scarce resources
lemands on those resources are
g is politically challenging. Each
y must make the tough decisions
to stabilize and restructure its
ny.
r our part, we encourage private
s to continue to participate
ntly in lending and rescheduling.
rk with other creditor govern-
to reschedule official government-
ernment debt. At the same time,
rk with multilateral lending in-
ons to assist with immediate
ce needs and to promote
ary economic reforms. And we are ourselves growing steadily and keeping our markets open so that our trading partners can grow with us.

Latin American exports to the United States grew by almost $4 billion from 1982 to 1983, while they decreased to the rest of the world. In 1984, the United States will take an even greater share of Latin America's exports, almost $8 billion more than in 1983. The region's exports to the United States are up 18% for the first 8 months of the year, compared to the same period last year. We have supported this expansion through the Caribbean Basin Initiative, renewal of the generalized system of preferences, and our continuing strong commitment to open market policies.

But the good news on rescheduling of the debt and the good news on trade are not enough. Restoring vigorous and sustainable growth to the hemisphere will require both appropriate domestic policies in the debtor countries and continued infusions of capital.

Realistically, levels of official assistance, whether from bilateral or multilateral sources, will not rise much in the years ahead. And it is clear that commercial lending at the levels that prevailed in the 1970s is not in the interest of the banks or the borrowers.

The conclusion is inescapable: the capital required to sustain new growth will have to come from somewhere else. That means greater investment flows and voluntary conversion of debt capital to equity capital. Inducing greater domestic savings and the return of flight capital—there is a huge amount of capital that has fled and it can be attracted back—of the past decade will be fundamental. So also will be foreign direct investment.

With respect to foreign investment, moreover, the inescapable conclusion happens also to be beneficial: in hard times, the costs of investment, serviced by profits, are lower than the costs of debt capital. Debt must be serviced in bad times as well as good; remittances from investments occur only if there are profits to remit.

Investment, especially foreign direct investment, also provides more than financing: it develops human resources through training and education; it provides access to technology and linkages to international export markets; it increases domestic marketing know-how; and it often generates domestic investment in linked industries.

Governments make the rules under which investors operate. Investors base their decisions on their calculations of likely risk and likely return. The challenge is to attract foreign direct investment in the face of stiff competition for international economic resources.

It will take political courage and determination to develop a competitive position. Internal adjustments—as well as international cooperation—are essential. International efforts cannot substitute for sound domestic political and economic leadership. International cooperation can supplement effective local leadership; it cannot replace it.

Let me take a moment to add a point about stereotypes. I have noted the dangers of the old intellectual prejudices that political violence inevitably prevents democracy in Latin America and the Caribbean. I will be just as straightforward about outmoded views in the economic sphere.

There is little argument that foreign investment provides varied benefits compared to the burdens of borrowing. But there is still a bias against private foreign investment. It exists throughout the hemisphere, including in the United States. Fear of "economic imperialism" is part of our intellectual baggage, and in recent years, it has often been equated with fear of the power of multinational corporations.

Nations rightly defend their sovereignty and independence. The ability to devise policies, laws, and regulations affecting foreign trade and investment is an obvious attribute of sovereignty. Today, however, this is not the issue that it once was. Most multinational companies have learned to take into better account the social consequences of their actions and to adapt to host country circumstances and policies. Most governments, meanwhile, have learned how to develop rules and how to enforce them.

If anything, today it is the private companies, the potential investors, who are concerned about the difficulties of operating in the face of restrictive rules enforced by government bureaucracies with little understanding of production or marketing requirements.

If we are to put into practice what we proclaim about growth and equity and a better standard of living, we all have a responsibility to modify or discard stereotypes that are no longer germane. Today, attracting both domestic and foreign investment can be a route to more freedom and independence rather than less. It is an essential part of any strategy for restoring growth.

OAS and the Future of the Western Hemisphere

Finally, I would like to share a few ideas about the future of this hemisphere and of this organization.

The OAS has the potential to be more than the sum of its parts because it can unite diverse elements in common action. It has an enviable record: of peacekeeping, of promoting human rights, and of technical and other cooperation for development. Today, with more than 90% of the people of this hemisphere living in democracies or in countries that are clearly in transition to democracy, we are closer than we have ever been to realization of a common ideal—a hemisphere that is democratic 100%.

In the expanding complexity of hemispheric relations and opportunities, the OAS cannot deal directly with everything. But this institution is our common ground, the setting for many of our discussions, and the repository of important common hopes.

The unanimous election of Ambassador Baena Soares as Secretary General augurs well for the future of the OAS. My colleagues and I are looking forward to continued close cooperation with him, and with delegates from all member states, to help make the OAS a more effective instrument for cooperation throughout the hemisphere.

Soon after taking office, the Secretary General committed himself to "revitalize" the organization, to instill a new spirit, and to engage it more effectively in hemispheric affairs. The United States supports those aims. We are all aware that, like any other institution, the OAS must adjust to changing times.

Changes in the hemisphere and in the organization's membership have made clear, for example, that we need a new definition of burdensharing for the organization's budget. Secretary General Baena Soares has had the courage and the initiative to declare publicly that the present system, adopted in 1949, demands revision. Previous general assemblies have underscored the need for the OAS to set up its own quota system. The United States will contribute in every way possible to a solution. Toward this end, we will seek an increase in our voluntary contributions for OAS technical assistance programs.

This organization, like any other, depends on the quality of the effort put into it. As sovereign nations, our effort will reflect the nature and quality of our governments. Good government in trying times is not easy. It requires political courage and statemanship. It requires care and persistence.

But people respond to leadership that is principled. They will support statesmen with the courage to prosecute drug traffickers and to oppose terrorists for what they are. And they will support governments that create real jobs by releasing the productive power of private initiative.

Democracy offers the fairest and best means for choosing leaders with these qualities. This more-democratic-than-ever OAS has a better-than-ever chance to help us realize together the promises of this new world. Let us proceed.

NEWS CONFERENCE, NOV. 12, 1984

First I'd like to thank the Government of Brazil for their warm welcome to me and my party and, in particular, I had the privilege of a private meeting with President Figueiredo and was able to extend to him President Reagan's greetings and compliments on his efforts in leading Brazil into democracy. I also had the privilege of meeting with each of the presidential candidates and an interesting evening with leading Brazilians. As a person who's been here many times, I was very pleased to get the feel of Brazil now as more like it used to be, as a country who thinks the future belongs to it, and that was very welcome. So I was very pleased to have a chance to visit with my Brazilian friends on the occasion of the OAS meeting.

Q. You met—you breakfasted this morning with ministers from four nations in Central America and then you met individually with Ministers from Mexico and Colombia. We understand that there are bilateral negotiations going on just now. What can you tell us about the prospects of peace in Central America, and specifically what role you have played in the events here?

A. In addition to the meetings you mentioned, I've also had a chance to chat with the Foreign Minister of Venezuela, the Foreign Minister of Panama. I've had a chance to see quite a variety of people. These are meetings that I've held typically in New York, or Caracas, or Washington, or wherever we happened to be meeting, and we reviewed the situation. I think from our standpoint, and theirs as well, we reaffirmed the importance of the Contadora process, the importance of trying to find a regional solution to the problems of peace and economic development, democracy, justice, here in the Cer American region, and there are dif ficulties, people are discussing thei insofar as the United States is con cerned, our effort is always to try a constructive part of the process.

Q. Just to continue the quest my colleague—I would like to kn why you met the four ministers o Central America and you didn't n the delegate from Nicaragua, and its delegate had said just about h an hour ago that still Nicaragua awaits for an invasion by the Uni States. I'd like to know what you to say about those two questions

A. The fears of invasion seem self-induced on the part of Nicarag based on nothing, and I don't know they are doing this. Obviously they trying to whip up their own popula but I can't imagine what the reaso for wanting to do that. So I can't s any light on that. I might say that certainly a problem in the region t they continue to import heavy Sovi mament as we saw last week, but as the invasion fears are concerne seem to be a self-inflicted wound o part of Nicaragua. I recall to you t Comandante [Daniel] Ortega went United Nations in New York and predicted an invasion, I think arou tober 15 or something like that, so long in the past, so I don't know w further to say about that. As far a meetings are concerned, we have scheduled as many meetings as we could, the time is rather limited, a did want to concentrate and have chance to meet with my friends in as well as OAS ministers. Howeve have an active dialogue with Nicar It was initiated some time ago whe went to Managua and which has be carried on through seven or eight meetings now I guess by Ambassa [Harry] Shlaudeman with further meetings scheduled, so there is a dialogue going on there.

Q. The Yugoslav News Agenc repeating the report in the *Times* day that you may be going to Mos in January. Can you tell us how f that is, what the purpose of the t would be, and what the prospects for improving U.S.-Soviet relatio

A. They must know something don't know.

Q. Today in your speech you r red to certain prejudices that peo have about multinational corporat especially in terms of their creati problems that make it difficult fo debtor nations to develop, and I'd

vhether in your meeting today e President of the Republic [of President [Joao Baptista de] Figueiredo, did you have an nity to bring up this matter m? Did you discuss this ques-d, in particular, did you discuss stion of the informatics in-n Brazil?

didn't bring up and we didn't ut the role of multinational cor-s, but I do think it is a very con-e role and tried to point out the developing aspects of it in ch. There has been a great deal ssion of informatics during my ons with the Brazilians and it's ersial here, although I guess in it was rather lopsided, totally . But from my standpoint, as I e it, I think that it's a mistake ntry to seal itself off from the developments going on in infor-echnology.

On the eve of the meeting of anization of American States Lucia, the United States he word around that ua was going to be receiving s. Now we see that just prior olding of the Organization of n States meeting here in , the United States started g the word that Nicaragua e receiving MiG-21s. Don't k that this is sort of an old propaganda, and don't you at it is something that perhaps be retired?

What ought to be retired is the emonstrated large-scale effort to the level of armaments in this and there have been numerous nts made by the Nicaraguans eir desire for advanced aircraft, type, and from the standpoint nited States we watch these very carefully. So I think what be retired is this incessant of armaments and armed forces agua that are way outsized for tral American purpose.

would like to turn your atten-the question of Chile. Over the ek the state of siege has been ced, the press has been cen-freedom of assembly has been d. What is your reaction to as happened and have you d to communicate this reaction ral [Augusto] Pinochet [Presi-the Republic of Chile]?

A. I love Chile and its people, its vibrancy, and it is sad and disappointing to see the developments that you refer to, and they are very disappointing to us, and I'm sure that General Pinochet is well aware of that fact.

Q. About a week ago *The Washington Post* and some others in the print media printed a summary of what they said was a leaked Administration memo which suggested that the Administration was orchestrating opposition to the Contadora draft agreement among the Core Four Central American countries, and furthermore that the Administration was orchestrating world opinion to discredit the fairness of the Nicaraguan elections. Will you comment on the accuracy of those stories and of that memo?

A. I don't comment on leaks other than to wish I would know who did the leaking so I could wring his or her neck and escort them out of the government. Now as far as the subject matter is concerned, the United States has worked quite hard in support of the Contadora process for a long time, and we have appointed a special Ambassador, initially Senator Richard Stone, and now Ambassador Shlaudeman, to work on that full time, people of great talent. The *acta* that was tabled, I think last June, we looked at and others looked at, and I think that the general consensus was that it didn't meet the problem, and in fact the Foreign Ministers of the Contadora countries themselves meeting in Madrid about 2 weeks or so ago issued a statement saying just that, and that further work was necessary. So it was not simply an opinion of the United States, it was a general opinion that a lot of progress had been made but further progress was necessary if we are going to get to the kind of document that we want. And the second part of your question was what?

Q. It also suggested that the United States was orchestrating world opinion—

A. On Nicaraguan elections. No, there was not any need for that at all. It was quite obvious to everybody that the, what it was called, an election, was not an election. It was more like a plebiscite, and I think that this is a very generally held view, and that is certainly my view, and I don't hesitate to say it. But you have a situation where the leading opposition candidate, Arturo Cruz, meeting in Rio with a member of the Sandinista Directorate, comes to an agreement on suitable election conditions, and they back off. And then when Mr. Cruz or another credible candidate holds a rally, the Nicaraguans having pledged themselves to freedom of assembly, an absolutely elemental thing for any kind of democratic operation, the rally is broken up by the government as the people come to it. I don't think you can say that you have anything approaching a democratic election. And it doesn't take the United States to orchestrate opinion on that.

Q. I have a feeling that I got a very fair understanding about what you said about this alleged possible invasion of Nicaragua. According to you this is really an invention by Comandante Ortega, and in fact Comandante Ortega lied at the United Nations and this information about this alleged invasion is actually groundless. This is a very comforting and reassuring information that you bring us because we have been fearful that Nicaragua might be invaded much as Grenada was invaded. I would like to know whether I did indeed hear you right and that I understand you correctly and would you please elaborate a bit on this point—are you saying that Nicaragua will not be invaded?

A. Comandante Ortega said that they would be invaded around October 15 and they were not. I didn't say he lied, I just said he made a statement on the basis of what, I don't know. There is nothing in the planning or discussions of the U.S. Government that would lay any basis for that whatever. So he was wrong. The same as the case right now about all of these alleged plans that the Nicaraguans are talking about.

As far as Grenada is concerned, let me remind you that you had blood running all over the country. You had chaos. You had a lot of American students there, and you had the surrounding states as part of a treaty operation of their own pleading with the United States to help them right the wrongs in their region. And I think it is to the President's everlasting credit that we responded and responded quickly and decisively. And I'm sure that if he had to do it all over again he would.

Q. [Through an interpreter] He feels that the Secretary did not respond to his question as to whether Nicaragua was going to be invaded or not. And I would like to know if the Secretary can give this guarantee or not? That was the thrust of his question.

A. I think I have answered it, so I'll take the next question.

Q. If the United States is so upset about Soviet arms shipments to Nicaragua, what does it plan to do about it? And just as an afterthought question, what did you mean by "favorably surprised" by events in Guatemala?

A. As far as the events in Guatemala are concerned there was an election that came off very successfully in the middle of the year, in July I believe, and there are plans for further movements in the direction of democracy. I have had the privilege of discussing them with General [Victores] Mejia [Guatemalan Chief of State] as well as Foreign Minister [Diaz-Duran] Andrade and I think those are very encouraging developments and that's what I was referring to. And the first part of your question again?

Q. If the United States is so distressed about Soviet arms shipments—

A. What are we going to do about it? Well, in the first place we have to help our friends put themselves in the capacity to resist the aggression that comes from those arms, and we have been doing so, and I believe that we have been doing so in a program that has looked toward open and democratic society, the rule of law, economic development and a security shield against the aggression that has been launched from Nicaragua against its neighbors. And that program is increasingly successful, particularly as evidenced in El Salvador with the election of President [Jose Napoleon] Duarte, increasing strength of the Salvadoran military and now the dramatic move toward peace by President Duarte. So what we are trying to do about it is discourage these shipments, to make more and more difficult for them to be used against the neighbors of Nicaragua and to work in every way that we can cast this aggressive and subversive influence out of our hemisphere.

[1]Press release 251 of Nov. 13, 1984.
[2]Press release 250 of Nov. 14, 1984.

Central America: Agriculture, Technology, and Unrest

The following paper was prepared by Dennis T. Avery of the Bureau of Intelligence and Research in May 1984.

Summary

The current unrest in Central America[1] is not agrarian led, but it reflects rural pressures. Historically, Central America's small farmers (*campesinos*) have taken an active role in armed conflict only when their standard of living has been threatened directly. Rural population growth and cotton expansion currently combine to threaten the *campesino* lifestyle. Guerrilla groups have intensified the problems of unrest by deliberately trying to catch the region's rural population in political and military crossfire.

A key factor causing the unrest is the sharp increase in rural populations, which have more than doubled since 1950. Crop yields on the region's small traditional farms have been stagnating, while the land has been farmed more intensively with less fallow. As the father's 3-hectare farm has been subdivided among the three sons, *campesinos* have become increasingly concerned about how they will feed their families.

The rural population explosion and declining per capita food production explain the strong correlation between cotton production and political destabilization in the area. Cotton plantings expanded rapidly in the 1950–70 period in El Salvador, Guatemala, and Nicaragua. At first cotton was welcomed to lo elevation tropic areas; new pesticid helped control both malaria and co pests. Over time, however, cotton displaced *campesinos* and their sub sistence crops, and cotton employm was cut sharply by increased use o chemicals and machinery. Cotton i creasingly seen to enrich the uppe classes while it disadvantaged the poor. (Previous export crops in th region had been more labor intens

Land reform is helping gain ti the political process. It is an impo policy element in both El Salvador Nicaragua. Land reform cannot so the basic population/food producti equation, however. Even the conv to food production of all land now port crops would ease the food pr only temporarily. Moreover, the lo sugar, cotton, and coffee export e ings would worsen the foreign exc crisis.

Ultimately, the Central Ameri economic problem can be solved o through sharply increased yields o food crops and export crops, along development of the nonagricultura tors. Without such progress, most Central America will remain despe poor—especially if population gro continues at a rapid rate.

Central American Population
(thousands)

	1950	1950 Rural	1980	1980 Rural
Costa Rica	858	472	2,213	797
El Salvador	1,940	1,232	4,797	2,826
Guatemala	2,962	2,014	7,262	4,067
Honduras	1,401	1,177	3,691	2,325
Nicaragua	1,109	751	2,733	1,202
	8,265	5,636	20,696	10,837

Sources: Total population figures are 1980 UN estimates. Rural population figures are derived from Food and Agriculture Organization (FAO) estimates of the proportion of each country's population in rural areas.

Background

Central American unrest has been tributed to a number of causes. Th rigid social structure with its divis between Europeans and Indians h

ered continuing broad resent-
Much of the region's modern
has been dominated by
arian regimes with relatively lit-
ern for finer points of human
Nevertheless, such problems are
ead in the world and do not
ily produce revolution.
nist-supported leftwing
nts in Central America have
liscontent but, without rapid
on growth, might not have been
generate a civil war. Population
and the expansion of cotton
's are the factors that have
conomic and social pressures to
n point in the last decade.
population of Central America
o grow rapidly in the 1930s as
vaccines, and hygiene lowered
h rate from such diseases as
smallpox, and dysentery. Death
ve continued to decline, while
tes have fallen much more slow-
veen 1950 and 1980, population
more than 150%, from 8.3
o 20.7 million.[2]
Salvador's population has risen
out 2 million in 1950 to 4.8
n 1980 (see table on El
r's Population Growth).[3] The
pulation has grown nearly as
from 1.2 million to 2.8 million.
ador's natural growth rate prob-
ked at some 3.3% in 1965, but
is still high—an estimated
nd a very large proportion of
lation is young and fertile. El
r's total fertility rate dropped
ntly from a peak of 6.9 births
nan over her lifetime to about
ns per woman toward the end of
)s—but this was still nearly
nes the "replacement" level that
ean population stability
ed at 2.1 births per woman).

tural Development

Columbian times, the Indians of
America practiced shifting
on around their villages. As the
of a field declined, a new one
ared and the old one left to
. The Mayan culture flourished in
ic lowlands. These areas were
gerously unhealthy until the Con-
res brought malaria, foreing the
ulture to concentrate in the
levations. The European col-
eveloped a few large plantations
uce such export crops as indigo
hineal (for dyes), and these plan-
coexisted with the Indians' shift-
ivation.

El Salvador's Population Growth

	Birth Rate (per 1,000 population)	Death Rate (per 1,000 population)	Natural Increase (percent)	Fertility Rate (lifetime births per woman)
1950–55	48.8	20.4	2.8	6.5
1960–65	47.4	15.3	3.2	6.9
1965–70	44.9	12.8	3.2	6.6
1970–75	43.2	11.1	3.2	6.3
1975–80	42.1	9.4	3.3	6.0

Source: 1980 UN estimates.

After 1850, coffee became a major export crop, working profound changes on the region's agriculture. Permanent tree plantings necessitated permanent title to and control of the land. The highland slopes and valleys between 500 and 1,500 feet elevation were enclosed, and formal titles were issued. Few of the titles went to Indians. Coffee was a labor-intensive crop, however, and the coffee planters needed workers. Sugar and bananas, which also emerged as important Central American exports in the 19th century, were seasonally labor intensive.

The planters and the *campesinos* reached an uneasy truce in which the workers needed on the plantations year round were given plots for subsistence crops on the outer reaches of the plantations. *Campesinos* who had small farms in the more rugged areas generally did seasonal wage work on the plantations. Neither big nor small farms achieved high productivity. The *campesinos* lacked knowledge and capital. The large landowners seldom managed their farms intensively; much of their valley land was left in pasture or fallow.

Rising Pressure on the Land Base

In recent decades, the rising population has put more and more pressure on the arable land (see table on Distribution of Cropland by Commodity). While the number of people was increasing 150% the supply of arable land expanded less than 50%. Some pastures were converted to crops, and there were some small government programs to colonize undeveloped areas. But the region's relatively primitive food-production sector has been unable to support adequately the huge population increases. In El Salvador, the per capita ratio of arable land ***not in export crops*** has dropped from .19 hectare to .08 hectare.

A declining ratio of land to people is not unusual. In most parts of the globe, food availability can be sustained—or even improved—through increased yields and/or commercial imports. In Central America, food production has been largely left to the tiny farms of the traditional sector, where yields have been stagnant or declining. The farmers typically grow subsistence crops for their own families and possibly, on their best land, some wheat for sale. If good weather gives them a surplus of corn or beans, these products can be sold. The traditional farmers make little use of fertilizer, pesticides, or high-yielding seeds.

To compound Central America's difficulty, the region's off-farm economic performance has continued to be poor. The rates of gross national product growth looked healthy during the 1960s and 1970s, but much of that growth was still tied to agriculture—specifically to expansion of cotton and cattle exports and to relatively high prices for coffee and sugar. As recently as 1970, El Salvador reported only 25,000 factory jobs not tied to agriculture. Thus the region is in a poor position to make up for its land scarcity with increases in either food production or imports financed by nonfarm exports.

Central America's population is expected to continue growing for decades, so the land/person ratios will continue to worsen. Some countries, especially Guatemala and Nicaragua, still have

Distribution of Cropland by Commodity

	Arable Land	Coffee	Sugar	Cotton	Food Cropland (residual)	Food Cropland Per Capita
		(1,000 hectares)			(hectares)	
Costa Rica						
1950	353	51	23	0	279	.325
1979	490	83	48	12	347	.16
El Salvador						
1950	546	0	103	19	424	.22
1979	710	37	180	102	391	.08
Guatemala						
1950	1,438	111	0	2	1,325	.45
1979	1,810	248	74	122	1,366	.19
Honduras						
1950	810	63	14	0	733	.52
1979	1,757	130	75	13	1,539	.42
Nicaragua						
1950	769	56	0	17	696	.63
1979	1,511	85	41	174	1,211	.44

Cropland Sources: FAO.
Population: 1980 UN estimates.

fairly large tracts of undeveloped land. This raw land is expensive to develop, however, because it lacks roads, schools, farm supply firms, and all other forms of infrastructure. Some efforts at colonization have been made, but productivity has been lower than expected and costs higher. Only when high profits for export crops (e.g., cotton and bananas) have lured substantial private investment has Central America been able to develop additional land quickly.

Only about 14% of the region's arable land is in export crops, so the problem cannot even be solved for any length of time by shifting land from the export sector to food crops. Moreover, eliminating export crops would cut off foreign exchange earnings, and it is imports of the fertilizers and pesticides which have helped to make the export sector more productive.

The Cotton Invasion

DDT and other modern pesticides freed Central America's tropic lowlands from malaria during the 1950s, and at the same time made it possible to grow cotton in regions highly favorable to insect life. The Pacific Coast lowlands of El Salvador, Guatemala, and Nicaragua with their deep, rich, volcanic soils proved ideal for cotton. Cotton varieties developed in the United States grew taller and yielded more heavily than they ever did in the United States. Cotton demand was relatively strong in that period, and Central American land values were low. Plantings expanded rapidly from fewer than 50,000 hectares in 1950 to 273,000 in 1960 and more than 400,000 in 1979.

At first, the new crop seemed a great boon to the region (see table on Central American Cotton Plantings). Banana production had been cut back by disease, and coffee earnings had been disappointing. Cotton exports, negligible before 1950, reached $37 million in 1960 and jumped to $420 million in 1979. In the early cotton years, the benefits seemed relatively widely shared. Most of the land was prepared by tractors and the cotton was machine planted, but thinning and weeding were done by hand, providing work for thousands of people. Picking, the biggest job of all, also was done by hand. The cotton in most of the region grew so tall that mechanical pickers had trouble getting through it. With hand picking, the cotton could be harvested several times, and both yields and fiber quality were higher.

As cotton production expande drew more workers and their fami from the less-favored areas. Often cleared plots for their food crops r the cotton fields. Sometimes the la owners encouraged this developme fering the workers temporary use land in return for clearing more. T system worked well—until cotton occupied all of the available cropla the area and displaced the *campes* crops.

Technology began gradually to displace labor in the cotton fields. Earlier Central American export c had all been labor intensive. But n herbicides, rather than *campesinos* hoes or machetes, could keep dow weeds in the cotton fields. In Nica even the picking began to be mech on the larger farms; mechanical pi ultimately harvested about 40% of country's crops. The *campesinos* w losing both cropland and jobs to th ton technology.

There are no hard numbers on displacement in Central America's ton fields. In the United States, however, cotton's labor requireme dropped from about 300 work-hou bale in 1915 to fewer than 150 in t 1950s and then to 30 in the latter It seems reasonable to conclude th labor requirements in Central Am cotton fields followed a similar tre particularly where the fields were harvested by mechanical pickers.

The cotton income distribution lem was exacerbated because the l profits from cotton were going to entrepreneurs and landowners. Ar because these classes found little o what they wanted to buy among C America's manufactures, an abnor large share of the cotton income w spent overseas. Little was investe build a stronger economic base wit Central America.

The cotton revolution was only of the major impacts on Central American agriculture during this p Cattle production, for example, wa creasing in response to strong wor mand for meat and despite cotton pansion in some of the traditional ing areas. Some *campesinos* and th food crops were displaced by grazi cattle.

No other factor in Central Am however, seems to correlate so str with destabilization of governments the expansion of cotton. It is impos to say just how many *campesino* w hours were displaced by cotton. It i even certain that the countries wou

n better off without cotton. Cot-
dd importantly to export earn-
government revenues in the
nd did boost regional productivi-
he combination of displacement
eased disparity of incomes—or
even the prospects of the
g paths of the traditional and
ectors of agriculture—apparent-
l a significant part in the
ility of Central American states
al destabilization.

ontribution to Violence

n Central America has a reputa-
frequent violent changes of
ent, the region's revolutions
dom been led by agrarian
s. Small farmers seem to have
active role in armed conflict
n their standard of living has
eatened directly. The two most
istoric periods of *campesino*
have been: the enclosure period
tter 19th century, when com-
llage lands were deeded to in-
for coffee and sugar cultiva-
the Depression of the 1930s,
omes in the region were cut
nd sizable numbers of landless
n both the countryside and the
vaded" land on which to grow
ce crops.
ainly the declining land/person
put *campesinos* under severe
stress, and the current unrest
olve rural elements. Even so, it
m clear that the guerrillas have
trong, widespread support from
mers. In fact, members of the
errilla groups in Guatemala have
to pursuing a "foco" strategy
ving the rural residents in the
ruggle: They established bases
ic rural areas and launched at-
local garrisons and economic
The guerrillas say these actions
"educate the local populace to
rtunities for armed struggle."
tary often retaliated against the
ages, however, because the
s were far more difficult and
us to find, catching the
os both literally and figurative-
rossfire and turning many of
ainst the government.

mplications

America's real problem is how
y and feed its burgeoning
on. Land reform can buy some
l perhaps expand the base of

Central American Cotton Plantings
(hectares)

	1948–52 Avg.	1961–65 Avg.	1969	1979
Costa Rica	0	3	1	12
El Salvador	21	90	56	102
Guatemala	5	81	77	122
Honduras	1	7	6	13
Nicaragua	21	92	112	174

Source: FAO.

economic participation. It also may help achieve better income distribution, and this may lower tensions in the short run. In the longer term, however, income depends on productivity. Neither *campesinos* nor landowners have achieved outstanding productivity—nor have Central America's off-farm industries.

Central America's coups and revolutions have brought a wide variety of governments into power at various times. Some of them have been fully committed to such programs as widespread education, better health care, and capital investment in roads, railroads, and other infrastructure for economic development. Several administrations had "broken the power of the landowners" as early as 1871. Some of these efforts have continued over extended periods.

None of these efforts, however, has been able to overcome Central America's economic disadvantages: small labor and product markets scattered through rugged and relatively hostile geography, much of it in a tropical climate, in an environment of unrest and expropriation. Regional development has been closely tied to agricultural resources, even in modern times. There seems little hope that Central American agriculture can even continue to employ as many people as it has recently, however, let alone provide productive roles for the inevitable population increments that lie ahead.

Central America already is struggling with the need to increase food production; the lowest cost means will be improved technology. This modernization process usually has meant the emergence of a new class of farmers who are better educated and better equipped than traditional farmers. (Even fertilizer and higher yielding seeds displace workers when the productivity of farm labor is very low.) Central America seems destined to be caught in the productivity/employment dilemma that has troubled every emerging economy from the England of the Corn Laws to modern Mexico.

Because of continuing population growth, land reform by itself cannot be a permament solution to El Salvador's rural problems. Farming cannot provide sufficient employment for even the existing rural labor force. Many of the land reform beneficiaries in El Salvador will still be very poor even by Salvadoran standards. Most of them will have to supplement their incomes with part-time work, and the labor surplus almost guarantees that their wage work will be poorly paid. Only when Central America manages to absorb significant amounts of its labor surplus in off-farm jobs will it begin to resolve the problems resulting from new farm and health technologies.

[1]For purposes of this paper, Central America comprises Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

[2]UN estimates (see table on Central American Population).

[3]Political developments in El Salvador since 1980 have created substantial flows of refugees to other Central American countries and the United States. In the last 3 years, emigration (some of it presumably temporary) appears to have largely wiped out El Salvador's natural increase (i.e., the balance between births and deaths), currently estimated at about 2.9% annually. No long-term extrapolations should be based on this abnormal demographic situation. ■

November 1984

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

November 1–11
Deputy Secretary Dam visits Peru, Bolivia, and Argentina to meet with government officials to discuss economic, political, and social issues. Dam attends a meeting of the Atlantic Conference in Argentina Nov. 8–10.

November 1
President Reagan approves $45.1 million in emergency food assistance to the drought victims in Kenya, Mozambique, and Mali.

November 3
U.S. and Barbados sign a tax information exchange agreement allowing U.S. business representatives to deduct tax expenses incurred while attending business conventions, seminars, or meetings on the island.

November 16
President Reagan meets with Foreign Minister Yaqub Khan of Pakistan.

November 17
A U.S. Foreign Service national employee in San Salvador is murdered while walking along a street near the Embassy.

November 18–20
French Foreign Minister Cheysson makes an official working visit to Washington, D.C. He meets with Secretary Shultz on Nov. 19.

November 18–21
Malaysian Deputy Prime Minister Dato Musa Hitam makes a working visit to the U.S. While in Washington, D.C., he meets with Secretary Shultz on Nov. 20.

November 19–20
Ambassador Shlaudeman and Nicaraguan Vice Minister of Foreign Affairs Tinoco meet in Manzanillo, Mexico, for their eighth round of talks in support of the Contadora process.

November 19
U.S. pledges $67 million to the United Nations Relief and Works Agency for 1985.

November 22
U.S. and Soviet Union agree to negotiations for reaching "mutually acceptable agreements on the whole range of questions concerning nuclear and outer space arms." Secretary Shultz and Soviet Foreign Minister Gromyko will meet on January 7–8, 1985, in Geneva.

November 24
Italian authorities arrest seven Lebanese suspected of planning to bomb the U.S. Embassy in Rome. The suspects are believed to be members of the Islamic Jihad organization, the group responsible for bomb attacks against U.S. installations in Lebanon. One of the suspects carried a map of the U.S. Embassy.

November 26
The following newly appointed ambassadors present their credentials to President Reagan: Tommy T. B. Koh (Singapore), Carlos Tunnermann Bernheim (Nicaragua), U Maung Maung Gyi (Burma), Kjell Eliassen (Norway), Mohamed Sahnoun (Algeria), and Mario Ribadeneira (Ecuador).

State Department acting spokesman Romberg confirms that the number of U.S. personnel and dependents at the U.S. Embassy in Bogota, Colombia, is being temporarily reduced as a security measure.

A car explodes on the street behind the U.S. Embassy in Bogota. One passer-by is killed and eight persons are injured. The Embassy building and cars parked on the compound receive minor damage.

November 28–29
Secretary Shultz meets with a Honduran delegation led by Minister of the Presidency Arriaga to discuss economic and security issues.

November 28–30
U.S. and Soviet Union hold talks in Moscow on nonproliferation of nuclear weapons and technology to other nations. Ambassador Kennedy heads the U.S. delegation.

November 28–December 5
U.S. and Cuban officials hold the third round of talks to discuss the return to Cuba of Mariel excludables and related migration issues in New York. Deputy Legal Adviser Kozak heads the U.S. delegation.

November 29
Secretary Shultz signs a public notice to extend the existing restrictions on the use of U.S. passports for travel to, in, or through Libya for an additional year.

Shots are fired at the U.S. Embassy in San Salvador. No damage or injuries are reported.

November 30
President Reagan meets with West German Chancellor Kohl at the White House.

U.S. and France sign an agreement to establish a new artist exchange program. ■

Current Actions

MULTILATERAL

Aviation
Convention on international civil aviatic
Done at Chicago Dec. 7, 1944. Entered
force Apr. 4, 1947. TIAS 1591.

Protocol on the authentic trilingual text
the convention on international civil avi
(TIAS 1591), with annex. Done at Buen
Aires, Sept. 24, 1968. Entered into forc
Oct. 24, 1968. TIAS 6605.
Adherences deposited: Tonga, Nov. 2, 1

Convention for the suppression of unla
acts against the safety of civil aviation,
at Montreal Sept. 23, 1971. Entered int
force Jan. 26, 1973. TIAS 7570.
Ratification deposited: Venezuela, Nov.
1983.[1]

Memorandum of understanding concer
scheduled transatlantic passenger air fa
with annexes, statement, and protocol
terpretation. Done at Paris Oct. 11, 19
Entered into force Nov. 1, 1984.
Signatures: Belgium, Denmark, Finlan
France, Federal Republic of Germany,
Greece, Ireland, Italy, Netherlands, No
Portugal, Spain, Sweden, Switzerland,
U.S., Yugoslavia, Oct. 11, 1984.

Environmental Modification
Convention on the prohibition of milita
any other hostile use of environmental
modification techniques, with annex. D
Geneva May 18, 1977. Entered into fo
Oct. 5, 1978; for the U.S. Jan. 17, 198
TIAS 9614.
Accession deposited: Democratic Peopl
public of Korea, Nov. 8, 1984.

Marine Pollution
Convention for the protection and deve
ment of the marine environment of the
Caribbean region, with annex. Done at
tagena Mar. 24, 1983.[2]
Ratification deposited: U.S., Oct. 31, 1

Protocol concerning cooperation in com
ting oil spills in the wider Caribbean re
with annex. Done at Cartagena Mar. 2
1983.[2]
Acceptance deposited: U.S., Oct. 31, 1

Pollution
Protocol to the convention on long-rang
transboundary air pollution of Nov. 13,
(TIAS 10541) on long-term financing of
cooperative program for monitoring an
evaluation of the long-range transmissi
air pollutants in Europe (EMEP). Done
Geneva Sept. 28, 1984. Enters into for
the 90th day after date of deposit of in
struments of ratification, acceptance, a
proval or accession by at least 19 signa
meeting certain qualifications.
Acceptance deposited: U.S., Oct. 29, 1

on on the elimination of all forms of
ation against women. Adopted at
k Dec. 18, 1979. Entered into force
1981.[3]
ns deposited: Bangladesh, Nov. 6,
uatorial Guinea, Oct. 23, 1984.
on deposited: Jamaica, Oct. 19,

RALS

nt relating to employment of de-
of official government employees,
ted note. Effected by exchange of
Canberra Nov. 5 and 9, 1984.
into force Nov. 9, 1984.

nt on investment insurance and
es. Effected by exchange of notes at
pr. 5, 1983, and Sept. 27, 1984.
into force Sept. 27, 1984.

nt for the exchange of information
ect to taxes. Signed at Washington
984. Entered into force Nov. 3,

nt concerning establishment of a
y station of the U.S Information
VOA) in Belize, with annexes.
Belize Sept. 20, 1984. Entered into
t. 20, 1984.

nt concerning the provision of train-
d to defense articles under the U.S.
onal Military Education and Train-
T) Program. Effected by exchange
at Cotonou May 15 and Oct. 15,
tered into force Oct. 15, 1984.

nt for the establishment and opera-
OMEGA navigation system signal
Signed at Washington and Santiago
nd Sept. 5, 1984. Entered into
t. 5, 1984.

nt concerning the provision of train-
d to defense articles under the U.S.
onal Military Education and Train-
T) Program. Effected by exchange
at Djibouti Oct. 9, 1983, and June 3,
tered into force June 3, 1984.

Republic of Germany
nt on cooperative measures for
g air defense for central Europe,
erstanding. Signed at Brussels
983. Enters into force upon notifica-
oth parties that their respective
requirements have been complied

Guatemala
Agreement extending the cooperative agreement of Oct. 22, 1981, (TIAS 10288) to assist the Government of Guatemala in execution of an eradication program of the Mediterranean fruit fly (MEDFLY). Signed at Guatemala Oct. 9, 1984. Entered into force Oct. 9, 1984; effective Oct. 1, 1984.

Israel
Agreement providing a grant for the economic and political stability of Israel. Signed at Washington Oct. 31, 1984. Entered into force Oct. 31, 1984.

Ireland
Treaty on extradition. Signed at Washington July 13, 1983.
Ratifications exchanged: Nov. 15, 1984.
Entered into force: Dec. 15, 1984.

Lesotho
Agreement for economic, technical, and related assistance. Signed at Maseru Oct. 17, 1984. Entered into force Oct. 17, 1984.

Madagascar
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government, with annexes. Signed at Washington Sept. 28, 1984. Entered into force Nov. 19, 1984.

Maldives
Agreement relating to trade in wool sweaters, with annex. Effected by exchange of notes at Colombo and Male Sept. 7 and 19, 1984. Entered into force Sept. 19, 1984; effective Sept. 29, 1982.

Mexico
Agreement amending agreement of Feb. 26, 1979, as amended, (TIAS 9419) relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters Oct. 30 and Nov. 6, 1984; entered into force Nov. 6, 1984.

Memorandum of understanding relating to public awareness of dangers of drugs on public health. Signed at Mexico Sept. 25, 1984. Entered into force Sept. 25, 1984.

Agreement extending the cooperative agreement of Oct. 22, 1981, (TIAS 10373) relating to provision of services to assist in eradication of the Mediterranean fruit fly (MEDFLY). Signed at Mexico Sept. 28, 1984. Entered into force Sept. 28, 1984; effective Oct. 1, 1984.

NATO
Memorandum of understanding concerning interconnection of NICS TARE network and US AUTODIN. Signed at Brussels Sept. 14 and 28, 1984. Entered into force Sept. 28, 1984.

Senegal
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Dakar Aug. 22, 1984. Entered into force Sept. 24, 1984.

South Africa
Agreement amending arrangement of Oct. 29, 1954, and Feb. 22, 1955, relating to certificates of airworthiness for imported aircraft (TIAS 3200). Effected by exchange of notes at Pretoria June 7 and Oct. 8, 1984. Entered into force Oct. 8, 1984.

Spain
Agreement relating to jurisdiction over vessels utilizing the Louisiana Offshore Oil Port. Effected by exchange of notes at Madrid Nov. 5 and 22, 1983.
Entered into force: Oct. 19, 1984.

Memorandum of understanding concerning mutual logistic support between the U.S. European Command and the Spanish Armed Forces. Signed at Madrid Nov. 5, 1984. Entered into force Nov. 5, 1984.

Sri Lanka
Agreement relating to the agreement of Mar. 25, 1975, (TIAS 8107) for the sale of agricultural commodities. Signed at Colombo Sept. 28, 1984. Entered into force Sept. 28, 1984.

Sweden
Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates, inheritances, and gifts. Signed at Stockholm June 13, 1983.
Proclaimed by the President: Nov. 14, 1984.

United Kingdom
Agreement amending the agreement of July 3, 1958, as amended (TIAS 4078, 4627, 6659, 6861, 8014, 9688), for cooperation on the uses of atomic energy for mutual defense purposes. Signed at Washington June 5, 1984.
Entered into force: Nov. 16, 1984.

Memorandum of understanding concerning the provision of mutual logistic support, supplies, and services, with annexes. Signed at Vaihingen (F.R.G.) and London Oct. 5 and 11, 1984. Entered into force Oct. 11, 1984.

Memorandum of understanding amending annex 2 of the air services agreement of July 23, 1977, as amended (TIAS 8641, 8965, 9722, 10059) with related letter. Signed at London Nov. 2, 1984. Entered into force Nov. 9, 1984; effective Nov. 1, 1984.

Venezuela
International express mail agreement. Signed at Washington and Caracas Aug. 10 and 15, 1984. Entered into force Dec. 1, 1984.

[1]With reservations.
[2]Not in force.
[3]Not in force for the United States. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
243	11/1	Shultz: address before UN Association of the U.S.A., New York.
*243A	11/5	Shultz: question-and-answer session following address before UN Association, Nov. 1.
*244	11/2	Shultz: question-and-answer session upon departure, Cairo, Egypt, [The Secretary was en route to funeral of Indian Prime Minister Gandhi.]
245	11/2	Shultz: arrival statement, New Delhi, India.
*246	11/5	Shultz: statement, New Delhi, Nov. 3.
247	11/5	Shultz: news conference, New Delhi, Nov. 3.
*248	11/7	Program for state visit of Grand Duke Jean of Luxembourg, Nov. 12–19.
*249	11/8	U.S. telecommunications delegations visit Japan, Nov. 26–30.
250	11/14	Shultz: news conference, Brasilia, Brazil, Nov. 12.
251	11/13	Shultz: remarks at the second plenary session of the OAS General Assembly, Brasilia, Nov. 12.
*252	11/19	Shultz: interview on NBC "Evening News," Nov. 16.
*253	11/21	Program for the official working visit of Fiji Prime Minister Mara, Nov. 25–29.
*254	11/28	Program for the official working visit of West German Chancellor Kohl, Nov. 29–30.
*255	11/29	Program for state visit of Venezuelan President Lusinchi, Dec. 3–8.

*Not printed in the BULLETIN. ■

Department of State

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Free **multiple** copies may be obtained by writing to the Office of Opinion Analysis and Plans, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

The Resurgence of Democracy in Latin America, General Assembly of the Organization of American States, Brasilia, Brazil, Nov. 12, 1984 (Current Policy #633).

Preventing the Proliferation of Nuclear Weapons, UN Association of the U.S.A., New York, Nov. 1, 1984 (Current Policy #631).

Arms Control

Conference on Disarmament (GIST, Nov. 1984).

U.S. and NATO Nuclear Weapons Stockpile Reductions (GIST, Nov. 1984).

Economics

The United States in the World Economy: Myths and Realities, Robert J. Morris, Deputy to the Under Secretary for Economic Affairs, Long Beach International Business Association, Long Beach, California, Nov. 16, 1984 (Current Policy #635).

Multilateral Development Banks (GIST, Nov. 1984).

General

The Democratic Ideal and U.S. National Security, Ambassador Bosworth, Rotary Club of Makati West, Manila, Oct. 25, 1984 (Current Policy #630).

Refugees

The Challenge of Refugee Protection, Director of Refugee Programs Purcell, Executive Committee of the UN High Commissioner for Refugees, Geneva, Oct. 9, 1984 (Current Policy #627).

Science & Technology

The U.S. and the Caribbean: Partners i Communication, Ambassador Dougan, Caribbean Seminar on Space WARC a the Transborder Use of U.S. Domesti Satellites, Montego Bay, Jamaica, Oct 1984 (Current Policy #626).

United Nations

Afghanistan: Five Years of Tragedy, A sador Kirkpatrick, UN General Asser Nov. 15, 1984 (Current Policy #636).

Perspectives on the U.S. Withdrawal Fr UNESCO, Assistant Secretary Newel Stanford University, Palo Alto, Califo Oct. 31, 1984 (Current Policy #634).

Freedom of the Press: The Need for Vi lance, Assistant Secretary Newell, Int American Press Association General Assembly, Los Angeles, Oct. 30, 1984 rent Policy #632). ■

Background Notes

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early 1950s were the deepest the Cold War. American nts and policymakers struggled op national policies that would security while reducing the war. The defense buildup ini- y NSC 68 and the outbreak of ean War in 1950 was continued. man Administration by 1952 emphasis away from short-term to overcoming the threat to the security for the long haul. The wer Administration sought a dness program that would pro- urity without ruining the c economy. The Eisenhower Ad- tion undertook a detailed reex- on of strategic options resulting ecision by the end of 1953 to a containment policy, but to re- lean defense posture favoring c weapons.

volume also records the continu- rts of the United States to find ional control machinery for energy and to reach agreements Soviet Union to reduce the stockpiles of atomic weapons. The volume also contains material on diplomatic aspects of the first U.S. hydrogen bomb test in 1952, efforts to obtain raw materials, peaceful domestic atomic energy development, consideration of test ban proposals, and cooperation in the field of arms control with the United Kingdom and other allies.

In addition, this volume also documents the U.S. campaign to take the offensive in information aspects of the Cold War from the establishment of the International Information Administration in the Department of State to the creation of an independent United States Information Agency in 1953.

Foreign Relations, 1952–1954, Volume II, National Security Affairs, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of Volume II (Department of State Publication Nos. 9391 and 9392; GPO Stock No. 044-000-02025-4) may be purchased for $28.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made payable to the Superintendent of Documents. The *Foreign Relations* series has been published continuously since 1861 as the official record of U.S. foreign policy. The volume released December 6, which is published in two parts, is the tenth of 16 covering the years 1952–1954.

Press release 256 of Dec. 4, 1984. ■

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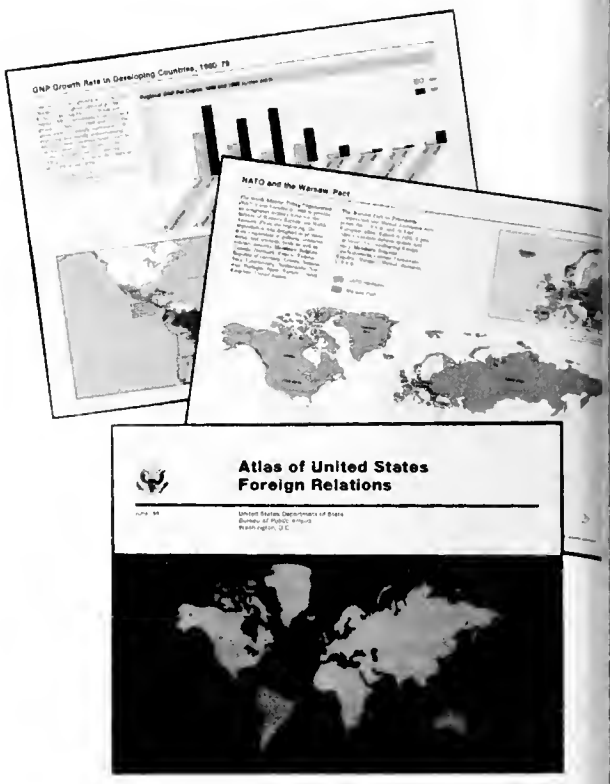

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Department of State bulletin

The Official Monthly Record of United States Foreign Policy / Volume 85 / Number 2095

February 1985

Department of State
bulletin

Volume 85 / Number 2095 / February 1985

Cover:
Afghan refugees

(UNHCR photo)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through March 31, 1987.

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CONTENTS

Americans have always believed deeply in a world in which disputes were settled peacefully . . . . But we have learned through hard experience that such a world cannot be created by good will and idealism alone. We have learned that to maintain peace we had to be strong, and . . . we had to be willing to use our strength.

The Ethics of Power

by Secretary Shultz

Address at the convocation of Yeshiva University in New York on December 9, 1984[1]

Mr. President, Mr. Chairman, my dear friend Rabbi Israel Miller—of course, my colleague, Foreign Minister/Deputy Prime Minister Shamir. Probably all of you don't quite realize the closeness that foreign ministers tend to feel for each other, and I have had quite an association with the Foreign Minister of Israel. He's done wonders for the morale of those of us in the foreign ministry business because, you see, when he was promoted from Foreign Minister to Prime Minister, I wrote him a little note, and I said, "My friend, don't forget your fellows still working down there in the foreign ministry business." And what did he do? He held on to that foreign minister portfolio. So he raised our standing tremendously. I'm very honored to receive this degree from Yeshiva University and, of course, in such special company and including, of course, the company of the Foreign Minister of Israel.

Tonight's Hanukkah dinner commemorates the miracle of 2,100 years ago. The flame has been a symbol for the Jewish people throughout history. Despite centuries of persecution, the spirit and the purpose of the Jewish people have burned brightly through the darkest times; today they are more vital and vibrant than ever. This is a miracle, too. But it derives in no small part from the Jewish people's faith and dedication to your vocation as people of the word and people of the book. Your courage and moral commitment are an inspiration and example to all of us who value our great common heritage of freedom and justice.

Today, as we meet, a terrible tragedy is taking place on the other side of the globe. The atrocity of the terrorist hijacking in Tehran continues—a brutal challenge to the international community as well as to the most elementary standards of justice and humanity. One way or another, the law-abiding nations of the world will put an end to terrorism and to this barbarism that threatens the very foundations of civilized life.

Until that day comes, we will all have to wrestle with the dilemmas that confront moral people in an imperfect world. As a nation, we once again face the moral complexity of how we are to defend ourselves and achieve worthy ends in a world where evil finds safe haven and dangers abound.

Today's events make this topic especially relevant, but, in fact, it is an old issue. As you know so well, philosophers and sages have grappled with it for centuries, engaging the great questions of human existence: what is the relationship between the individual and his or her God, between the individual and his or her community, and between one's community and the rest of the world? How do we make the difficult moral choices that inevitably confront us as we seek to ensure both justice and survival? The Bible and the commentaries in the Talmud provide many answers; they also leave many questions unanswered, which accurately reflects the predicament of humankind.

As Americans, we all derive from our Judeo-Christian heritage the conviction that our actions should have a moral basis. For the true source of America's strength as a nation has been neither our vast natural resources nor our military prowess. It is, and has always been, our passionate commitment to our ideals.

Unlike most other peoples, Americans are united neither by a common ethnic and cultural origin nor by a common set of religious beliefs. But we *are* united by a shared commitment to some

fundamental principles: tolerance, democracy, equality under the law, and, above all, freedom. We have overcome great challenges in our history largely because we have held true to these principles.

The ideals that we cherish here at home also guide us in our policies abroad. Being a moral people, we seek to devote our strength to the cause of international peace and justice. Being a powerful nation, we confront inevitably complex choices in how we go about it. With strength comes moral accountability.

Here, too, the intellectual contribution of the Jewish tradition has provided a great resource. The Talmud addresses a fundamental issue that this nation has wrestled with ever since we became a great power with international responsibilities: how to judge when the use of our power is right and when it is wrong. The Talmud upholds the universal law of self-defense, saying, "If one comes to kill you, make haste and kill him first." Clearly, as long as threats exist, law-abiding nations have the right and, indeed, the duty to protect themselves.

The Talmud treats the more complicated issue as well: how and when to use power to defend one's nation *before* the threat has appeared at the doorstep. Here the Talmud offers no definitive answer. But it is precisely this dilemma that we most often confront and must seek to resolve.

The Need to Combine Strength and Diplomacy

For the world's leading democracy, the task is not only immediate self-preservation but our responsibility as a protector of international peace, on whom many other countries rely for their security.

Americans have always believed deeply in a world in which disputes were settled peacefully—a world of law, international harmony, and human rights. But we have learned through hard experience that such a world cannot be created by good will and idealism alone. We have learned that to maintain peace we had to be strong, and, more than that, we had to be willing to use our strength. We would not seek confrontation, but we learned the lesson of the 1930s—that appeasement of an aggressor only invites aggression and increases the danger of war. Our determination to be strong has always been accompanied by an active and creative diplomacy and a willingness to solve problems peacefully.

. . . Power and diplomacy must always go together, or we will accomplish very little in this world. Power must always be guided by purpose . . . diplomacy not backed by strength will always be ineffectual at best, dangerous at worst.

Americans, being a moral people, want our foreign policy to reflect the values we espouse as a nation. But, being a practical people, we also want our foreign policy to be effective. And, therefore, we are constantly asking ourselves how to reconcile our morality and our practical sense, how to relate our strength to our purposes—in a word, how to relate power and diplomacy.

How do we preserve peace in a world of nations where the use of military power is an all-too-common feature of life? Clearly, nations must be able to protect themselves when faced with an obvious threat. But what about those gray areas that lie somewhere between all-out war and blissful harmony? How do we protect the peace without being willing to resort to the ultimate sanction of military power against those who seek to destroy the peace?

Americans have sometimes tended to think that power and diplomacy are two distinct alternatives. This reflects a fundamental misunderstanding. The truth is, power and diplomacy must always go together, or we will accomplish very little in this world. P must always be guided by purpose. the same time, the hard reality is t diplomacy not backed by strength v always be ineffectual at best, dange at worst.

As we look around the world, v can easily see how important it is t power and diplomacy go hand in ha our foreign policies.

In the Middle East, for instanc United States is deeply and perma committed to peace. Our goal has b to encourage negotiation of a peac settlement of the Arab-Israeli confl At the same time we have an iron commitment to the security of Isra We believe that Israel must be str a lasting peace in the region is to b achieved. The Israeli people must b sure of their own security. They m sure that their very survival can n be in danger, as has happened all t often in the history of the Jewish p And everyone in the region must r that violence, aggression, and extr cannot succeed, that negotiations a only route to peace.

In Central America, aggressio ported by Nicaragua, Cuba, and th Soviet Union threatens the peace a mocks the yearning of the people f freedom and democracy. Only a st application of our diplomatic and military strength offers a real hop peace in Central America and sec for the hemisphere. We have soug dialogue with the Nicaraguan lead We have given full support to the tadora peace efforts. We have pro political and economic support to t in the region who are working for and freedom. But we have also pr defense assistance to the region to establish a shield behind which eff diplomacy can go forward.

I don't know whether any of y have looked closely at the Great S our country that shows the eagle its two talons. In one is an olive b and the eagle is looking at the oli branch, signifying our desire for p and reconciliation. But in the othe arrows, symbolizing just this point have made, right in the Great Seal our Republic.

It is as true in our relations wi Soviet Union, and on the issue of a control, that diplomacy alone will succeed. We have actively sought negotiation with the Soviet Union reduce the nuclear arsenals of bot

, but we have also continued to
ernize our own forces to ensure our
ity and that of our friends and
. No arms control negotiation can
ed in conditions of inequality. Only
Soviet leaders see the West as
mined to modernize its own forces
hey see an incentive for agree-
s setting equal, verifiable, and
levels of armament.

Legitimate Use of Power

need to combine strength and
macy in our foreign policies is only
art of the answer. There are
zing dilemmas inherent in any deci-
o use our power. But we do not
to look hard to find examples
e the use of power has been both
and necessary.

week ago, an election was held on
land of Grenada—the first free
on held in that country since 1976.
had not shown the will to use our
gth to liberate Grenada, its people
yet be under the tyrant's boot,
eedom would be merely a dream.
renada is a tiny country. Although
were some tough actions, as
ry campaigns go, it was quickly
But the *moral* issue it posed was
rmous importance for the United
.

hat we did was liberate a country,
t back to its own people, and
raw our forces. We left—even
h Grenadians begged us to stay.
merican people understood im-
tely that we had done something
nd decent in Grenada—something
uld be proud of—even if a few
icans were so mistrustful of their
ociety that they feared *any* use of
can power. I, for one, am thankful
ne President had the courage to do
, Grenada was a tiny island and
ely easy to save. But what would
e meant for this country—or for
curity commitments to other coun-
-if we were afraid to do *even that*?
e have to accept the fact that
the moral choices will be much less
defined than they were in
da. Our morality, however, must
ralyze us. Our morality must give
strength to act in difficult situa-
This is the burden of statesman-

nd while there may be no clear
tions to many of the moral dilem-
e will be facing in the future,
r should we be seduced by moral relativism. I think we *can* tell the difference between the use and abuse of power. The use of power is legitimate:

- *Not* when it crushes the human spirit and tramples human freedom, but when it can help liberate a people or support the yearning for freedom;
- *Not* when it imposes an alien will on an unwilling people, but when its aim is to bring peace or to support peaceful processes; when it prevents others from abusing *their* power through aggression or oppression; and
- *Not* when it is applied unsparingly, without care or concern for innocent life, but when it is applied with the greatest efforts to avoid unnecessary casualties and with a conscience troubled by the pain unavoidably inflicted.

Our great challenge is to learn to use our power when it can do good, when it can further the cause of freedom and enhance international security and stability. When we act in accordance with our principles and within the realistic limits of our power, we can succeed. And on such occasions we will be able to count on the full support of the American people. There is no such thing as guaranteed public support in advance. Grenada shows that a president who has the courage to lead will *win* public support if he acts wisely and effectively. And Vietnam shows that public support can be frittered away if we do not act wisely and effectively.

Americans will always be reluctant to use force. It is the mark of our decency. And, clearly, the use of force must always be a last resort, when other means of influence have proven inadequate. But a great power cannot free itself so easily from the burden of choice. It must bear responsibility for the consequences of its inaction as well as for the consequences of its action. In either case, its decision will affect the fate of many other human beings in many parts of the world.

One need only consider, again, the tragic result of the failure to use military force to deter Hitler before 1939. If the democracies had used their power prudently and courageously in the early stages of that European crisis, they might have avoided the awful necessity of using far greater force later on, when the crisis had become an irreversible confrontation.

Those responsible for making American foreign policy must be prepared to explain to the public in clear terms the goals and the requirements of the actions they advocate. And the men and women who must carry out these decisions must be given the resources to do their job effectively, so that we can count on success. If we meet these standards, if we act with wisdom and prudence, and if we are guided by our nation's most fundamental principles, we will be a true champion of freedom and bulwark of peace.

If one were looking for a model of how nations should approach the dilemmas of trying to balance law and justice with self-preservation, one need look no further than Israel. It is not that Israel has made no mistakes in its history. In this world, that is too much to ask of any nation. But the people of Israel, in keeping with their tradition, have engaged in open, continual, and enlightened debate over the central question of when it is just and necessary to use power. It is all the more praiseworthy when one considers the great perils to its survival that Israel has faced throughout its history. Its need for strength should be self-evident; yet Israelis never consider the issues of war and peace without debating in terms of right and wrong.

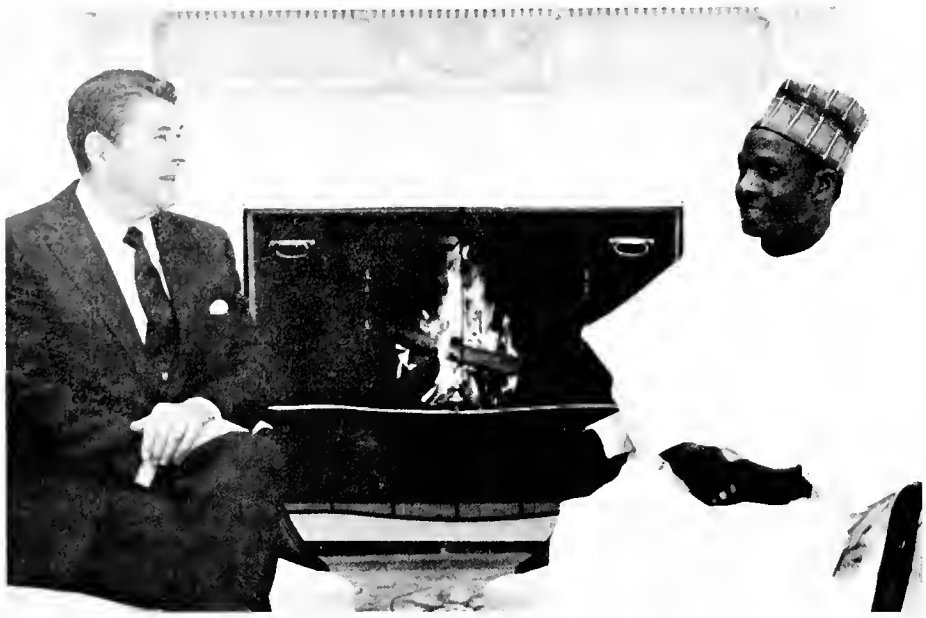
We in America must be no less conscious of the moral responsibility inherent in our role as a great power and as a nation deeply devoted to justice and freedom. We look forward to the day when empire and tyranny no longer cast a shadow over the lives of men and women. We look forward to the day when terrorists, like the hijackers in Tehran, can find not one nation willing to tolerate their existence. But until that day comes, the United States will fulfill the role that history has assigned to us.

The United States must be a tireless sentinel of freedom. We must confront aggression. We must defend what is dear to us. We must keep the flame of liberty burning forever, for all mankind.

Our challenge is to forge policies that keep faith with our principles. We know, as the most powerful free nation on Earth, that our burden is great, but so is our opportunity to do good. We must use our power with discretion, but we must not shrink from the challenges posed by those who threaten our ideals, our friends, and our hopes for a better world.

[1]Press release 260 of Dec. 10, 1984. ■

Visit of Niger's President



(White House photo by Pete Souza)

President Seyni Kountche of the Republic of Niger made an official working visit to Washington, D.C., December 10–13, 1984, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Kountche after their meeting on December 11.[1]

President Reagan

It's been an honor and a pleasure to welcome President Kountché to Washington.

Our meeting takes place at a time when the world's attention is focused on the serious food crisis in Africa. Niger has not been spared the ravages of the drought. However, through the constructive efforts of President Kountché's government and the help of the international community, including the United States, the effects of the drought in Niger will be reduced.

Those who know President Kountché know that food self-sufficiency and the well-being of his people are his primary goals. He has gone about these objectives with pragmatic policies. President Kountché represents an impressive example of the kind of serious, concerned leadership that Africa will need to overcome its economic problems. His reputation as a dedicated and capable leader has been confirmed by his visit to Washington today.

In our conversations this morning, and at lunch, we covered many of the important international problems of the day, particularly those concerning Africa. We have benefited from President Kountché's views on the problems of drought and economic development in the Sahel, as well as the political problems of that region. We support Niger's efforts to maintain its independence and territorial integrity.

In many areas our views converge. On a few others, in a spirit of mutual respect, we've agreed to differ. We have an excellent bilateral relationship to which we both attach considerable importance.

Niger and the United States together are committed to the resolution of international problems through the pursuit of realistic dialogue in international organizations and through the exercise of rational economic policies at home. And I have assured President Kountché of our support for him and his country, and I've expressed our admiration for his accomplishments at home and abroad.

President Kountché[2]

I have just had a very extensive discussion with President Ronald Reagan. We discussed bilateral cooperation, as well as African and international issues regarding the effects of world recession, the persistent drought and famine in Africa, and the flashpoints existing in almost all the continents. Our discussions were also especially focused on the role of the United States of America in the search for a better international political, economic, and military balance. And I can say that the views of our two countries were consistent with each other, and there was a good understanding on most of the issues discussed.

As far as Africa is concerned, you know that we are currently preoccupied by the harsh drought that is once again affecting extensive areas of our continent, the result of which is the reappearance of hunger in many countries, especially in extensive regions of the Sahel, in the whole of Africa, and eastern Africa.

I'm glad to note that both President Reagan and his Administration are fully aware of this situation and that not only do they sympathize with us, but they are also seriously concerned by the great sufferings affecting several thousands of Africans that have been seriously hit. President Reagan and the American Administration have already provided substantial food aid, and Niger is grateful to them for that. The President also assured me that the United States will continue to use significant means to decisively help in the crusade against hunger and death in Africa. And this is essentially in a humanitarian spirit.

We have also discussed the political issues that are currently haunting certain African countries—Chad, western Sahara, but especially southern Africa, where the delays in the independence of Namibia and the persistence of apartheid in South Africa engender an untenable situation in the front-line states. President Ronald Reagan and I agree that more consultation between Africa and the United States of America will make it possible to remove the obstacles and solve these problems in serenity, in justice, and in the rule of law.

Besides, I would be right to say that through these discussions we were able to compare our common desire to see peace and security prevail throughout the world on the basis of the great ideals of the right of the peoples to self-determination and liberty, respect for the countries' sovereignty and territorial integrity, respect for the countries' domestic political choice, and respect for the rules of good neighborliness and peaceful coexistence among the nations.

Naturally, we did not lose sight of the economic issues, because Niger and all Africa are severely hit by the economic crisis that unfortunately

all the continents. In this regard, oth recognized that the United es has a top role to play in order to guard peace in the world and, most- save the stability of small nations. My conclusion, therefore, is that I ully satisfied with these talks during h I congratulated President Ronald an for all the efforts that he has making and for the great vigilance he has personally shown concerning r and regarding the problems of a. You know that in recent years, dent Ronald Reagan and his Ad- tration have launched a diversified, mic, and especially friendly and ul cooperation with my country. I can say today that the United s of America is among our most ac- nd most effective partners. s for the President, he appeared as n most devoted to his duties and to ation. Moreover, I have been sly impressed by the fact—by his eness of the global problems, his ipping of liberty and the fulfill- of man, his determination to build nerican society ever stronger and prosperous.
wish him good health, a continuous nindedness, a growing clear sight fill the well-deserved new term of with which he has just been en- d by the people, following his tion, that in all aspects was a per- triumph and a general satisfaction ssed to him by the great American e.

ade to reporters assembled at the Portico of the White House (text from y Compilation of Presidential ents of Dec. 17, 1984).
resident Kountché spoke in French, s remarks were translated by an inter- ■

The Stockholm Conference: A Report on the First Year

by James E. Goodby

Address before L'Institut Francais des Relations Internationales *in Paris on December 3, 1984. Ambassador Goodby is U.S. Representative to the Conference on Disarmament in Europe.*

The Stakes

Last July, Pierre Lellouche of *L'Institut Francais des Relations Internationales* wrote in *Newsweek* magazine that: "The Soviets are quietly turning the Stockholm forum into a deadly machinery to alter to its advantage the postwar political and strategic order in Europe." Their method, he wrote, was to influence Western public opinion through "empty but nice-sounding declarations"; their objective was to establish a "pan-European security order from which the United States would ultimately be expelled." And he argued that "Western weakness . . . makes for the steady success of Moscow's strategy."

It is too seldom noticed that the Stockholm Conference [on Confidence- and Security-Building Measures and Disarmament in Europe], in fact, is addressing matters which could lead to profound changes in the present system of European security. Because the conference is dealing with some of the most fundamental issues of Western security, it is no exaggeration to say that the essential agenda of Stockholm is the future political and strategic order in Europe. Stockholm is a part of the struggle between contending visions of the future. Ideas which are being discussed there must necessarily be seen as potentially contributing to the success of one or the other of these visions.

The Soviet vision we know well. As practiced in the past, it has required limitations on the sovereignty of neighboring states; it is based on the expectation of endless confrontation and an impulse toward hegemony as the ultimate requirement of security. The Western vision hopes that, despite deep and persisting ideological differences, the walls which now divide the community of European nations can give way to a system more tolerant of diversity; that security can be found in balance and restraint. Of course, we are speaking of long historical processes, and, of course, the Stockholm conference is only one of the arenas in which this "long twilight struggle" is being conducted. But when one hears of the seemingly trivial debate in Stockholm over obscure or arcane points, it is well to recall, as Mr. Lellouche has done, that the ultimate stakes are very high indeed.

The Balance Sheet

If the stakes in this "great game" are so fateful, we must weigh what the Soviets have done to create a new strategic order in Europe and what degree of success they have achieved. As Pierre Lellouche suggests, some Soviet proposals at Stockholm are "empty but nice-sounding declarations." Others have more content, but it is of a nature designed to disadvantage the West. Some proposals, such as those relating to chemical weapons and military budgets, would cut across useful and promising work being done elsewhere. Into these categories fall the following Soviet proposals:

- A pledge not to be the first to use nuclear weapons;
- Nuclear-free zones;
- A freeze and reduction of military budgets; and
- A ban on chemical weapons in Europe.

And, indeed, as Mr. Lellouche suggests, these proposals have the potential for altering the global balance of power.

But the fact is that there is no ground swell of support at Stockholm for this Soviet program or for any individual proposal in it. The neutral and nonaligned countries have introduced a series of proposals, the thrust of which is quite different from the direction taken by Moscow. The countries of the Atlantic alliance have patiently exposed the shortcomings in each of these Soviet proposals. No one can credibly contend that the Soviets have succeeded in turning Stockholm into a propaganda platform which has deceived public opinion.

The press, when it covers Stockholm, quite sensibly has found the stock items of the Soviet program to be not very interesting. Moscow has tried hard to steer Stockholm toward a polemical debate about nuclear weapons. As the party which last year chose to turn its back on nuclear negotiations, however, the Soviet case has not seemed very plausible.

Now we should ask how Western ideas are faring at Stockholm. Norway's Johan Holst wrote recently that: "Confidence-building measures should be viewed as elements in a process for peaceful change of the post-war political order in Europe towards a more open, equitable, and cooperative order." These words elegantly sum up the larger aims of the proposals which the Atlantic alliance has introduced in Stockholm. The West has held that Stockholm can be a place for serious arms control business and that this should be based on the principle of cooperation among all participants on an equal footing. An approach based on mutual, rather than unilateral, advantage in the building of confidence and the enhancement of stability implies a relationship among all the nations of Europe which is antithetical to the instinct for hegemony. Among other things, the proposals of the Atlantic alliance emphasize the need for accurate perceptions of the intent of military operations as a remedy for miscalculation and a deterrent against surprise attack. This objective requires positive cooperation, since it concerns the act of reassurance. And that means greater openness or, as the Belgian Ambassador at Stockholm nicely put it, the "demystification" of military activities on the Continent of Europe.

In contrast to the polite but rather indifferent reaction to the supposedly eye-catching wares of the Soviet Union, the down-to-earth ideas which have been advanced by the countries of the Atlantic alliance are in the mainstream of the conference. The neutral and nonaligned group has presented very similar proposals. The debate in the conference has been focused primarily on the theme of how to strengthen the practical confidence-building measures first developed in the Helsinki Final Act of 1975. The press in Western Europe almost unanimously has seen the purpose of the Stockholm conference as that of reducing the risk of war through implementing practical measures designed to prevent crises and foster practical forms of cooperation. In short, Western ideas and the specific methods of implementing those ideas seem to be accepted as the real business of Stockholm.

I turn now to a description of some of the specific Western proposals and objectives in Stockholm and to a few of the key developments of the year just passing.

A New Approach to Arms Control

Stockholm is not only about political visions; it is also and most immediately about a new approach to arms control. In the last quarter of a century, very few arms control efforts have been aimed at eliminating the proximate causes of war, such as crises arising from misperceptions. Arms control negotiations typically have dealt with reducing the perceived threat, whether the threat is perceived as coming from arsenals of nuclear warheads or from the levels of conventional forces in Central Europe. The few arms control attempts to deal directly with the "proximate" causes of war have been important but limited in scope and objectives—the Moscow-Washington "Hot Line" and the U.S.-Soviet "Incidents at Sea" Agreement being two examples. No comprehensive negotiation has yet succeeded in putting into place arrangements designed to prevent crises or to contain or resolve them, should they occur. This, however, is exactly the aim of the Western nations represented at Stockholm. Success in achieving this goal would encourage natural and normal relations among the countries comprising the whole of Europe.

Another way of considering the difference between "classical" arms control and the new ideas being discussed in Stockholm is that the former has dealt with the levels of forces whereas the latter deals with the operations of military forces. "Classical" arms control negotiations typically try to establish long-term stability, for example, by providing greater predictability about the types and levels of strategic forces that will be maintained over a future span of time. But in Stockholm, the allies are urging agreements which will promote short-term stability—that is, stability during periods of intense and possibly turbulent international political developments which might require urgent attention. The aim would be to have procedures in place which would prevent misunderstandings which could lead to dangerous escalation and procedures which would assist nations in keeping potentially dangerous situations under control. How well the West has done in rallying support for this point of view may be seen in the following review of other proposals introduced in Stockholm.

During 1984, five sets of proposals were submitted to the Stockholm conference. In addition to those of the Atlantic alliance, proposals were advanced by Romania, by the neutral and nonaligned countries, by the Soviet Union, and by Malta.

Romania's proposals were important for several reasons. Its ideas included elements based on the Warsaw Pact political proposals, but also included were interesting approaches to confidence-building designed to strengthen the measures agreed to in the Helsinki Final Act. One of the Soviet Union's proposals also provided for improvements in "Helsinki-style" confidence building measures. The proposals submitted by the neutral and nonaligned countries deserve special attention because they have helped to define "center of gravity" of the Stockholm conference. Nine of the twelve proposals included in their approach were similar to those introduced by the allies. The three others went beyond the alliance's approach, in that they called for specific limitations or constraints on the way military forces could be deployed. In so doing, the neutral countries identified a "gray zone" that lies between the stabilizing intent of the alliance's proposals and the arms reduction aims of "classical" arms control. Their approach deserves—and is receiving—serious study.

The point which emerges from this is clear: there is a significant degree of convergence between all of these proposals and those made by the allies.

The Mechanics of Underwriting Stability

The nations of the Atlantic alliance have used as their common point of departure the confidence-building measures of the 1975 Helsinki Final Act. Those measures were modest experiments; they needed to be improved substantially. In the allies' proposals, the Western countries are seeking to negotiate agreements that will, among other things, build on the rudimentary notification and observation procedures in the Helsinki Final Act. By mandate, the Stockholm conference

ady advancing significantly from the
l Act: by mutual agreement of all
countries, Stockholm is dealing with
whole of Europe, from the Atlantic
ie Urals, whereas the Final Act ex-
ted most of the European part of
Soviet Union.
The countries of the Atlantic alliance
seeking to extend notification of
euvers to include alerts, amphibious
ations, and mobilization. They are
ng that military units, specifically
livision rather than levels of man-
er, should be the basis for notifica-
. They are proposing an exchange
formation as a standard against
h to judge the significance of out-of-
ison military activities. Onsite in-
ion to clear up questions arising
implementation of this agreement
o defuse potential crises should be
t of a strengthened regime for
ncing stability. Means for urgent
nunications among the participants
is system could also serve to deter
solve crises. The allies are seeking
r advance notice of military ac-
es and a lower threshold for
cation than was provided in the
nki Final Act.
n addition, the Western countries
roposing to exchange annual
asts of military operations within
one. This annual forecast will have
straining effect, in that it will be
difficult for a military exercise
enly to be mounted for the purpose
litical intimidation. Together with
atory observation of all notified
ry activities, these measures would
pressure for stability in Europe.
tablishing normal patterns of
ry activities for military operations
rope and arrangements for react-
intly to situations outside these
ns," we would create conditions
could facilitate the resolution of
tial crises.
hhan Holst has suggested that: "We
d look at confidence-building
ures as management instruments
ned to reduce the pressure from
on the process of politics during
time and on decision-making in
and war." The alliance's proposals
esigned to do exactly that. If a
m can be established which pro-
s stability, which damps down
tial crises, which discourages the
f military force for political in-
ation, and in which crises can be
ined and quickly resolved, we will,
d, have "reduced the pressures
arms on the process of politics."

Some Perspectives on 1984

The foreign ministers of the 35 participants opened the conference in January 1984—a period that marked, in retrospect, the beginning of a transition in Soviet-American relations. President Reagan's major policy statement on Soviet-American relations was delivered on January 16; it was followed immediately by talks between Secretary Shultz and Foreign Minister Gromyko. Although icy winds from the East were lowering temperatures everywhere, the seeds of future negotiations were even then being planted.

Perhaps the most important political impetus which the Stockholm conference received during the year was President Reagan's speech of June 4 in Dublin. In that speech the President, in effect, outlined the shape of an ultimate agreement when he mentioned the possibility of discussing a Soviet-sponsored proposal regarding non-use of force if the Soviets would negotiate concrete confidence-building measures such as those which the alliance and the neutral countries had been advocating.

In the four sessions which were held during 1984, however, the Soviets showed little inclination to accept the alliance's invitation to a negotiation. But just today, December 3, all participants, including the Soviet Union, have agreed on a working structure which should encourage serious and detailed negotiations. This could be a turning point. The opportunity now exists, more than ever before, for the "flexible give-and-take negotiating process" President Reagan called for in September. The portents are increasingly favorable, and we hope that the Soviets will use this new opportunity to work out agreements within the range of proposals which are truly negotiable at Stockholm. There has existed for some time a substantive "point of departure" for negotiations which many delegations have already discerned; now there is available to the negotiators a structure to facilitate detailed comparison of proposals and to begin the process of bridging the gaps.

It should be noted that many delegations in Stockholm have remarked that all the problems to which individual nations attach high priority cannot possibly be dealt with in Stockholm. But these matters need not go unattended—quite the contrary. For example, President Reagan, in speaking before the United Nations on September 24, offered some ideas which would help to build confidence bilaterally between the United States and the Soviet Union. It is obvious that the Stockholm conference is not the universe. Many things can be done bilaterally or in other forums to improve confidence between states; these could reinforce measures agreed to in Stockholm.

Summing Up

Today, as we near the end of the conference's first year, it seems that the West is not doing too badly, as measured against the basic thesis of Pierre Lellouche. The weakness to which he referred has not been in evidence. Perhaps we may even be permitted to say that the restoration of America's sense of strength, purpose, and confidence had something to do with this.

The conference appears to have accepted a Western concept of security. Plenty of declarations have been heard from the East, but the majority of the conference participants appear firmly committed to serious negotiations on practical measures designed to enhance stability in Europe. A consensus-building process has been at work which points to an outcome based on combining a reaffirmation of the renunciation of force with practical confidence-building measures intended to give real expression to that principle. And the idea of a more open continent is even more firmly entrenched than ever.

The Soviets, even if they use the new working structure to begin to hammer out a consensus, certainly will continue to offer the West self-serving panaceas for Europe's security problems. The temptation to seize easy results at the expense of meaningful results will always be there, and it will always be exploited to the disadvantage of the West, if possible. But the first year of discussions suggests that, if the West remains united, meaningful results are possible in Stockholm.

The meeting between Secretary Shultz and Foreign Minister Gromyko in January will, we hope, lead to a common understanding as to the subject and objectives of negotiations on a whole range of nuclear issues. We hope, also, that in this same spirit the nations participating in the Stockholm conference may be able, in the course of 1985, to make progress toward more stable and cooperative relations and an easing of military confrontation. Whatever the success of other negotiations in reducing the level of arms and men, formidable and potentially devastating military power will exist for a long time to come.

While our nations strive to reduce the level of armaments, we must also strive in Stockholm to reduce to the vanishing point the risk of a war that no one wants.

As the Stockholm conference convened nearly 1 year ago, President Reagan spoke of Soviet-American relations in a way which, I think, sums up the American attitude toward this enterprise. He said:

> Strength and dialogue go hand in hand. We are determined to deal with our differences peacefully, through negotiations. We're prepared to discuss the problems that divide us and to work for practical, fair solutions on the basis of mutual compromise. We will never retreat from negotiations. ■

Vietnamese Attacks in Cambodia

DEPARTMENT STATEMENT, DEC. 26, 1984[1]

Six years ago on Christmas Day, Vietnam invaded Cambodia and quickly occupied most of the country. Yesterday Vietnam marked the anniversary of its invasion by launching attacks, backed by armor and artillery, against encampments near the Thai-Cambodian border which are home to more than 85,000 Cambodian civilians who have fled there from Vietnam's oppression of their homeland. More than 60,000 Cambodian civilians were already in temporary evacuation sites in Thailand as a result of Vietnamese attacks on their camps this year.

When it invaded Cambodia in 1978, Vietnam claimed that it had acted to save the Khmer people from the Khmer Rouge under Pol Pot. Hanoi still claims that its occupation is necessary to prevent the return of the Khmer Rouge. Yet during this dry season, Vietnam's offensive along the border has been directed solely at camps loyal to the noncommunist Khmer People's National Liberation Front (KPNLF), led by former Prime Minister Son Sann.

Vietnam's continuing aggression in Cambodia, directed chiefly against civilian camps and noncommunist military forces, is contemptible. The Cambodian people, after so many years of war, should be allowed to choose their own government and to live in peace. Unfortunately there is no sign that Hanoi is prepared to accede to the world community's call for a Vietnamese withdrawal and the reestablishment of Cambodian sovereignty through free elections under international auspices. Hanoi still rejects this formula in defense of the UN General Assembly, which this year endorsed it by 110 votes to 22. The United States again urges Hanoi to recognize that a negotiated political settlement in Cambodia is in Vietnam's own national interest.

The United States wishes to express its appreciation to the Royal Thai Government, the UN Border Relief Operation (UNBRO), and the International Committee of the Red Cross (ICRC) for their efforts to assist the Cambodian civilians again made homeless by Vietnamese attacks. We hope the international community will join us in continuing our support for Cambodian relief efforts.

[1]Read to news correspondents by acting Department spokesman Alan Romberg. ■

ne Medium-Term Outlook r the World Economy

Richard T. McCormack

Address before the Austrian Society Foreign Policy and International tions in Vienna on November 22. . Mr. McCormack is Assistant etary for Economic and Business irs.

economic recovery in the OECD anization for Economic Cooperation Development] is now completing its nd year, with inflation still well n, and appears likely to continue in . The international financial system s to have weathered the worst of lebt crisis. Yet there are still ishes on the economic scene. ous concerns have been expressed the recovery is not solidly based hat we have only papered over our serious economic problems, par- urly including the international debt tion. Have we, in fact, found the o noninflationary growth and g prosperity? Is the debt crisis well s way to a solution? Or have we, on ontrary, built the recovery on weak lations that are, even now, crum- beneath our feet? Let me try to his question into a medium-term ective.

Prologue

e decade of the 1980s began, the l economy was in a morass of stag- n. OECD countries, reeling from npact of the second oil shock and ring from undisciplined financial es, were experiencing high rates of ion, sluggish growth, and weak ctivity performance. Profitability ncentives to undertake productive tments were weak. Interest rates on their way to unprecedented s. A good number of important de- ing countries were burdening them- s with unsustainable accumulations bt.

n the 1980s the economic strategy e OECD countries changed direc- While there were many differences licies and timing, OECD countries ally adopted a broad strategy to ablish financial stability and to lay oundation for durable growth. Inflation was to be lowered, primarily through more disciplined monetary policies, and profitability restored, with an eye to a sustainable, investment-led recovery. In some countries, including the United States, there was to be more use of market forces to allocate resources efficiently.

The transition to noninflationary growth has been a bumpy one. Anti-inflationary monetary policies clashed with an inflation deeply entrenched in expectations and institutional arrangements. Interest rates shot up further, and recession hit, driving unemployment rates to the highest levels of the post-war era. Developing countries in heavy debt were caught in a squeeze between high interest rates and debt-servicing burdens on one hand, and shrinking markets for their exports on the other. Extraordinary financial arrangements had to be made for the hardest hit of these debtor countries while, at the same time, sharp and painful adjustments in their external accounts had to be accomplished.

But the strategy began to pay off in 1983. In the United States, inflation had come down from over 13% to less than 4%, and interest rates had fallen. A vigorous recovery began, pulling along the rest of the industrialized countries in its wake and offering great assistance to the trade position of debtor countries. U.S. growth in 1984, compared with 1983, will be almost 7%. OECD growth, excluding the United States, was only 1.8% in 1983 but should register close to 3.5% this year. Inflation in the OECD area, which had averaged around 13% in 1980, has now fallen to about 5%, and intercountry differences have narrowed. Some of this decline reflects weakness in oil prices and non-oil commodity prices, but there is also considerable encouraging evidence of more wage moderation than one would have expected, even given high levels of unemployment. Corporate profitability has recovered sharply, easing liquidity and cash-flow strains. And in a number of important countries—especially in the United States but also in Japan, the United Kingdom, and Germany—fixed investment has been (or is now) recovering well, even though real interest rates have remained high. With inflation showing no signs of accelerating (and, indeed, still diminishing in some countries) and with the U.S. expansion easing off to more sustainable rates, most forecasters are predicting continued widespread growth in 1985.

Finally, with the help of the OECD recovery, active international financial cooperation, and strenuous adjustment efforts on the part of some key debtor countries, the financial situation of most debtor countries is improving—and improving dramatically in some cases. Thus, the OECD strategy for growth and the international strategy for dealing with the debt crisis appear to be succeeding. Why, then, is there so much concern?

The answer is that three principal problem areas cloud the medium-term outlook: the imbalance in OECD growth; continued strains and risks for debtor LDCs [less developed countries]; and protectionist pressures which threaten the world trading system and the sustainability of the global recovery. These problems, all sharing a structural character, must be dealt with if we are to cap off our anti-inflation successes with a period of sustained growth.

Imbalances in the OECD Recovery

In the first 2 years of the recovery, the United States, accounting for about 40% of OECD GNP [gross national product], has accounted for about 70% of OECD growth in demand. For the year 1984 alone, real total domestic demand in the United States will probably be up by about 8.5%; of this amount, about 1¾ percentage points have gone into a widening external deficit on goods and services, which served to spread the recovery abroad. The growth in real domestic demand in Europe, on the other hand, will probably be less than 2% this year. Both Europe and Japan have depended heavily for their growth on the rapid expansion of export markets in North America and their improved competitive position due to the strong dollar.

This situation served to ignite the recovery, but it cannot continue to sustain it indefinitely. U.S. economic growth is now clearly slowing to a more sustainable pace. We are expecting growth of about 4% next year; some private forecasters put it somewhat lower. Prospects for the dollar are more problematical, but most forecasters expect some decline in its exchange value in 1985. Thus, other OECD countries will need to generate more of their own steam for their recovery in order to replace the more moderate forward thrust coming from demand generated in the United States. (We expect the U.S. current account balance to deteriorate much less from now on into 1985 than it has up until now during the recovery.) The sluggishness in internally generated European demand is, therefore, a reason to worry about the robustness of the OECD recovery. Moreover, it is also a cause of great concern that the recovery in Europe has not succeeded in making any dent in the high European unemployment level.

To some extent, Europe's lagging recovery may reflect the fact that certain key countries lagged behind in their application of anti-inflation policies. But, a common perception from outside Europe (and shared by many Europeans) is that the problems of sluggish domestic demand and high European unemployment are now largely structural in nature, involving market rigidities that hinder significant private sector growth and job creation. These include, for example, disincentive effects of high marginal rates of taxation on labor and capital incomes, excessive job security arrangements that discourage labor mobility and make it risky to take on additional workers, and subsidies to declining industries that are paid by taxing away the profits of more competitive firms. High real wage rates may also have encouraged a labor-saving bias in investment. Structural rigidities become even more important when rapidly changing relative prices (e.g., for energy) and demand patterns (e.g., for steel) require major changes in resource allocation in response to market forces. I ask for your assessment of this diagnosis and of prospects for dealing with it.

I am aware that many European observers would add to this set of difficulties high real interest rates, which some of them would blame largely on high rates in the United States and, in turn, on high U.S. budget deficits.

We would argue that other factors (such as strong investment demand stimulated by tax incentives) are, at the least, more important explanations of U.S. interest rate levels and the strong dollar than is the U.S. budget deficit. Moreover, high European interest rates are probably still reflecting—as, indeed, they still are in the United States—market skepticism as to the permanency of the lowering of inflation. In sum, we believe that European factors are primarily responsible for European problems.

Nevertheless, I emphasize that we recognize that reducing our budget deficit is important not only for the sustainability of our own economic growth but for global economic health. The United States should not, certainly in the long run, be depending so heavily on importing foreign savings to finance domestic investment. Our level of net (private plus public) saving must be increased. The Administration will be making strenuous and inevitably painful efforts to accomplish this.

International Debt Prospects

Continued progress in the resolution of international debt problems is clearly vital to the sustainability of the global economic recovery. Early in the debt crisis it was widely thought that there was danger of imminent widespread default and financial collapse, so that radical measures were necessary; these voices have subsided. But now our successes in short-term financial arrangements and balance-of-payment adjustment have convinced a good many observers that, despite persisting problems in some key debtor countries, the problem is largely solved. Other commentators feel, however, that we have merely postponed the problem and that more radical solutions will eventually need to be found.

In my view, the truth is somewhere in between. I believe that our present case-by-case management of the problem has been sound, that real progress has been made, but that long-term resolution of the problem is still some ways off.

Two principal questions remain about our present success.

First, is our present success in reducing these payments deficits based on a draconian depression of activity and incomes that is not sustainable either socially or politically?

Second, is the present outlook vi[sible] only under the most favorable assum[p]tions and vulnerable to new shocks, s[uch] as OECD recession or higher interest rates?

Let me lay a foundation for our understanding of these questions. Th[e] origins of the international debt crisi[s] are usually described as a combinatio[n] of events—overzealous lending by th[e] banks and imprudent borrowing by d[e]b[tor] countries, both based on overoptimistic assumptions about the future, together with the combination of hig[h] interest rates and recession that acc[om]panied the disinflationary process in [the] industrialized economies. The short-r[un] solution is usually described in terms [of] rescheduling, filling financing gaps, a[nd] rapid current account adjustment. T[o] understand the requirements for a la[st]ing solution, however, I would like t[o] discuss the problem from a somewha[t] different perspective—the requireme[nts] for the international capital-transfer process to work effectively, how it b[roke] down for some countries, and how it [can] be restored.

I will take it as given that our ul[ti]mate goal is long-term growth and higher living standards for the peopl[es] of the developing countries. We in th[e] Western developed countries have a[n] important economic and political sta[ke] in the achievement of this goal. An i[n]ternational flow of investment is one major contribution—not the only one but an important one—that we can [make] to this process.

Simply stated, three elements ar[e] necessary for the international flow investment to work effectively for th[e] mutual benefit of capital exporting a[nd] importing countries.

First, the capital flow must be i[n]vested in such a way as to bring abo[ut], through higher output and income growth, the means whereby interest payments—or adequate return to for[eign] equity—can be met, leaving a net in[come] gain for the capital-importing countr[y].

Second, sufficient resources in t[he] recipient country must be efficiently [em]ployed to the external sector so as t[o] generate the foreign exchange to m[eet] debt service payments.

Third, this internal adjustment [must] be accompanied by a complementary [ad]justment in the trade patterns and economies of trading partners, again [to] permit the means for debt-service payments to be earned.

Two additional prescriptions should added: equity investment should be ouraged to avoid sole reliance on t finance with its less flexible debt- vicing needs; second, external capital st be used to supplement, not re- :e, domestic savings as a source of ital formation.

In fact, during the 1970s, the ital-transfer process worked very l in a considerable number of coun- s. In several capital-importing coun- s of the Far East, in particular, equi- nvestment was welcomed, capital wisely invested, economies were le open and responsive to interna- al market forces, and resources were loyed efficiently to the external sec- The capital transfer process worked . Even through the unfavorable ex- al environment of the early 1980s, e countries continued their growth today continue to enjoy access to ncial markets.

In other countries the requirements ffective capital transfer were not so observed, and the process worked well. Protection of domestic in- ry and overvalued exchange rates v resources away from the external or. Inefficient state-owned enter- s and artificially controlled domestic s hindered the efficient deployment sources. Artificially controlled in- st rates discouraged saving and en- aged capital flight. International t investment was discouraged at ost of access to technology, train- and marketing know-how. With less ble and efficient economies, these tries were particularly hard hit by dverse international developments e early 1980s. They borrowed even heavily rather than take the ssary adjustment measures. These me the debt-crisis countries.

There has been great progress in ving adjustment of the unsustain- external payments positions of the r debtors. These gains have been e as the result of improving external kets, lower interest rates, and pain- nternal adjustment measures by or nations. The IMF [International tary Fund] shows the aggregate nt account deficit of the "non-oil loping countries" (which strangely des Mexico) falling from $108.5 n in 1981 to $45 billion in 1984. The largest debtor countries, Mexico and il, according to recent estimates shed by Morgan Guaranty, account for much of this improvement. Mexico has gone from a $12.5 billion deficit in 1981 to an estimated $3.9 billion surplus in 1984, while Brazil has trimmed its deficit from $11.7 billion to $2.3 billion. Morgan Guaranty's selection of 16 major debtor countries experienced a positive swing of $56.2 billion in their balance of goods and noninterest services only partly offset by an increase of $13.4 billion in interest payments. As a result, in 1984 these countries in the aggregate are estimated to be covering 79% of their external interest payments with a surplus on merchandise trade and non-interest services.

Banks, for their part, have been building up their capital and slowing growth of loans to LDCs so that loan-to-capital ratios have been reduced. The recently agreed medium-term restructuring of Mexican debt, with more favorable interest terms, is an appropriate reward to Mexican adjustment efforts and will ease planning problems that stemmed from the uncertainties that had accompanied the year-to-year approach. A similar multiyear agreement with Venezuela has also been reached in principle, and Brazil is expected to begin talks on a multiyear arrangement soon. All these agreements are designed so as to strengthen the role of the IMF in continued close monitoring of economic policies and performance.

There are, of course, countries with severe debt problems where adjustment actions have been far less impressive and where much more needs to be done. In several countries, efforts to adjust have been seriously hampered or frustrated by the inevitable political and social strains as the required measures threaten economic interests. In a few countries, adjustment has also been hampered by adverse export price movements, such as Chile's problems with copper prices or the effect on oil-exporting countries of recent weakness in the oil market. These countries need to do more to promote export diversification.

Moreover, even the success of countries like Mexico and Brazil would be illusory if the improvement in their external accounts resulted solely from cutting imports through quantitative restrictions and compression of demand. Such a means of adjustment would be neither efficient nor sustainable, socially or politically. It would not correct the fundamental failure of the capital transfer process. In fact, at first, most of the gains did come from import cutbacks accompanied by falling economic activity. Nearly all of the major Latin American debtor countries suffered declines in real GDP [gross domestic product] over 1982–83.

However, there is now increasing evidence of adjustment of a more fundamental kind. Some of the savings in imports reflect import substitution, as a result of changes in relative prices. With the revival of OECD demand, more of the gains have recently come on the export side. The IMF's adjustment programs—which are sometimes falsely characterized as enforcing austerity alone—are, in fact, largely focused on freeing up internal markets and achieving realistic relative prices and exchange rates, so an efficient capital-transfer process can resume. Positive growth is now reviving in most of the troubled debtor countries. Although real per capita incomes still remain below pre-crisis levels, the successfully adjusting countries can expect to achieve healthy growth in the coming years—so long as they continue their long-term adjustment policies.

It will take political courage and determination for necessary steps to be taken. But the choice is not between adjustment and no adjustment. It is between orderly adjustment now—cushioned whenever possible by external support—and the extreme, disorderly, and much more painful adjustments that will otherwise inevitably be forced by precipitous economic decline.

The second question on the debt issue involves the vulnerability of the optimistic adjustment scenario to adverse external developments. There can be no question that maintenance of OECD growth is vital for successful further adjustment to take place. So far, the United States has provided the principal source of growing markets for LDCs. For example, over two-thirds of the increase in non-OPEC LDC exports from the prerecovery period to 1984 went to the United States and almost 85% of the increase in Latin American exports.

As to the future, the scenario does not have to be unreasonably optimistic to generate enough export growth to allow quite satisfactory adjustment and growth in LDCs. For example, a Morgan Guaranty "base case" assumes slowing OECD growth to 3.3% next year, only 1.5% in 1986 (a small recession), and 2.5% thereafter. This is sufficient to allow Brazil, for example, to grow at a 5% rate while still continuing to reduce their current account deficit.

Slowing growth would also make itself felt in lower interest rates—as, indeed, is now occurring in the United States—which would be at least partly offsetting. Indeed, as the U.S. economy has been slowing to a more moderate rate of growth, interest rates have also subsided substantially. Our rough calculations indicate that the decline in interest rates just since their peaks of this last summer will save LDCs more than $10 billion in annual interest charges. In fact, for some countries with especially high debt-to-export ratios, the short-run interest rate relief associated with the slowdown will more than compensate for the trade effects of a growth slowdown limited in duration and extent. What we must not permit—and what we need not permit—are more apocalyptic scenarios involving higher interest rates and deep recession, which would gravely damage prospects for LDC adjustment even with good adjustment policies on their part.

The Threat of Protectionism

As you will recall, the third element I cited in a successful capital-transfer process must be adjustment on the part of the trading partners of those debtor countries seeking to earn enough abroad to service their external debt. This means, of course, that in addition to the gains in our own standards of living and efficiency, we have another reason—the health of the international financial system—to ward off protectionism. Developing countries have benefited greatly from expanding markets in the recovering OECD economies, particularly in the United States where markets have expanded rapidly and remained relatively open. Still, LDC exports have been impeded in a good number of cases by various sorts of restrictive trade policies adopted by OECD countries.

Unfortunately, several factors have worked against a freer trading system: the recession, uneven recovery, still high unemployment, and major movements in exchange rates have all contributed to protectionist pressures. Restrictive policies have increased in certain key manufacturing sectors—textiles, clothing, steel, and autos—as well as persisting strongly in agriculture and services. Subsidies have been used to ward off the effect of market forces on industrial structure. Such policies directly reduce living standards, worsen the threat of renewed inflation, and stifle growth. They are also a barrier in th path of a satisfactory resolution of t international debt problem. While re nizing the sometimes painful costs of justing to changing trade patterns, t medium- and long-term costs of not justing are far greater. We must wo together to substitute "positive adjus ment policies" for protectionism.

Conclusion

The world economy has come throug painful process of disinflation and is reaping the benefits of renewed gro Our accomplishments are real. They based on sound policies which we m continue. But they must now be sup mented with increasing efforts in th structural area. The U.S. budget def must be reduced. All economies, but especially in Europe and the debtor LDCs, need to achieve better adapta to change through realistic, market-oriented policies. All sources of shor run instability have not, and will pr ably never, be removed. But if we c be as successful in improving the fle ibility of our economies as we have in reducing inflation, there is no rea why we cannot enjoy sustained gro in the medium term. ■

Secretary Visits Europe; Attends North Atlantic Council Meeting

Secretary Shultz departed Washington, D.C., December 10, 1984, to visit London (December 11–12), Brussels (December 12–15) to attend the regular semiannual session of the North Atlantic Council ministerial meeting and to confer with officials of the European Communities (EC), and Bonn (December 15). He returned to Washington on December 15.

Following are his arrival statement in Brussels, his news conference held at the conclusion of the North Atlantic Council meeting and the texts of the final communique and extracts from the minutes of that session, and the joint news conference with John R. Block, U.S. Secretary of Agriculture; William E. Brock, U.S. Trade Representative; Gaston Thorn, President of the EC Commission, Viscount Etienne Davignon and Wilhelm Haferkamp, Vice Presidents of the EC Commission; and Poul Dalsager, a member of the EC Commission.

ARRIVAL STATEMENT, BRUSSELS, DEC. 12, 1984[1]

I look forward very much to the time I will be able to spend in Belgium starting with a meeting this noon with Prime Minister Martens and Foreign Minister Tindemans, where we'll review a complete range of issues of mutual interest.

Belgium is a stalwart supporter of the Atlantic alliance, and I greatly value its leaders' views on the challenges which confront all the allies. Tomorrow I'll join my NATO colleagues and Secretary General Carrington for the semiannual ministerial meeting of the North Atlantic Council. 1984 has been a good year for the alliance, and our meeting tomorrow begins against a background of thorough agreement on all important aspects of East-West relations. We have important tasks before us. We will review our security situation in light of the on-going Soviet milita buildup. We will also explore ways t improve our dialogue on East-West issues, including arms control, with Soviet Union and its allies.

President Reagan has said he ha higher priority than to put our relat with the Soviet Union on a more co structive basis and to make progres arms control. I intend to consult clo with our NATO allies as we prepar the January meeting in Geneva. Wh the Soviet Union's decision to enter new arms control negotiations is welcome, the road ahead will not be easy, and Western patience and rea will remain the key to concrete pro in the coming months.

I also look forward to my meeti with President Thorn and the EC C mission. My cabinet colleagues and pect to discuss the full range of tra atlantic economic issues with the co mission. I'm confident that these di sions will continue to play an invalu

in managing both the economic and political aspects of our very close very important ties.

WS CONFERENCE,
JSSELS,
. 14, 1984[2]

l Carrington has just completed ing a very successful ministerial ing. It's been quite worthwhile from tandpoint, and I congratulate him ie job he had done and is doing. He ust summarized for you the ing, and I gather you now have the nunique, so I won't say anything ier but just go on to your questions.

. It's been said that you came without putting forward any egy for your talks in Geneva. you learned anything in the se of the last 2 days which has you a strategy?

. Of course we have been develop- ur thoughts about the Geneva ing, and the President is engaged in y extensive and painstaking effort approaches this with great usness of purpose. We've had quite meetings in Washington with the dent on various aspects of the sub- and he has been taking these mat- nder consideration. I came here ing the same set of matters for deration and hear views here. I'll these back to Washington; they'll rt of the input in the President's rations for decisions that he'll . I think that it's been a worthwhile ss of consultation here, and it's an ly and systematic and, I think, ul process that's going on in ington.

. Could you tell us whether any e comments of the other Foreign sters struck you as being useful corporate in the U.S. position for va, and if so, could you give us indication what were the most esting ideas you heard here from thers?

. I don't really want to get into the nt, because this is the sort of thing considering, but there were a wide ty of suggestions made about the f approaching the meeting. We counseled to show patience, to go ut illusions, not to expect things to en very fast, but at the same time I they were all glad to hear the ve and constructive way in which President is approaching this. So were certain tonal aspects that helpful.

I think it is natural that NATO people would be particularly interested in the representation of the INF [intermediate-range nuclear force] issues in these discussions, and, of course, they will be very much a part of the discussions. There was a lot of discussion of the fact that our East-West relationships, of course, do have arms control as an important—perhaps central—feature. But there's a lot more to it than that, and this was brought out very clearly, as was the fact that there are other fora for discussion of MBFR [mutual and balanced force reductions] issues, confidence-building issues, chemical warfare, and so forth, that are also of great importance with which we agree. So there were a wide variety of things that were brought up, and it was very helpful to me to hear those views. And, of course, this is one form of consultation.

The Special Consultative Group meetings are another, a little more technical, form of consultation. There will be one of those meetings next week. We have had a visit from Chancellor Kohl in Washington just recently. Mrs. Thatcher will be visiting with the President later this month. Prime Minister Nakasone will be visiting with us in early January, and so there is a very extensive process of visitation on all this, and I'm sure it's worthwhile.

Q. Why did you not set up at least in principle a new consultative mechanism, because there is such a multiplicity of mechanisms now that it's difficult to see which one will be chosen in the event of there being progress in Geneva?

A. There are established ways of consulting. They have worked quite well, so we'll use them to the full, and we don't see any particular reason to alter things that are working well. As a folksy saying in the United States goes, "If it ain't broke, don't fix it."

Q. Did you get the idea that there was disquiet in Europe about the Strategic Defense Initiative (SDI) and was this one of the subjects which was being put forward for discussion at the talks?

A. There has been a great deal of discussion of that, of course, in Europe and in the United States. The President has sought—and Secretary Weinberger, I, and others have sought—to explain what this research program is about and what our intentions are. I think as this process has gone on, people have become perhaps more and more comfortable with what these objectives are. I don't say that without recognizing that there are some who question it, but it is, I think, a very positive potential contribution to the deterrent strategy that has sustained the alliance for all these years and maintained the peace.

Q. On the basis of what you know from the deliberations so far in Washington on the Geneva meeting and what you've heard here, do you think it will be possible to devise a strategy for dealing with Moscow that will be satisfying both in the United States and to the allies?

A. Yes.

Q. Just a follow-up to your comments describing the Strategic Defense Initiative as a potential contribution. Did you mean to imply by your use of the word "potential" that it was potential technically speaking and that it might not be technically feasible or did you mean that it might be bargained away?

A. No, it is a research program, and the technology that has come on stream in the last decade or so has given those who know a lot more about the technology than I do a lot of hope that there can be a credible and important strategic defense designed. But it is a research program at this point, and we'll have to see what the research unfolds to us.

Q. The second part of the question as to its bargainability, if I can use that word.

A. I don't know how you bargain about a research program, but you can certainly talk about it. At any rate, just how the discussions and negotiations about space-related matters will be handled is one of the things that we're discussing in detail with the President.

Q. Assuming there is progress in your dialogue with the Soviet side, you do envisage a stage being reached when the British deterrent will be included in your negotiations?

A. I think that's a matter of some distance. I remember the statement that Mrs. Thatcher made about a year or so ago, and I think that's a good place to leave the subject. President Mitterrand also made a similar statement about British and French systems.

Q. In your general discussions on East-West relations, was there any assessment of the present Soviet leadership and any possible changes in the future?

A. People, of course, speculate about developments in the Soviet Union, but basically we proceed on the basis that the Soviet Union obviously is a very important country and it has coherence. We are going to sit down with the representatives of the Soviet Union and try to work out solutions to our problems. They constitute their pattern of decisionmaking, and we constitute ours, and we hope the two can interact in a worthwhile way.

Q. Did you get any sense from your bilaterals here that NATO allies would be willing to participate in, or at least support, a military strike against terrorists if one should be undertaken?

A. We discussed the subject of terrorism, and I think that people increasingly recognize the importance of the subject. You notice it is brought into the communique as has been the case in other meetings, such as the summit meeting. We, I think, recognize the importance of sharing information on techniques of dealing with it, sharing information about terrorists, and contemplating together the best ways of dealing with it. As to the use of military forces, I'm not going to comment on that.

Q. Is the U.S. Administration keeping under review the possibility of postponing the military tests in space during January and March?

A. Whatever is scheduled presumably will go forward on schedule. And the schedule is set up on a technical basis and obviously ought to proceed.

Q. Do you foresee the need for a new ministerial level of consultation immediately after your talks in Geneva?

A. After our talks in Geneva, whatever the outcome, we will take steps, of course, to see that our allies are informed about what happens in a direct way. We're working out a plan for consultation, and undoubtedly one important part of that is to come to Brussels and talk to the ministerial group here. But I'm sure also we'll want to go to capitals and, as a general proposition, keep people informed and get their reactions and advice, and we hope that this will be an ongoing process.

Q. What's your answer to the demand of [West German Foreign Minister] Genscher to get active participation, and not only consultation, on further arms limitation talks?

A. I have the impression from my individual discussions with Mr. Genscher in Washington, and here in the meeting and what's expressed in the communique that he and the others are very well pleased with the pattern of consultation, the way in which these discussions have been conducted, and the way it's projected. As far as I know, there isn't any issue.

Q. In your bilateral talks with the Spanish [Foreign] Minister, Mr. Moran, did you get the impression that the Spanish position is now coming closer to the alliance compared to 1 or 2 years ago, and do you expect this position to be even closer in the next year before the referendum?

A. The Spanish Government is in the process of considering how it will posture itself, and we've been taking the attitude of being patient about that and working with them. Of course what we think is in our interest—"our" meaning the NATO alliance generally—and theirs is for them to be full partners in NATO. And we hope that that comes to pass.

Q. We've been told repeatedly this week that we shouldn't expect too much from your talks with Mr. Gromyko. What do you think one could realistically hope should come out of Geneva?

A. I really don't want to speculate too much about it. We are going there, having worked through both substantive and procedural issues and prepared for a serious, positive, and constructive discussion. From all I can tell, the Soviet Union is similarly preparing itself. So we'll go there with that attitude, and we'll just have to see what happens. Maybe nothing will happen, and that'll be the end of it. Or maybe it will take longer or maybe there will be some definitive outcome, at least in terms of fora that are set up for explicit negotiations. By our agreement, that's the presumed objective. So we'll just have to see. The main thing is that we are going there with a positive and constructive attitude, and we do hope that something worthwhile will be accomplished.

Q. If I understood what you sa a few minutes ago, the tests will go r ward in March of ASAT [antisatel systems] and their connection as it with SDI. Does this mean that you previous comments about discussi restraint with the Russians will n include questions of postponing te

A. What they will include I have made any comment on. The question tests and when they take place, abse some agreement to the contrary, is essentially a technical question. I do know what the technical considerati may be that will affect the timing of tests. I think in this case what you'r talking about is antisatellite devices one kind or another, not directly SI related matters. So it's essentially a technical question unless there is so political decision otherwise as a resu negotiations.

Q. In your earlier remarks, ou Prime Minister Nakasone's visit t your capital was counted also in t process of setting out your positi Originally Japan had nothing to d with the INF negotiations. Does t mean that you have a new idea—c geographic or other new elements i your position vis-a-vis the newly s ing talks with the Soviet Union?

A. Prime Minister Nakasone an colleagues have always been interes in arms reduction talks. And the po tion the alliance has taken in the IN talks has always been a position in of global constraints—zero to begin and then various positions as we w through the bargaining process. A approach is necessary, in part becau there are many SS-20s deployed ag Japan, China, Korea, and also becau SS-20 missiles deployed against th countries are mobile missiles. They easily be moved in a short space of and the deployments against Europ be augmented. So if all you did was negotiate about a certain category weapons, depending on where they deployed, you would not be dealing prehensively with the problem. The that they are pointed at Japan cert catches the attention of the Japane and we've had many discussions wit Prime Minister Nakasone and his c leagues about arms control. They're interested in the subject and unders ably so. So we're always interested his views.

Q. There are numerous published orts that you and Mr. Weinberger 't see eye to eye on how to go ut negotiating in Geneva. Were able to tell your colleagues here t these reports were a lot of rub- ı, or if they were not a lot of rub- ı, were you able to tell them that will eventually see eye to eye by uary 7?

A. By and large Secretary nberger and I share common views defense matters and on matters of kind. We discuss them in meetings urselves and then in meetings with President. It isn't that there is just ogue between Secretary Weinberger me. There are a number of people lved, and we try to examine all cts of the issues. The President cer- y likes to be sure that any angle on ething that can be mentioned, ther you support it or not or just t to call it to his attention, are put e. In the end, the President decides, n the whole I think he has seen a consensus on most important s. But anyway, it's for the Presi- in the end to decide and then we all ort the decisions that he makes. So etary Weinberger and I have ed, really, quite well together in area. I've seen the newspaper es, but I'm just telling you what my rvation is for whatever it's worth.

Q. Do you regard the present h and Belgian positions on INF as rable for the coming talks with Gromyko?

A. Yes, I think the discussions we've here and the text of the communi- ll put us in the kind of position of gth and readiness for dialogue that e essence of the NATO posture on -West relations. It's a good posture; s worked for us in the past, and I'm it will work for us in the future, we'll stick with it. The Dutch and Belgians, I'm sure, will be very much t of the process.

FINAL COMMUNIQUE, DEC. 14, 1984[3]

The North Atlantic Council met in ministerial session in Brussels on 13th and 14th December 1984. Ministers agreed as follows:

1. The last few years have been difficult ones for East-West relations. The difficulties have not been of our making. In particular, the constant Soviet build-up of arms of all kinds requires us to maintain adequate forces to guarantee our collective security and to preserve the peace. The Alliance has continued to show strength and political solidarity, which remain the basis for our security.

2. The principles of the "Washington Statement of East-West Relations" of May 1984, which reaffirms our commitment to the Harmel Report, continue to guide the Alliance. Deterrence and defence, combined with arms control and disarmament, as well as constructive dialogue with the East, are for us integral parts of a coherent policy for stable peace. We remain ready to play our full part in a realistic effort to bring about an improved East West relationship and increased co-operation. Regular bilateral high-level contacts can contribute to these objectives. We call upon the Soviet Union and its allies to adopt a similarly positive approach towards genuine detente.

3. We will maintain our close consultations on all matters of common concern. As we approach what may be a new phase in the arms control process, consultations on arms control and disarmament remain of particular importance.

4. We welcome the forthcoming meeting of Secretary Shultz and Foreign Minister Gromyko to discuss new negotiations on the whole range of questions concerning intercontinental and intermediate-range nuclear weapons and arms in outer space.

Nuclear weapons should be substantially reduced by negotiations between the United States and the Soviet Union leading to equitable, verifiable and balanced agreements in which all concerned can have confidence.

5. The Allies concerned are willing to reverse, halt or modify the longer range INF (LRINF) deployments—including the removal and dismantling of missiles already deployed—upon achievement of a balanced, equitable and verifiable agreement calling for such action. In the absence of a concrete negotiated result obviating the need for such deployment, the Allies concerned emphasised their determination to continue the deployment of longer-range INF missiles as scheduled.[4]

6. The best approach to the problem of chemical weapons is the most radical: they should be eliminated world-wide. We remain deeply concerned about the use of such weapons. We call on the international community to work for the objective of a verifiable, comprehensive and global ban on chemical weapons. We attach high priority to the efforts to achieve this objective at the Conference on Disarmament in Geneva.

7. Confidence and security are complementary. In Stockholm (CDE), we seek agreement on militarily significant and concrete confidence and security building measures to be applied in the whole of Europe thereby giving new effect and expression to the existing duty of all participating states to refrain from the threat or use of force. In Vienna, the Allies participating in the MBFR negotiations are actively working towards a verifiable agreement involving reductions of conventional forces to parity at lower levels, thereby enhancing confidence and improving military stability in Europe.

8. We remain firmly committed to the balanced development of the CSCE process. The experts' meeting on human rights which will take place in Ottawa in May 1985 will be one important step in this process. Full implementation by all participating states of the political undertakings made in Helsinki and Madrid is essential. The tenth anniversary of the signing of the Final Act in August 1985 should be commemorated by a meeting of the participating states at political level, on the assumption that the international climate would make this appropriate. The CSCE process could thereby receive a new impulse.

9. It is unacceptable that the Soviet Union, in disregard of its obligation not to threaten or use force, continues to violate the independence, sovereignty and territorial integrity of Afghanistan.

Other issues also remain of deep concern to us. Recent events in Poland again demonstrate the need to achieve national reconciliation.

We, for our part, respect the sovereignty and independence of all states. We will remain vigilant and will consult on events outside the treaty area which might threaten our common security.

10. The maintenance of a calm situation in and around Berlin remains an essential element in East-West relations. In this regard unimpeded traffic on all access routes is of fundamental importance.

We support the efforts of the Federal Republic of Germany to continue and develop dialogue and co-operation with the German Democratic Republic as a contribution to strengthening peace in Europe and to obtain further practical improvements to benefit the German people, particularly the Berliners. On the question of the division of Germany, we reaffirm our Washington statement of 31st May 1984.

11. We seek to improve the quality of the peace. As a community of free nations sharing common values, we remain fully committed to strengthening free institutions and to promoting stability, well-being and economic co-operation, in the spirit of Article 2 of the North Atlantic Treaty.

We remain determined to prevent and suppress terrorism, which seeks to undermine stability and destroy our democratic institutions.

12. The continued expansion of Soviet military potential remains a major Allied concern. We are, therefore, determined to maintain a sufficient level of both conventional and nuclear forces to ensure the credibility of deterrence. Those Allies participating in the military structure of the Alliance will work in particular to strengthen their conventional capabilities.

The security we seek for ourselves is not security at the expense of the Soviet Union or anyone else. None of our weapons will ever be used except in response to attack. Our Alliance is designed to prevent war and to preserve peace in freedom.

13. The Spring 1985 meeting of the Council in ministerial session will be held in Lisbon in June.

EXTRACTS FROM THE MINUTES OF THE NORTH ATLANTIC COUNCIL MINISTERIAL MEETING, DEC. 14, 1984

In addition to the Communique the Foreign Ministers decided to publish the following extracts from the minutes of their meeting of 13th and 14th December 1984.

Armaments Co-Operation

Ministers examined the report by the Conference of National Armaments Directors (CNAD). Reaffirming the importance they attach to the transatlantic dialogue between the European nations and their North American allies, they agreed that the decision to use the CNAD structure as the primary forum for this dialogue further demonstrated the effectiveness of NATO's consultative machinery. Ministers welcomed the determined efforts being made by the CNAD to exploit emerging technologies in order to improve conventional defence, and they reviewed CNAD follow-on to the 1982 Bonn summit and Luxembourg ministerial meetings in the areas of armaments planning, and technology sharing and transfer. Ministers also noted with satisfaction major CNAD project achievements, such as the signing of feasibility memoranda of understandings for a Short Range Anti Radiation Missile (SRARM) by seven nations, and a Long Range Stand Off Missile (LRSOM) by three nations. Ministers further more noted with interest the CNAD discussions on upgrading current inventory equipment as a valuable complementary effort to acquisition of new systems.

Ministers stressed the need to make a special effort to facilitate the participation of countries with less developed industries in joint projects.

Economic Co-Operation and Assistance Within the Alliance

Ministers took note of the Secretary-General's personal report on "Economic Co-operation and Assistance Within the Alliance," reviewing the economic situation and prospects of the Alliance's three less prosperous members, paying special attention to their needs, calling upon all countries in a position to do so to provide more aid as a visual proof of Allied solidarity and to help these countries to overcome their most pressing problems which are inhibiting their necessary economic and defence modernization.

Terrorism

Referring to paragraph 11 of their December 1984 communique, Ministers strongly reaffirmed their condemnation of increasing acts of terrorism world-wide. They noted with grave concern that these acts threaten democratic and free institutions and the conduct of normal international relations. Ministers again stressed the need for the most effective co-operation possible to prevent and suppress this scourge.

Committee on the Challenges of Modern Society (CCMS)

Ministers took notes of the Secretary-General's annual report on the work of the Committee on the Challenges of Modern Society and expressed satisfaction at the continuance at its high level of activities. A study on the most efficient ways to restore contaminated land has been successfully achieved; another pilot study, on air pollution impact modelling, is nearly finished. Two new studies, one on health and medical aspects of disaster preparedness, and another on estuarine management (phase II) have been accepted by the committee. Two further seminars, both dealing with the environmental impact of military land requirement, have been held.

The Situation in the Mediterranean

Ministers noted the report on the situation in the Mediterranean in view of the actual and potential impact on Alliance security of events in the area. They requested the council in permanent session to continue to consult on the question and to submit further reports at their future meetings.

Out-Of-Area

Referring to paragraph 9 of their Decem ber 1984 Communique, Ministers reaffirr that events outside the treaty area may a fect their common interests as members the Alliance. They will engage in timely sultations on such events, if it is establis that their common interests are involved Sufficient military capabilities must be assured in the treaty area to maintain ar quate defence posture. Allies who are in position to do so will endeavour to suppo those sovereign nations who request assistance in countering threats to their security and independence. Those Allies position to facilitate the deployment of f outside the treaty area may do so, on th basis of national decision.

East-West Trade

Recalling their statements in previous C muniques, Ministers reaffirmed that tra conducted on the basis of commercially terms and mutual advantage, that avoid preferential treatment of the Soviet Uni contributes to constructive East-West re tions. At the same time, bilateral econor relations with the Soviet Union and the tries of Eastern Europe must remain co ent with broad Allied security concerns. These include avoiding dependence on t Soviet Union, or contributing to Soviet military capabilities. Thus, development Western energy resources should be en couraged. In order to avoid further use the Soviet Union of some forms of trad enhance its military strength, the Allies remain vigilant in their continuing revie the security aspects of East-West econc relations. This work will assist Allied g ments in the conduct of their policies in field.

JOINT NEWS CONFERENCE, BRUSSELS, DEC. 14, 1984[5]

President Thorn. I don't need to in troduce you to the gentlemen seate this table. You can see their name plates, but I'd just like to say that I happy to be here before you once a to greet the representatives of the Government who, for the fourth tin succession, have come here to talk us about the various problems that have as important trading partners mean us, the Community, and the United States of America.

I'd like to stress that this is the time that Secretary of State Shultz in person, headed the U.S. delegati and this has made possible for us t stock, as it were, to some extent, a

g this stocktaking exercise, we d that the successes we have met in our contacts and discussions can alanced with the various setbacks, of se, which take place, and that all a number of dangers have been ded because we have been able to k together through exchanges of s. We have been able to remain in tant contact. And now, more than , in the difficult and rapid times of y, we believe that such exchanges of s need to be pursued.

I can give you the various headings e subjects that were discussed and essential substance that was dis- ed. We spoke about enlargement. In respect, for the benefit of our ds from the United States, we rd that we intended to pursue the rgement negotiations actively, with ope of being able to conclude these tiations very soon, both as regards pain and as regards to Portugal. We ted on the significance that this had ll of us in political and economic s. I mean the idea of bringing Spain Portugal successfully into the munity.

The United States has stressed that legitimate rights should also be ected. They stressed that they ed all of this to take place in full rvance of the rules of the GATT eral Agreement on Tariffs and e]. They wanted us to abide by rules strictly. Of course, we con- ed that we intended to do this. And oint out that on the one hand, there the system, of course, of community erence and, on the other hand, once gement comes into play, will bring t some tariff reductions as regards number of industrial products.

With regard to the countries that be joining the Community, we also ssed a number of agricultural s. You will not be surprised to hear We explained to the members of J.S. Government what develop- s have taken place in Europe, what ges have been made to the common cultural policy in a number of sum- and ministerial meetings. The etary of Agriculture also explained what policy the American Govern- was thinking of in this area. He, of se, underscored a number of par- ar anxieties felt by our American ds with regard to a number of prod- And, of course, in this context, we e of corn gluten feed. And, of course, we also referred to our problems with wine. There was discussion of butter. Each side referred to its concerns and insisted on the need to have these various concerns taken into account.

We discussed the industrial sector as well. And in this area, we talked about export credits. We talked about high technology, and here we were satisfied with the work undertaken by the groups which we have set up. We asked them that they should be able to continue their work and to work still more concretely on problems that are of common interest. There is, of course, the problem of pipes and tubes. We did discuss this. Each side restated its position, explained it more fully. We did not today find any common ground for understanding or agreement. We shall continue our efforts in this field, and we shall keep you informed of how this is continued. This is all I have to say on that point.

On multilateral trade negotiations, we are in a position to express our common satisfaction with regard to the outcome of the 40th session of the contracting parties of the GATT. The two sides—the Community and the United States—are ready to pursue work in 1985 in the hope that at last it will be possible to hope to have done enough preparatory work in order to be able to envisage the new multilateral negotiation round.

That is what I wanted to say, then, by way of an introduction. I would ask Secretary of State Shultz if he would like to make a few introductory comments before he responds to your questions.

Secretary Shultz. I think your summary was fine and I don't have anything to add to it. I would only like to say that now, having several of these meetings with you and your colleagues, and recognizing that the commission will change now pretty soon, that I would like to express on behalf of all of us our appreciation for the contacts we have had with you and the discussions, the problems that we have worked out together. And, of course, you have left an inventory of problems for your successors but, probably, a smaller inventory than you found when you got here. At any rate, our best wishes to you and our appreciation for the good work that we have been able to do together.

Q. May I ask both sides how you regard the warning that the EC might have to seek compensation over the differences on steel pipes and tubing?

Ambassador Brock. We didn't spend any time discussing the compensation *per se*; we were talking about the issue. Obviously, the United States felt that we had an agreement, and after failing to resolve some differences within that agreement over the last 10 months, we had to take action to enforce it. Under those circumstances, we believe that we can defend that action with full success in the GATT. And, therefore, there is no justification for any such suggestion.

Q. I'd like to ask a two-part question. One directed at Mr. Block and the other for Mr. Dalsager. In the last 2 years, Mr. Block has said that he didn't want any U.S.–EC trade wars in agriculture. Does he feel that the U.S. farm bill, which will reduce domestic price support for cereals and encourage more exports, will drive down the world price for cereals, and what impact does he feel that will have upon the protectionist policies of the common agricultural policy? And will it be more effective in reforming the common agricultural policy than the EEC has been so far?

And for Mr. Dalsager, I would like to ask whether he feels the EC would be able to afford to compete with the United States on the world market in 1985, in view of the fact that the Community at present does not have a realistic budget?

Vice President Davignon. I think the position is quite simple. We think that the decisions taken by the United States are not in accordance with the GATT rules. That's why we asked for the council to meet on Monday. And if the matter is not resolved in the council, then, of course, we reserve our rights, while still complying with the procedures of GATT. So there is simply a difference of appreciation about the problem and the entitlements of the two sides. In our opinion, it is not in line with that of our American colleagues.

Secretary Block. Let me say that the policies that President Reagan will be promoting in the Congress regarding agricultural policy is not driven by the policies of the European Community. The policies are policies that we believe are appropriate for the United States. I think they're sound policies for anyone in the world, but really we think that they're the right policies for us in the United States. I say that because this kind of reform is necessary, because the current programs that we have are not

working. We've really not been successful in cutting production. When we do, someone else takes our markets. We price ourselves out of the world market with supports that are too high. Our policies and programs generally have been inconsistent.

And we believe that a market-oriented program will be in the best interests of the United States of America and, ultimately, in the best interests of the American farmer, and we can compete on world markets and with this kind of a program we will be in a position to do precisely that. It's driven from two directions. Number one, it's a sound policy. Number two, it will reduce the cost of farm programs to our taxpayers. Both of these are worthy objectives, and for that reason we will pursue the policy that we have been talking about here today, which is one that envisions, number one, ending all restrictions on production, number two, provide for no absolute price floor. There will be a harvest loan, but that won't be the floor. We're going to compete in the world market at world prices.

And we're doing this for a series of commodities—all commodities, grains, dairy, sugar, tobacco, the whole list. The government is not going to be in the business of holding large stocks of grain. All they do is depress prices for American farmers. We will hold a reasonable amount of grain for humanitarian reserves, but we're not going to be holding huge stocks. And we will have a strong trade title in this legislation to give American farmers assurance that the U.S. Government is going to work to open up markets for them.

The U.S. Government is not going to tolerate unfair trade practices, and the U.S. Government is going to work to bring down trade barriers. I believe that this will be sound policy for the United States of America. Just exactly what the Community does in response, I don't know precisely. I do believe the Community would like at least at some point in time to move to policies that would cost less for them too.

Commissioner Dalsager. First of all, we have an agreement in GATT where we are working with a so-called fair share of the market, and the Community intends to stick to that policy. We will not push any out of the market. That's the first answer. The next answer is that, speaking about cereals, prices are on the way down. The market price has been down this year, and I don't know what the new commission will do in their price proposals, but I could imagine if we follow the decision taken by 31st March this year that the prices for wheat and for cereals have to be decreased in the new price proposals. And finally about the budget, there will be many good reasons for saying that we cannot do anything because we do not have a budget. We will have some money available in all circumstances but not enough. I don't think it's as much a problem for the commission as it will be for the member countries, where, one way or the other, they will have to find money until the budget situation is solved in the Community.

Q. What Mr. Block was saying sounded rather like the sort of declaration of trade war we will be writing about for some time. To what extent does he think that this is taking an offensive which will involve Europe, and to what extent does Mr. Dalsager think that the EC can or should retaliate?

Secretary Block. First of all, I don't believe that it has anything to do with a trade war. It has to do with competition in the world market. The United States does not and has never believed in agriculture dividing up the world market with some kind of market shares. We believe in competing. We believe that a country that has the production capacity to raise a product at a competitive price, that the law of comparative advantage should rule. And we just want to get in the business of producing and competing. And as I said in the beginning, our past support programs have really not served the American farmer well and our country well. And let's just face up to it, let's look to the future with bold, new, aggressive policies that will serve the United States and, indeed, I think will serve the world.

Commissioner Dalsager. If the U.S. policies are in conformity with the common rules we have about world trade, there will be no retaliation. And I am not sticking to guns because journalists wish to have a declaration of war, because I don't think we should speak in that direction. What we have to do is to negotiate problems if there are problems and if there will be problems. That is the intention of the Community and the commission.

Q. Did you discuss Central America, and did the United States in some way accuse Europe of aggravating the problems in the area by its own farm export policies? Did the Europeans take seriously this kind of accusation?

Secretary Shultz. The subject of Central America wasn't discussed in our meeting.

Q. If you say we want to produce and compete on the world market, does that mean that you will do that regardless of the commercial interests of your Western allies?

Secretary Block. I really don't even know what you are suggesting. What I am saying is that we'll just produce and sell. We're not going to subsidize the production. We're not going to subsidize the exports with any kind of restitutions. That's perfectly within the law of GATT and everything else to produce a product at a competitive price and offer it on the world market. It's being offered for sale by private farmers or traders. It's not the government selling. There's really nothing to it. We're just in business and no subsidies. The government is going to bring down the cost of farm programs and go out and farmers will just produce and sell competitively. It's nothing revolutionary. It's good sound economic trade policy.

Q. You accepted the introduction of President Thorn, and he said that the United States insisted that the Community should also stick to the GATT rules. I wonder how you can say that if some of your legislation like Wine Equity Act—and I wonder whether it was discussed here—seems, at least to the opinion of the European Commission and European governments, a gross contradiction to the GATT rules?

Secretary Shultz. Of course, people take challenges to the GATT and it is worked out there. And the Europeans feel they operate within that framework and so do we. Perhaps Ambassador Brock would like to add to that.

Ambassador Brock. I think the original Wine Equity Act clearly was in violation of the GATT rules. This Administration actively opposed it, as to a number of other GATT-inconsistent and protectionist proposals. We were successful in striking virtually all from the trade act. And I think it is fair to say that the community today expresses

ne appreciation for those actions. I
't think the issue is relevant to the
sent situation. I think we have solved
ne problems that Congress proposed,
we did not allow that to be passed. I
ık we are in pretty good shape with
ard to the GATT.

Vice President Haferkamp. On the
cific point which was raised about
e, as it was dealt with within GATT,
noted together in our discussion of a
moments ago just how important
international institution is for world
le. We said that we would continue
ork together to strengthen this in-
ution and further develop it. Bearing
ind what has been said recently
ut a new GATT round, in the last
weeks we have made some head-
. And I think it is possible to say
that there is sufficient substance to
pare for a round which would then
ably take place in 1986 at a
isterial level. Now if that is the case,
th sides agree that GATT needs to
ushed forward and strengthened,
I think it's self-evident that both
s accept the rules and procedures of
T, and whenever there are disputes,
e disputes will be resolved within
context of the GATT procedures and
s.

Q. It has nothing to do with
y's meeting, but, to Mr. Shultz,
it the meeting that happened be-
en President Reagan and South
can Nobel Prize laureate Desmond
u: Does that mean a new approach
ne United States toward South
ca and Namibia? Second part, will
e be a new deal from the Reagan
inistration in the Middle East
r the new moves?

Secretary Shultz. The President
a very good meeting with Bishop
u, and the President explained our
y carefully and, I think, effectively.
Our policy is, first of all, as far as
h Africa is concerned, in the
ework of constructive engagement
pose absolutely and without any
vocation—this has always been the
—the system of apartheid. We have
se for it. It is wrong morally, and I
sure that stability and peace will
r really come to that part of the
d until the system has disappeared.
That doesn't mean that we shouldn't engage with South Africa and in southern Africa to help in whatever way we can to resolve problems. We have done so, and there has been a certain line of results that could be identified. I won't go into it all, but, at any rate, the President explained our policy and reaffirmed the fact that he intends to continue following that policy.

I might say that after the President's meeting, there was a lengthy meeting with Vice President Bush and Assistant Secretary [of State for African Affairs Chester A.] Crocker, and we had a full review. Of course, also, we had a very interesting discussion in listening to suggestions that Bishop Tutu wished to make.

As far as the Middle East is concerned Assistant Secretary [of State for Near Eastern and South Asian Affairs Richard W.] Murphy is there and is visting around in the area. And if we can make a contribution toward stability and peace there, we certainly intend to, and I don't have anything further to say on it.

[1]Press release 261 of Dec. 17, 1984.
[2]Press release 263 of Dec. 20.
[3]The Minister of Foreign Affairs of Spain reserves his Government's position on the present Communique [text in original].
[4]Denmark and Greece reserve their positions on Paragraph 5 [text in original].
[5]Press release 262 of Dec. 17. ■

U.S. Reaction to Agreement on Cypriot Discussions

DEPARTMENT STATEMENT, DEC. 13, 1984[1]

The United States welcomes the announcement late yesterday by UN Secretary General Perez de Cuellar that the two Cypriot communities have agreed to participate in a summit meeting in January. We view this as a most positive development, one creating a new opportunity to end the division of Cyprus and establish a reunited Cypriot government.

This agreement to hold direct, high level talks, the first in over 5 years, came about only because of concerted efforts by all of the parties concerned. Cypriot President Spyros Kyprianou and Turkish Cypriot leader Rauf Denktash have shown statesmanship and courage. The Governments of Turkey and Greece, which have important traditional roles to play, took an active interest in the three rounds of proximity talks and deserve credit for helping to bring about this favorable outcome. Secretary General Perez de Cuellar deserves our congratulations and appreciation for this accomplishment and shall continue to have our full support as he works toward a fair and final settlement of the Cyprus problem.

In deciding to proceed to a summit, the leaders of the two Cypriot communities have undertaken a historic but difficult task. Finding solutions to concrete problems which have divided the two communities will require skill, patience, and vision. As the President announced in May, we are prepared to assist the Cypriots in rebuilding a united country when a settlement, or major progress in that direction, is achieved.

[1]Read to news correspondents by acting Department spokesman Alan Romberg. ■

U.S. and West Germany's Commitment to Peace

Following is the joint statement issued at the conclusion of a meeting between President Reagan and Chancellor Helmut Kohl on November 30, 1984. The text was not available to include with other documentation on the Chancellor's visit to Washington, D.C., published in the January 1985 Bulletin.[1]

JOINT STATEMENT,
NOV. 30, 1984

The President of the United States and the Chancellor of the Federal Republic of Germany met today, at the President's invitation, to continue their regular exchanges on matters of common interest. Secretary Shultz, Secretary Weinberger, and Foreign Minister Genscher took part in the talks.

The President and the Chancellor stressed the extraordinary importance of establishing a more lasting basis for peace in Europe and throughout the world. Noting the role of NATO in providing peace and security for Europe and North America in the more than 35 years since its founding, the President and the Chancellor are reassured by the clear determination which NATO has shown to safeguard its security and assert its unity.

President Reagan and Chancellor Kohl emphasized that the close relationship between the United States and the Federal Republic of Germany is fundamental to the maintenance of peace and that continuing cooperation is essential to maintaining the common defense.

As democracies active in the Conference on Security and Cooperation in Europe (CSCE) process, our cooperation can be especially successful in demonstrating the human as well as political aspects of the search for peace. Committed to the Helsinki Final Act, and to the other pertinent multilateral and bilateral documents, we do not accept the division of Europe as permanent and shall work to lower the human costs of the tragic barrier which divides the continent, and in particular, the German people.

The President and the Chancellor reaffirm the importance of continuing a balanced approach to East-West relations, as set out in the Harmel report, ensuring the maintenance of necessary military strength and transatlantic political solidarity while pursuing a productive relationship between the countries of East and West through dialogue, cooperation, and negotiation.

Such dialogue must be built on the recognition of mutual, legitimate security interests and be conducted on the basis of equal rights for all parties involved. Stable relations must be characterized by the renunciation of military force levels beyond legitimate defense needs and must be founded on strict observance of the ban on the threat or use of force, as enshrined in the UN Charter.

The Chancellor endorses the President's continued readiness to meet with the Soviet General Secretary at a carefully prepared meeting. The Chancellor also supports the U.S. proposal to hold regular, high-level talks and meetings which would demonstrate the will of both sides to cooperate on questions of peace, security, and international stability. The President welcomes the continuing efforts of the Federal Republic of Germany to pursue dialogue and cooperation with the Soviet Union and with all the countries of central and Eastern Europe. They urge the Soviet Union to join in a heightened effort to improve East-West relations, give fresh impetus to arms control, and fashion a constructive and stable relationship at the lowest possible level of armament.

The President and the Chancellor stressed that the alliance's existing strategy of forward defense and flexible response has, for many years, played an indispensable role in preserving peace in Europe and will continue to do so. The goal of this defensive strategy is and will remain to prevent any war. The President and the Chancellor reaffirmed the principle subscribed to by all NATO members that none of their weapons will ever be used, except in response to attack.

They are agreed that all requisite steps must be taken to maintain the effectiveness of the alliance's military strategy and ensure continued deterrence. The expansion and modernization of Soviet and Warsaw Pact nuclear and conventional forces has intensified the need to strengthen the alliance's force posture.

The United States and the Federa Republic of Germany regret that in co trast to NATO's agreed reductions, starting in 1980, of 2,400 nuclear warheads, the Soviet Union has continued to build up its nuclear forces, while abandoning the bilateral Geneva arms control negotiations. The United States and the Federal Republic of Ge many see it as imperative, both for ev tual success in arms control negotiatic and for the alliance's security, that, in the absence of concrete results in the negotiations, NATO deployments proceed as envisaged under the 1979 deci sion. NATO has stated that it remains ready to halt, modify, or reverse deployments—including the removal a dismantling of missiles already deploy in Europe—in accordance with the terms of a balanced and verifiable agr ment.

The President and the Chancellor consider it essential to redress the steadily growing conventional force ir balance favoring the Warsaw Pact. Therefore, an improved conventional defense posture would help ensure th the alliance's capacity to act is fully preserved, that deterrence is strengtl ened, and that the nuclear threshold i raised. The President and the Chancellor, therefore, agreed on the need for a coherent alliance approach enhancing NATO's conventional capabilities and are prepared to participate in alliance efforts to make th necessary resources available.

The President and the Chancellor emphasized the importance of mainta ing an equitable balance of effort and sacrifice among alliance members. Th Chancellor expressed his appreciatior for the crucial contribution that the United States makes to alliance secu in particular through the presence of American troops in Europe. The Pre dent expressed his appreciation for t German contribution to the common defense. In particular, he welcomed t Federal Government's recent decisior toward sustaining the *Bundeswehr's* force structure. He also welcomed th recent initiatives of the Western Eur pean Union and the intensifying dialc between the Independent European I gram Group and their North Americ partners in identifying promising are for resource cooperation. They also stressed the importance of making b ter use of available resources and technology through broader economic and arms cooperation among membe nations.

Underscoring the basic policy of the th Atlantic alliance, the President the Chancellor reaffirm that deter- e and defense together with arms trol and disarmament are integral ts of their security policy. They form essary elements of a coherent tegy for securing a stable peace.

The President and the Chancellor firm their commitment to achieve ificant results in multilateral arms rol negotiations, including mutual balanced force reductions (MBFR), Conference on Security- and fidence-Building Measures and rmanent in Europe (CDE), and the ference on Disarmament (CD).

They stress the need for progress ard an MBFR agreement establish- parity in central Europe and improv- military stability. At the Stockholm erence, they seek agreement on arily significant confidence-and rity-building measures (CSBMs) to pplied in the whole of Europe, thus ving participants to reaffirm and e concrete the existing commitment frain from the threat or use of e.

They express their determination to for progress on a verifiable, com- ensive, global ban on chemical ons at Geneva.

The Chancellor takes special note of President's readiness to discuss with Soviet Union the full range of issues ncern to both sides: the reduction tercontinental and intermediate e nuclear systems, the relationship een defensive and offensive forces, space arms control, improving the tiveness of existing arms control ar- ements, and agreeing to further sures to reduce the risks of conflict gh accident, misunderstanding, or alculation.

The President reiterates, and the ncellor fully supports, the United s' continuing readiness to work the Soviet Union in developing a ptual framework for future tiations leading to balanced and iable arms control agreements. The ident and the Chancellor express convietion that prompt and mean- l progress is possible. They stress ignificance of the understanding ed between the United States and Soviet Union to open a new phase of arms control dialogue with the ing between Secretary of State ge Shultz and Foreign Minister ei Gromyko in Geneva.

The President and the Chancellor reaffirm the value and necessity of continued close and intensive consultations within the alliance over the range of issues before it. In particular, the President and the Chancellor stress the importance of close consultations among the allies on arms control matters and reiterate their resolve to continue to contribute actively to this process of consultation.

The President and the Chancellor pay tribute to the North Atlantic alliance as the community of democratic states to which its members owe the preservation of peace and freedom. The President appreciates the vital contribution each ally makes to NATO defense and deterrence and reaffirms the U.S. commitment to the common goal of maintaining peace and security in Europe. The President and the Chancellor are determined to strengthen further their efforts in the search for a stable and lasting peace in Europe and throughout the world.

[1]Text from Weekly Compilation of Presidential Documents of Dec. 3, 1984. ■

Rededication to the Cause of Human Rights

by President Reagan

Remarks made in a ceremony commemorating Bill of Rights Day, Human Rights Day, and Human Rights Week, 1984, and text of the proclamation on December 10, 1984[1]

This ceremony marks more than another event on the White House calendar or another worthy cause for the national agenda; for in observing Human Rights Day, we rededicate ourselves to the cause of human dignity and freedom, a cause that goes to the heart of our national character and defines our national purpose.

So today, we dare to affirm again the commitment of the American people to the inalienable rights of all human beings. In reaffirming the moral beliefs that began our nation, we strive to make the United States what, we pray to God, it will always be—a beacon of hope to all the persecuted and oppressed of the world. And we resolve that, as a people, we'll never rest until the blessings of liberty and self-government are extended to all the nations of the Earth.

Two years ago in London, when I called for a crusade for freedom and human rights, I noted that these ideals—embodied in the rule of law, under God, and in the institutions of democratic self-government—were on the march. Because these ideals represent the oldest and noblest aspirations of the human spirit, I said then that this power is irresistible when compared to totalitarian ideologies that seek to roll back mankind's march to freedom.

Today, I want to take special note of evidence that this desire for self-determination, this recognition by the state of the inalienable rights of men and women everywhere, is nowhere stronger than close to our own borders in the lands of Latin America. In contrast to only a few years ago, today more than 90% of the people in Latin America and the Caribbean live in nations either democratically governed or moving in that direction.

While we're still doing all that we can to promote democratic change in nations such as Paraguay and Chile, we must not forget that over the last 5 years in Argentina, Bolivia, Ecuador, El Salvador, Honduras, Panama, Peru, and, most recently, in Uruguay, military juntas have been replaced by elected civilian governments. And just last Monday, democratic values triumphed again as the people of Grenada freely elected a new civilian prime minister.

Today, all who cherish human rights and individual freedom salute the people of the Americas for their great achievements. And we pledge to our neighbors the continued support and assistance of the United States as they transform our entire hemisphere into a haven for democracy, peace, and human rights.

In other nations farther from our shores, we've also seen progress toward reducing the repression of human rights and some strengthening of democratic institutions. In some of these nations, which have authoritarian governments but friendly ties to the United States and the community of democratic nations, quiet diplomacy has brought about humane and democratic change.

But we know there are occasions when quiet diplomacy is not enough, when we must remind the leaders of nations who are friendly to the United States that such friendship also carries responsibilities for them and for us. And that's why the United States calls for all governments to advance the democratic process and work toward a system of government based on the consent of the governed.

From our beginning, regard for human rights and the steady expansion of human freedom have defined the American experience. And they remain today the real, moral core of our foreign policy. The United States has said on many occasions that we view racism with repugnance. We feel a moral responsibility to speak out on this matter, to emphasize our concerns and our grief over the human and spiritual cost of apartheid in South Africa, to call upon the Government of South Africa to reach out to its black majority by ending the forced removal of blacks from their communities and the detention, without trial, and lengthy imprisonment of black leaders. Such action can comfort only those whose vision of South Africa's future is one of polarization, violence, and the final extinction of any hope for peaceful, democratic government. At the same time, we note with satisfaction that the South African Government has released 11 black leaders, including the top leaders of two of that country's most important labor unions.

Because we care deeply about the people of South Africa and the future of that nation, we ask that the constructive changes of recent years be broadened to address the aspirations of all South Africans. Peaceful change in South Africa, and throughout southern Africa, can come only when blacks and whites find a durable basis to live together, when they establish an effective dialogue, a dialogue sustained by adherence to democratic values and a belief in governments based on the consent of the governed. We urge both the Government and the people of South Africa to move toward a more just society. We pledge here today that if South Africans address the imperatives of constructive change, they will have the unswerving support of our government and people in this effort.

A few years ago, when I spoke of totalitarian ideologies as the greatest threat to personal freedom in the world today and the most persistent source of human suffering in our century, I also

Bill of Rights Day, Human Rights Day and Week, 1984

PROCLAMATION 5287, DEC. 10, 1984

On December 15, 1791, our Founding Fathers celebrated the ratification of the first ten amendments to the Constitution of the United States—a Bill of Rights that has helped guarantee the freedoms that all Americans cherish.

For the first time in the history of nations, our Founding Fathers established a written Constitution with enumerated rights based on the principle that the rights to life and liberty come not from the prerogative of government, but inhere in each person as a fundamental human heritage. Americans believe that all persons are equal in their possession of these unalienable rights and are entitled to respect because of the immense dignity and value of each human being. With these great principles in mind, the Founding Fathers designed a system of government limited in its powers, based upon just laws, and resting upon the consent of the governed.

When Americans first proclaimed this noble experiment in self-government and human liberty, it seemed to some to be a utopian, unrealistic ideal. Today, virtually every nation in the world has adopted a written constitution expressing in varying degrees fundamental human rights. One hundred and fifty-seven years after the ratification of our Bill of Rights, on December 10, 1948, the United Nations adopted the Universal Declaration of Human Rights affirming an international consensus on behalf of the human rights and individual liberties that we value so highly.

Thirty-six years after the adoption of the Universal Declaration of Human Rights, however, it is clear that this consensus is often recognized more on paper than in practice. Throughout the world, many governments nominally adhere to the Universal Declaration of Human Rights while suppressing free elections, independent trade unions, due process of law, and freedom of religion and of the press.

The United States recognizes a special responsibility to advance the claims of the oppressed; to reaffirm the rights to life and liberty as fundamental rights upon which all others are based; and to safeguard the rights to freedom of thought, conscience, and religion. As we are free, we must speak up for those who are not.

As Americans, we strongly object to ar seek to end such affronts to the human co science as the incarceration in the Soviet Union of men and women who try to speak out freely or who seek to exercise the basi right to emigrate; the harsh treatment ac corded one of the great humanitarians of o time, Andrei Sakharov; the denial of basic human rights and self-determination in Eastern Europe and the Baltic states; the failure of the Polish authorities to establis an effective dialogue with the free trade union movement in that country; the mani fest injustices of the apartheid system of racial discrimination in South Africa; the persecution of the Baha'i religious minority Iran; the lack of progress toward democra government in Chile and Paraguay; the ca paign against the Roman Catholic Church Nicaragua; the suppression of freedom in Cuba and Vietnam; the brutal war waged Soviet troops against the people of Afghar stan; and the continuing Vietnamese occu tion of Kampuchea.

The American people recognize that it the denial of human rights, not their advocacy, that is a source of world tension. recall the sacrifices that generations of Americans have made to preserve and pro tect liberty around the world. In this cent alone, tens of thousands of Americans hav laid down their lives on distant battlefield uphold the cause of human rights. We ho and cherish them all. Today, it is with an abiding sense of gratitude and reverence we remember the great gift of freedom th they bequeathed to us.

As we give special thought to the bles ings that we enjoy as a free people, let us forget the victims of human rights abuses around the world.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of Americ do hereby proclaim December 10, 1984, a Human Rights Day and December 15, 198 as Bill of Rights Day, and call on all Americans to observe the week beginning December 10, 1984, as Human Rights We

IN WITNESS WHEREOF, I have hereunt set my hand this tenth day of December, the year of our Lord nineteen hundred an eighty-four, and of the Independence of th United States of America the two hundre and ninth.

RONALD REAGAN

inted out that the United States, too, s faced evils like racism, anti-mitism, and other forms of in-erance and disregard for human edom. So while we work to see man rights extended throughout the rld, this observance of Human Rights y reminds us of our responsibility to ure against injustice and intolerance our own land as well. And today, I on the American people to reaffirm, our daily lives and in the workings of private and governmental institu-ns, a commitment to brotherhood and al justice under the law.

But we do a serious disservice to the se of human rights if we forget that, vever mistaken and wrong, however mbling the actions of democracies in king to achieve the ideals of freedom brotherhood, our philosophy of ernment permits us to acknowledge, ate, and then correct mistakes, in-ices, and violations of human rights. us always remember the critical al distinction of our time—the clear erence between a philosophy of ernment that acknowledges wrong-g and injustice and one that refuses dmit to such injustices and even ifies its own assaults on individual -ty in the name of a chimeric, uto-n vision. Such brutal affronts to the an conscience as the systematic sup-ssion of individual liberty in the iet Union and the denial of religious ression by Christians, Jews, and lims in that country are tragic ex-les.

Today, for example, the largest re-ning Jewish community in Europe, iet Jewry, is again being exposed to stematic anti-Semitic campaign. nously, teachers of the Hebrew uage have been arrested and their rts to preserve their culture and gion treated as a crime.

Soviet authorities are continuing to aten many "refuseniks" with confine-t in psychiatric hospitals, expulsion n their jobs, and internal exile. Yet isands of Soviet Jews have applied ermission to emigrate. We have in-ed and shall continue to insist that e who wish to leave must be allowed o so.

Our heart also goes out today to an vidual who has worked so hard for an rights progress in the Soviet n and suffered so much for his ef-s—the Nobel Prize laureate, Dr. rei Sakharov. Nothing more clearly trates the absence of what our nding Fathers called a "decent pect to the Opinions of Mankind" than the cruel treatment of this great humanitarian. The Soviet Union, itself, would do much to regain respect within the international community if it would allow academician Sakharov and his wife, Yelena Bonner, to live the rest of their lives in dignity in a place of their own choosing. We're pleased to have the Sakharovs' son-in-law here with us today.

The Sakharovs are the best known victims of human rights violations in the Soviet Union, but thousands of other Soviet citizens, such as Uri Orlov, or Anatoli Shcharanskiy—whose wife, Avital, is here with us today—suffer in Soviet prisons and labor camps for the sole crimes of expressing a personal opinion, seeking to emigrate, or openly expressing their love of God.

We Americans recognize a special responsibility to speak for the oppressed, wherever they may be. We think here of special cases like the persecution of the Baha'i religious minority in Iran. But we also acknowledge a special obligation to speak for those who suffer the repression of totalitarian regimes, regimes that refuse to acknowledge and correct injustice and that justify absolute state power even as they seek to extend their cruel rule to other lands.

So, we call today for all free peoples of the world to unite in resisting and bringing to an end such intolerable practices as the suppression of free trade unionism, the campaign against the church and against political freedom in Nicaragua, the continuing Vietnamese occupation of Cambodia, and the barbaric war waged by Soviet troops in Afghanistan—a war which began 5 years ago this month with the Soviet invasion of that once nonaligned country.

U.S. Repeats Request That Americans Leave Libya

DEPARTMENT STATEMENT, DEC. 13, 1984[1]

In December 1981, President Reagan expressed his concern for the safety of Americans in Libya and called for their voluntary departure. Consequently use of American passports was proscribed for travel to, in, or through Libya unless specifically validated by the Department of State. Such validation is granted only in extraordinary circumstances. These travel restrictions remain in effect under renewal announced on November 30, 1984.

In response to the President's December 1981 request, thousands of Americans voluntarily departed from Libya. The individuals and companies affected by the President's request were very cooperative, and the number of Americans there dropped significantly. Only a few hundred remained, a large number of whom were spouses of Libyans.

Unfortunately the number of Americans in Libya has again risen, apparently in part as a result of business opportunities and the willingness of the Libyan authorities to cooperate in allowing U.S. citizens to subvert the intent of U.S. policy by entering Libya without using their passports.

Col. Qadhafi's readiness to use terrorism in support of his policies and to sponsor the use of terrorism by others has been tragically demonstrated in repeated incidents in recent months. Furthermore Libyan hostility toward the United States has not diminished. There is a potential danger to Americans who reside in, visit, or transit Libya.

There is no direct American diplomatic representation in Libya. Belgium is the protecting power of the U.S. interests in Libya and can only provide minimum consular services or assistance to Americans. Therefore, the U.S. Government cannot assist Americans who may be endangered by hostile actions of the Libyan Government.

Against this background, all Americans should honor existing travel restrictions, which were initiated to help ensure their safety. In addition, we again call upon American firms to honor the President's request and to withdraw any American citizen employees who might remain in Libya.

[1]Read to news correspondents by acting Department spokesman Alan Romberg. ■

As but one of the tragic consequences of Soviet actions in Afghanistan, more than one-third of the people of that country have fled from their homes and sought refuge in internal or external exile.

Finally, we welcome the recent steps taken by the Polish Government, but we urge that they are followed by lasting efforts for genuine, national reconciliation through effective dialogue with the Polish people.

So today, we, the people of the United States, in conjunction with other freedom-loving people everywhere in the world, rededicate ourselves to the cause of human rights, to the cause of democratic self-rule and human freedom. We reassert our belief that some day the repression of the human spirit and the special tragedy of totalitarian rule will be only a distant chapter in the human past. In doing so, we're deeply aware of our nation's long struggle toward achieving these goals and our own heritage of seeking to promote these ideals throughout the world.

Thomas Jefferson told us, "The mass of mankind has not been born with saddles on their backs." And the poet Archibald MacLeish once said that some say the hope for ". . . the liberation of humanity, the freedom of man and mind, is nothing but a dream. They are right. It is. It is the American dream."

Another great American literary figure, F. Scott Fitzgerald, suggested that America is "a willingness of the heart." We've recently read a great deal about the young people of this nation about whom, some say, this willingness of the heart no longer exists. Well, my own experiences with this generation suggest that the traditional idealism of the young, their hope to accomplish great things, their willingness to serve the cause of humanity are not only intact but stronger than ever. And like every generation before it, this generation hungers for a cause, for a mission that will take it outside itself and let it help lift humanity beyond the material and the immediate to new heights of human and spiritual progress.

So today, let us challenge these young Americans to make our nation an even better example of what it was always meant to be—champion of the oppressed, defender of all who reach for freedom and for the right of self-determination. Let us challenge young Americans, excited by technological and material progress, to ensure that this progress enriches political freedom and human dignity as well. Here's a challenge that's worthy of our youth, of their vision, their energy, and their vigor. Let our younger generation lead young people throughout the world to join the democratic nations in promoting human rights and self-government and the cause of human freedom.

The other night at the Kennedy Center, they had a choir, a UN choir of 90 young people, children, in the costumes of their native countries from all over the world. And looking at them down there, singing together, I couldn't help but think, "Good Lord, if we turn it all over to them, they'd get along just fine together." And maybe the world should follow their lead.

There is in the Book of Genesis a story of great loss. It's a story of man alienated from his fellow man and turning to persecution and hatred for others. Well, I believe that history is slowly working itself back to the restoration brotherhood and mutual respect amon all the peoples of the Earth. So today, we rededicate ourselves to this vision and mission. We do so mindful that human might and will alone cannot achieve this goal, aware that our ultimate success will be determined by our faith in the power of prayer, in th promises of Him who made us and ev now guides us in our quest for human dignity and freedom.

And now I shall quit talking and sign the proclamation.

Today is now, for the week beginning today, it is now recognized offici ly as Human Rights Week. And the I will be Bill of Rights Day.

[1]Texts from Weekly Compilation of Presidential Documents of Dec. 17, 1984.

Strategic Defense Initiative

WHITE HOUSE STATEMENT, NOV. 27, 1984[1]

Since the advent of nuclear weapons, we have largely depended upon the threat of prompt nuclear retaliation to deter aggression. This approach has worked, and we, along with our allies, have succeeded in protecting Western security for more than three decades. At the same time, we are constantly searching for better ways to strengthen peace and stability.

On March 23, 1983, the President announced a decision to take an important first step toward investigating the possibility of an alternative future which did not rely solely on nuclear retaliation for our security. This involves an intensified research program aimed at establishing how we might eliminate the threat posed by nuclear armed ballistic missiles.

The Strategic Defense Initiative (SDI) is a research program consistent with all our treaty commitments, including the 1972 ABM [Antiballistic Missile] Treaty. The United States is committed to the negotiation of equal and verifiable agreements which bring real reductions in the nuclear arsenals of both sides. To that end, the President has offered the Soviet Union the most comprehensive set of arms control proposals in history. We are working tirelessly for the success of these efforts, but we can and must be prepar to go further. It is intended that our research efforts under the SDI comp ment these arms reduction efforts an help pave the way to a more stable a secure world.

In the near term, SDI research a development responds to the massive Soviet ABM effort, which includes ac tual deployments, and thus, provides powerful deterrent to a Soviet break of the ABM treaty. In the long term, SDI may be the means by which both the United States and the Soviet Uni can safely agree to very deep reducti and perhaps someday even the elimir tion of offensive nuclear arms.

In short, through the SDI researc program the President has called on best scientific minds in our country t turn their collective talents toward th cause of strengthening world peace b establishing the feasibility of renderi nuclear weapons impotent and obsole In doing so, the United States seeks neither military superiority nor politi advantage. Our single purpose with t initiative is to search for ways to mal the world a safer place.

[1]Text from Weekly Compilation of Presidential Documents of Dec. 3, 1984. ■

South Asia and U.S. Foreign Policy

Michael H. Armacost

Address before the World Affairs ncil in Philadelphia on December 12, 4. Ambassador Armacost is Under etary for Political Affairs.

ts a pleasure to be here with you to- and to address this distinguished ncil. I would like to speak about erican interests and policies in South a—a region that captures public at- ion only sporadically in this country. nts such as the recent assassination ndira Gandhi, the fifth anniversary he Soviet invasion of Afghanistan, or a week's industrial calamity in Bhopal, a, however, remind us that South a is increasing in importance to the ted States and that there are new ortunities for us to develop closer tions with the states of that area.

I hope you will find this evening's ect as interesting as I believe it is ly. I regard this as a particularly ap- riate forum, for Philadelphia has been a major center of South Asian ies in this country. The Philadelphia eum of Art, and perhaps other in- tions here, will be participating in year's "Festival of India in the ed States"—the largest and most ressive display of Indian art and ure ever to come to this country.

U.S. Stake in South Asia

tching from Iran to Burma, from a to the Indian Ocean, South Asia races eight nations and over 1 billion le.

India dominates the map of the sub- inent by its size, and its population 80 million makes it the largest ocracy in the world.

Pakistan, a leader of the moderate nic nations, plays a significant role suring the security of the Persian and has been transformed into a line state by the Soviet occupation fghanistan.

Bangladesh, a nation only 13 years has a population approaching 100 on; its struggle for basic food self- iency and economic progress has ht the imagination of the world.

Sri Lanka, long a bastion of democ- in the region, occupies a strategic ion in the Indian Ocean.

Nepal, Bhutan, and the Maldives have their own special strategic and development problems.

Afghanistan remains a part of South Asia, despite the brutal Soviet attempt to integrate that formerly nonaligned country into Moscow's camp.

America's stake in the independence, security, and economic growth of South Asia is substantial.

First, South Asia's size and population, its military and scientific establishments, and its geographic position between the oil-rich Persian Gulf and the dynamic economies of East Asia give the area geopolitical importance. And we have an interest in avoiding conflict among the major states of the region.

Second, we have long been committed to helping the region develop economically. Our economic and humanitarian assistance has amounted to over $20 billion in the post-World War II period. In FY 1985 we will be providing $788 million in bilateral economic and humanitarian aid and nearly as much again through multilateral organizations. Additionally, in commercial terms, the long-term trade and investment opportunities of the region are immense.

Third, as in other parts of the world, we retain a lively interest in the success of democratic institutions in South Asia.

Fourth, South Asia has long been a major focus of American efforts to restrain the proliferation of nuclear weapons.

Fifth, the region is a major source of heroin smuggled into the United States; we are working with the states of the area to stop the illegal production and trafficking of narcotics.

Regional Trends

In short, regional developments in South Asia are matters of consequence to the United States. They are deserving of our attention. And several salient trends facilitate prospects for greater American cooperation with the region. These include:

- Opportunities for democratic development;
- A growing awareness of the benefits of a free-market economy; and
- A commitment to national independence and regional autonomy.

There is a democratic heritage in South Asia. The vitality of India's democratic tradition was demonstrated in the wake of Prime Minister Indira Gandhi's assassination. Within hours of that tragedy, a transition to new leadership was underway in accordance with constitutional principles. Sri Lanka has maintained its democratic institutions since independence. Pakistan's president has promised restoration of civilian government by March 1985 and has already held two nationwide local elections in the past year.

While the democratic ideal is a powerful force in South Asia, obstacles, nevertheless, abound. Recent strife in the Punjab has tested India's ability to restrain communal passions within a secular, pluralistic society. In Sri Lanka, the clash of interests between the two main ethnic communities poses a serious challenge to the principle of majority rule with due respect for minority rights. Pakistan and Bangladesh are governed by martial law regimes, and the challenge of returning civilian rule weighs heavily on the leaders of both nations. I need hardly add that the worst

The major South Asian nations have, at one time or another, adopted socialist planning systems as the model for economic progress and have experienced disappointing results.

human rights violations in South Asia are occurring in Afghanistan, where an imperial power—the Soviet Union—is trampling on the sovereignty and independence of a nonaligned country. Nevertheless, given the obstacles already overcome and the skill and political sophistication of the region's political leaders, we can be hopeful about the future of democratic institutions in South Asia.

Democratic impulses in South Asia will be strengthened by a growing appreciation of the benefits of the free market. The major South Asian nations have, at one time or another, adopted socialist planning systems as the model for economic progress and have experienced disappointing results. Consequently, one now sees a trend toward greater reliance on the private sector as the primary engine of economic growth.

In India, though much of the country's heavy industry remains in public hands, it is the private sector which is most dynamic and accounts for most of the GNP [gross national product]. During the last 3 years, Mrs. Gandhi steered India gradually but firmly in the direction of economic liberalization, reducing bureaucratic red tape, and supporting a larger role for private entrepreneurs. Her son and successor, Rajiv Gandhi, in recent policy pronouncements, has emphasized the need further to unleash the private sector.

Pakistan's experiment with populist socialism in the 1970s brought economic stagnation and a large foreign debt. A return to free-market policies has restored strong growth rates. Even during the recent global recession, Pakistan achieved at least a 6% rate of GNP growth per annum—an impressive achievement by any standard.

In Bangladesh, the government has denationalized 20 firms in recent years, and small-scale, privately owned businesses are growing rapidly. There and throughout the area, such policies are stimulating expanded foreign commercial participation in the region's economic development.

Most South Asian nations achieved independence within the last generation. Preservation of their independence, unity, and territorial integrity has consistently been a paramount goal. Frequently, the nations of the area have confronted internal strife and occasionally conflict with their neighbors. Five years ago this month—in December 1979—they witnessed a new challenge: the Soviet Union launched a bloody invasion to snuff out the independence of Afghanistan. The Soviets murdered the prime minister of the existing communist government, installed a subservient puppet regime, and began an inhuman war of repression that has killed tens of thousands of Afghans and caused millions of refugees to flee to neighboring countries. This unprovoked military adventure shook the stability and security of the entire region.

The ruthless Soviet military assault on the cities, villages, and people of Afghanistan continues. Indeed, it has escalated. Soviet troop levels have increased to 115,000. The total number of Afghan refugees in Pakistan and Iran has now reached 4 million, perhaps a quarter of the prewar population. The predatory character of Moscow's aims and the appalling brutality of its military tactics mock Soviet claims to be the champion of the oppressed in the Third World. The Soviet policy of sending substantial numbers of Afghans—many of them children—to the Soviet Union for indoctrination is one of many manifestations of Russian colonialism in South Asia.

Poorly equipped irregular Afghan resistance units continue to defy one of the world's most powerful military machines. Even in Kabul, where the Soviets have concentrated major forces to ensure security, repeated *mujahidin* attacks this fall have dramatized the strength, the courage, and the resilience of the Afghan resistance. The Soviets thus face the prospect of a savage, expensive, protracted, and inconclusive bloodletting in Afghanistan.

In its attempt to extricate itself from the Afghan quagmire, the U.S.S.R. has tried unsuccessfully to cow Pakistan, a staunch opponent of the puppet regime in Kabul and now host to the world's largest refugee population. Pakistan resolutely refuses to accept the Soviet occupation of Afghanistan. Yet neither crossborder military attacks nor attempts at political intimidation have succeeded in precipitating changes in Pakistani policies.

U.S. Policies

In contrast to the Soviet occupation of Afghanistan and its attempts to intimidate other states of the region, U.S. policy is directed toward promoting the independence, nonalignment, and territorial integrity of the nations and peoples of South Asia. Our policy is to oppose aggression, encourage regional reconciliation, and to urge the peaceful resolution of disputes. We seek to nurture democratic institutions and foster regional economic growth. Let me elaborate.

- In Afghanistan, we oppose Moscow's occupation and seek a negotiated political settlement to get the Soviets out, end the agony of the Afghan people, and return the country to its former neutral and nonaligned status.
- We seek to strengthen the security of Pakistan in the face of Soviet intimidation. We, therefore, provide support for Pakistan's security; assistance to develop the economy and to help relieve burdens imposed by 3 million Afghan refugees and to help its effort against narcotics; and encouragement the development of democratic institutions.
- We support India's unity, territorial integrity, and nonalignment, and recognize its pivotal role and its special responsibilities for regional peace and stability. We have intensified our high level policy dialogue and expanded scientific cooperation.
- In Sri Lanka, we have consistely supported the independence and democratic institutions of the country even as we have encouraged the government to address the legitimate aspirations of its minority Tamil community.
- In Bangladesh and Nepal, America has helped meet basic economic needs by providing humanitarian assistance and promoting sound growth.
- We endorse the process of South Asian regional cooperation and will consider sympathetically any proposals that the South Asians might collectively make to us for assistance on a regional basis. We also endorse steps, such as the Sino-Indian border negotiations, which reduce regional tension.

Our support takes many tangible forms.

Pakistan's opposition to the Soviet upation of Afghanistan has been lwart and courageous; Pakistan's nanitarian response to the needs of ghan refugees should be an example he rest of the world. To do our part, are implementing a 5-year, $3.2-bil- assistance program designed to engthen Pakistan's economy and ster its security in the face of Soviet ssure. We have supplemented this aid n contributions of more than $350 ion in cash, food, and relief supplies upport the Afghan refugees in istan.

Our security ties with Pakistan com- late our relations with India. We gnize India's concerns about the l of armaments of its neighbors, but istan has legitimate security require- nts in the face of the Soviet threat n Afghanistan. We maintained a dia- ue with Prime Minister Indira dhi's government on this point which continue under her successor, and ope that, over time, our position the interests of Pakistan will be bet- comprehended by our Indian friends.

Let there be no misunderstanding: United States should not be involved maintaining regional security and a nce of power in South Asia by estab- ng military bases or stationing erican troops on the subcontinent. have no desire to dominate the on. Our interests are best served n South Asian nations are stable, ient, and strong; capable of prevent- outside forces from intruding in regional affairs.

We envisage our role as one of pro- g support to South Asia's own rity efforts. As long as India and stan are bitterly divided, however, subcontinent will remain vulnerable. ne interests of regional stability, In- nd Pakistan simply have to find a s for wider cooperation. We were uraged by the meeting of President nd Prime Minister Rajiv Gandhi at ra Gandhi's funeral.

Regional stability and independence require economic growth. Our anitarian and development assist- in the region is designed to comple- t these countries' own national pro- ns for achieving a better life for citizens. Our aid is specifically sed on meeting the human needs of e living near or below subsistence e providing the necessary tools to hese economies toward sustained well-targeted growth.

Our development assistance programs also contribute to the battle against narcotics. Afghanistan and Pakistan are the source of nearly one-half the heroin consumed in the United States. I cannot overstate the importance the United States attaches to eliminating this deadly plague.

U.S.-Pakistani cooperation toward this end has already made progress. Strong enforcement efforts in collaboration with U.S. narcotics experts have caused opium production in Pakistan to plunge from a record 800 tons in 1979 to an estimated 45–50 tons this year. Through our aid programs, we are promoting crop substitution in poppy-growing areas.

Our joint efforts have been less successful so far in reducing drug trafficking. Opium still is grown in large quantities in Afghanistan, and much of this eventually finds its way to laboratories in Pakistan and countries outside South Asia where it is processed into heroin. Makeshift labs are easy to put up and difficult to locate and shut down. The Pakistani Government has become particularly concerned about the alarming increase in heroin addicts at home. In 1980, there were none. Today, only 4 years later, there are an estimated 300,000 addicts in Pakistan. Both our governments are now committed to vigorous collaboration to eliminate drug trafficking and processing in Pakistan.

In response to the communal conflict in Sri Lanka, we are providing encouragement and support for its democratic government. Ambassador at Large Vernon Walters visited Colombo earlier this week for discussions with President Jayewardene and other Sri Lankan leaders. He found that they remain determined to achieve peaceful reconciliation with the minority Tamils, to meet the reasonable demands of Tamils for some devolution of government authority to local bodies, and to counter the arguments of the militant Tamil separatists. Ambassador Walters repeated our message of support and encouragement in this effort and expressed our readiness to continue cooperating with our Sri Lankan friends.

With India, in the aftermath of Mrs. Gandhi's death, we are continuing to build on our longstanding bilateral economic and cultural ties.

Our bilateral AID [Agency for International Development] program for India amounts to approximately $200 million, and our share of assistance provided by multilateral agencies amounts to an additional $500 million. With India's strong scientific and technological base, our new assistance activities will be in areas of more sophisticated research and higher technical training than in the past.

. . . the United States should not be involved in maintaining regional security and a balance of power in South Asia by establishing military bases or stationing American troops on the subcontinent. . . . Our interests are best served when South Asian nations are stable, resilient, and strong . . . .

We anticipate that our bilateral political relations will continue to grow closer under Mrs. Gandhi's successors. Since 1982, when Mrs. Gandhi visited the United States, our two governments have intensified the high-level policy dialogue on bilateral, regional, and global issues. Since then, Vice President Bush and Secretary Shultz have made official trips to India, and a number of Indian officials have come here. These consultations increase understanding.

American policies toward India and Pakistan are also strongly influenced by our desire to prevent the introduction of new nuclear explosives capabilities into the region. New Delhi carried out a so-called peaceful nuclear explosion in 1974; Pakistan responded with a nuclear program of its own.

It is no secret that the United States and much of the world community have been deeply concerned over the possibility that both India and Pakistan are pursuing programs that could lead to the development of nuclear weapons. Unfortunately, neither has taken the steps that could put these fears to rest. De-

spite our continued urging that they do so, neither nation has become a party to the nuclear Nonproliferation Treaty. Moreover, each has continued to develop its nuclear energy program, including sensitive nuclear fuel cycle activities that could be used for an explosives program.

These developments affect our relations with both countries. U.S. legislation conditions our nuclear cooperation with other countries on their acceptance of international safeguards on all their nuclear activities. So long as India and Pakistan refuse to accept such comprehensive safeguards, we are unable to contribute significantly to their development of nuclear energy for peaceful purposes.

In 1979, the United States terminated nonfood assistance to Pakistan because of concerns about its nuclear activities. When we resumed aid in 1981, we designed a multiyear program with three purposes:

- To help Pakistan stand up to Soviet aggression and intimidation;
- To reaffirm our traditional support for Pakistan as a valued friend in the region and in the Islamic world; and, of equal importance,
- To persuade Pakistan that nuclear weapons are neither necessary nor desirable for enhancing its security.

We are confident that our message has been heard and understood by Islamabad. We have received recent assurances from the Pakistani Government as to the peaceful nature of its nuclear program, and we are confident that our aid has constrained its acquisition of nuclear explosives. We will continue to stress the seriousness with which we would view any Pakistani move toward their development.

But if the spread of nuclear weapons on the subcontinent is to be prevented, it will take a commitment on the part of both India and Pakistan.

We have welcomed recent statements by Prime Minister Rajiv Gandhi and President Zia-ul-Haq reaffirming the peaceful nature of their nuclear programs. We will continue to encourage both nations to accept safeguards on all their nuclear facilities. A number of proposals have been advanced that could engage Pakistan and India in constructive steps toward lessening tension in the region and eliminating a source of fear and distrust on both sides. These include a binding declaration renouncing acquisition of nuclear weapons; acceptance of full-scope International Atomic Energy Agency safeguards; adherence to the Nonproliferation Treaty; and mutual inspection of nuclear facilities. There may be other such ideas worth pursuing. The alternative, however—the spread of nuclear weapons in the area—would unquestionably be a destabilizing force of major concern not only to the nations of the region but to the world community as well.

Prospects

For all these reasons, South Asia is a region whose promising prospects and continuing challenges argue for a high priority in U.S. policy. It is a time for closer cooperation, including that fostered by private enterprise and private exchanges. Policymakers cann ignore South Asia; nor should an informed citizenry. The trends we see i South Asia are congruent with America's unique mix of strengths. They re quire us to help our South Asian frien in their quest for progress, democracy and security. This will be no easy task but it is an opportunity consistent wit the mainsprings of our own national genius. I am confident that we and, o friends in South Asia, working togeth will meet those challenges and, in the process, will serve the long-term interests of the United States and the talented peoples of South Asia. ■

Afghanistan: Five Years of Occupation

The following paper was prepared by Paul Trottier, intelligence research specialist for South Asia, and Craig Karp, Afghanistan analyst, of the Bureau of Intelligence and Research in December 1984.

SUMMARY

After 5 years of Soviet occupation, Afghanistan remains a turbulent, wartorn country. During the past year, the Afghan resistance continued to wage guerrilla warfare, thwarting Soviet efforts to extend regime control. With a modest increase of its troops in Afghanistan, the Soviet Union was unable to force a dramatic reduction in the resistance.

Although the military impasse continues, significant changes occurred in both Soviet and resistance tactics. The U.S.S.R. has stepped up the pace of the war since Konstantin Chernenko became the Soviet leader in February 1984. The Soviets increased attacks on civilians, expanded their use of air power, employed high-level saturation bombing, and deployed Soviet forces more often and in greater number.

The *mujahidin* (resistance fighters) offset these intensified Soviet actions by using more sophisticated weaponry and tactics and improving cooperation among various fighting groups. These changes were most apparent in their defense of the Panjsher Valley against the seventh Soviet offensive and during the *mujahidin* attacks on Kabul.

The Afghan Government in Kabul unable to extend its authority effectiv outside the capital. The Soviet-backed People's Democratic Party of Afghanistan (PDPA) continues to suffer from fighting, disloyalty, and defections among the ranks.

Living conditions in Afghanistan continue to deteriorate. With fighting throughout the country, no one in Afghanistan can feel secure. Food, ele tricity, fuel, and medical care are frequently in short supply. Although the flow of refugees from Afghanistan to Pakistan has diminished considerably since 1982, the presence of the larges refugee population in the world strain the resources of Pakistan. Meanwhile, violations of Pakistan's territory by th Democratic Republic of Afghanistan (DRA) continued throughout 1984. Overflights and shellings increased in frequency and intensity during Augus and September.

No significant progress occurred i the UN-sponsored negotiations during 1984. The United States supports the negotiations, as well as the UN Gener Assembly resolution on Afghanistan a proved again this year. Another round of indirect talks is expected in Februa 1985.

Although the negotiations continu the Soviets appear determined to reta control of Afghanistan by remodeling the Afghan political and social structu in the Soviet image. In the short term this entails maintaining their client regime in power in Kabul and cutting

resistance from its bases of support. trol over countrywide security, cation, and the economy, and the elopment of a committed socialist re, are each essential to an apparent -term strategy to "sovietize" hanistan.

LITARY SITUATION

984, as since 1980, the Soviets and resistance remain at an impasse with her side able to make significant or ng gains at the expense of their ny. Major combat activity occurred l areas of the country, concentrated nd the major cities, the Panjsher ey, and provinces bordering stan.

ern Afghanistan

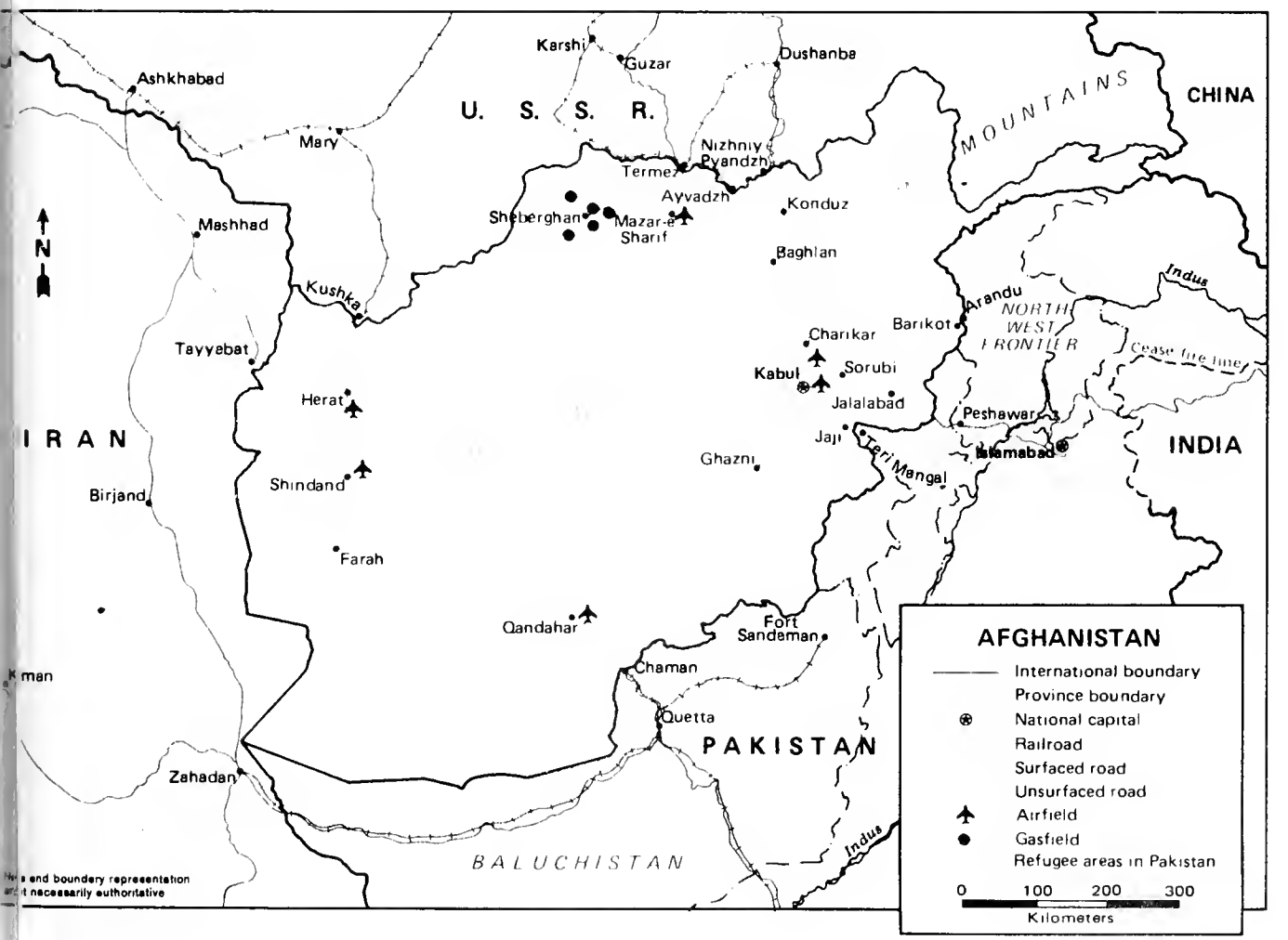
ul. The resistance succeeded in atening the overall security of l, the bastion of Soviet/PDPA ne control, particularly in late summer and fall. Besides occasional assassinations and kidnapings of Soviet and regime officials, and the occasional food and fuel shortages caused by the resistance interdiction of supply convoys, the resistance used ground assaults, rocket attacks, electrical outages, and bombings to make Kabul appear at times to be a city under siege.

As a result of these attacks, the security situation deteriorated substantially. The Soviets responded by tightening security throughout the city and around the airport and by increasing retaliatory attacks on areas from which the *mujahidin* had launched their attacks.

The heaviest fighting inside Kabul in 1984 occurred in September. On September 24 the resistance coordinated a heavy assault on several targets, in one of the largest attacks on Kabul since the war began, that culminated in an intense 2-hour battle near the military base at the Bala Hissar fortress in the heart of the city. Fifteen Soviet armored vehicles were destroyed and 40–50 Afghan soldiers killed in the clash. As is typical after such attacks, the Soviets retaliated with air and ground forces, targeting villages south of Kabul and inflicting civilian casualties.

Throughout the year the resistance regularly and successfully rocketed selected areas of Kabul but sometimes struck unintended targets. Rockets landed near the U.S. Embassy and other foreign missions, where only minor damage occurred, and other parts of the city, where greater damage sometimes resulted.

In the latter part of the year, rocket attacks occurred with increasing frequency and intensity. One of the most intense attacks occurred on September 28 with at least 16 or 17 rockets hitting the eastern part of Kabul. Afterward, Soviet helicopters characteristically retaliated against the civilian population in villages south of Kabul. In another incident, the Soviet Embassy celebration of the anniversary of the October Revolution was disrupted when the sound of rockets exploding nearby



caused the hurried departure of guests. In late November and early December, Kabul suffered additional major rocket attacks.

The resistance caused severe electrical outages in Kabul during August and September by destroying a series of pylons from the hydroelectric plant at Sorubi, east of Kabul. During this operation the resistance obtained the collaboration of a local tribal group which the Soviets previously had attempted to coopt. This action was filmed by a television crew and broadcast in the United States. After the operation was complete, the entire group of over 4,000 men, women, and children made the long trek to Pakistan. As a result of these attacks, severe shortages of electricity occurred in Kabul for several weeks. Most homes were without electricity, and many factories were forced to curtail operation, further damaging Kabul's troubled industrial sector.

Resistance bomb attacks in 1984 seriously threatened security inside Kabul. The most serious was a bomb set off at Kabul International Airport on August 31, which caused more than 100 casualties, including 28 deaths. The Soviets then tightened security at the airport, and the regime publicized the capture and execution of the nine individuals allegedly responsible.

The resistance further undermined security at the airport by using improved surface-to-air missiles (SAMs), evidenced by the destruction in flight of several helicopters and transports. In September the resistance damaged Ariana Afghan Airlines' lone DC-10 which was later repaired and returned to Kabul. At times, the Soviets were forced to curtail air activity, and later upgraded military facilities near the airport, including new deployments of armor and artillery. By the end of the year, Kabul was regularly illuminated by brilliant flares fired from aircraft during landing or takeoff, an apparent defensive measure against *mujahidin* use of heat-seeking SAMs.

As in previous years, political killings inside Kabul were frequent. In June and again in November, there was a rash of assassinations—mainly of military officers and secret police agents. Some of these assassinations can be attributed to resistance activity, but many others were probably the result of longstanding factionalism within the Afghan Government.

Panjsher Valley. The Panjsher Valley is a traditional center of resistance. Since their invasion of Afghanistan, the Soviets have found the Panjsher to be a haven for resistance forces periodically seeking to interdict food and fuel convoys traveling south on the Salang highway to Kabul. The regime and the Soviets are chagrined at the growing domestic and international reputation of the local resistance commander, Ahmad Shah Mahsud, who is affiliated with the *Jamiat-i-Islami*.

The Soviets broke the truce concluded with Mahsud in 1983 and launched a major offensive against the Panjsher beginning in late April and ending in early May. This was the seventh offensive since 1979 and included the first use in Afghanistan of heavy bombers based in the Soviet Union. These planes carried out high-altitude carpet bombing missions over the valley. The Soviets committed 20,000 troops, the largest number ever used in a Panjsher operation. They were supported by several thousand Afghan troops and about 500 armored vehicles. Large numbers of Soviet and Afghan troops also moved into adjacent areas, including the Andarab Valley, in an attempt to seal off the Panjsher and to prevent the resistance from escaping.

The Soviets failed to achieve either of their two major objectives—destroying the resistance in the valley and eliminating Mahsud. As in previous offensives, the *mujahidin* withdrew from the valley floor to the surrounding mountains and side valleys, counterattacking at every opportunity. Resistance losses were heavy, but their forces remained intact, while Soviet and regime troops probably suffered greater losses.

Simultaneously, the Soviet-directed secret police, the KHAD, made several attempts to assassinate Mahsud. Regime confidence in the success of these attempts led *Radio Kabul* to announce his death shortly after the offensive began. Mahsud learned of the timing and scope of the offensive in enough time to evacuate *mujahidin* and civilian population from the valley.

At the end of 1984, the Soviets continued to garrison bases from the southern mouth to around the middle of the Panjsher Valley at Peshghor. Combat continues, particularly near Bazarak and Rokheh. The Soviets conducted a second sweep operation of limited intensity and duration in the late fall in order to retain Soviet/DRA positions in the valley for the winter.

Pakistan Border Areas. The Soviets stepped up efforts to seal off border-crossing routes from Pakistan. Sweep operations, caravan ambushes, and airstrikes were frequently conduc in Paktia, Paktika, Nangarhar, and Konarha Provinces. Garrisons were f tified and reinforced with Soviet and Afghan troops.

Despite a higher Soviet and DRA profile in the border areas, a number resistance groups cooperated and succeeded in besieging Soviet and regim posts in the Khowst area in Paktia Province. Garrisons often could be resupplied by air only, which was risky and vulnerable to interdiction. Reportedly Afghan regime governors held only f of the province's 23 districts in September 1984. Practically all the m jor parties, both fundamentalist and moderate, are represented in the insurgent force in Paktia.

Jaji (Ali Khel), also in Paktia, and Barikot, farther north in Konarha Province, have been besieged by several resistance groups. Both towns lie clos to the Pakistan border, on traditional routes through the mountains. These garrisons hinder *mujahidin* movemen through the passes but are under suc pressure that they are supplied by air Soviet/DRA efforts to relieve that pressure include airstrikes, which several times in recent months spille over the Pakistan border. To justify these attacks, Kabul has accused Pakistani forces of attacking the post The charges have been rejected by Pakistan, which has strenuously protested the violations of its territory.

Paghman. Successive waves of Soviet air and ground assaults in late 1984 forced out most of the resistanc operating in Paghman, a former reso town only 20 kilometers from Kabul.

Southern Afghanistan

Qandahar. In Qandahar, probably th most war-torn city in Afghanistan, fighting took place inside the city nea every night. During the day, resident were often subjected to arbitrary bon ing and strafing by Soviet helicopters from the nearby air base. House-to-house searches, arbitrary bombings, a frequent gunfights between regime soldiers and the resistance continued in previous years.

The road linking the city and the port is no longer safe even for armore personnel carriers (APCs). The gover of Qandahar, who previously traveled

k in an APC, is now forced to stay he nearby Soviet air base and to e his rare visits to the city solely by copter. Late in the year, the Soviets ngthened their garrisons in the area, saging more winter activity by Soviet es.

stern Afghanistan

lat. Approximately half of the city been destroyed by bombardment. ough Herat had a population of ly 150,000 before the Soviet invaio, today entire sections of the city are ost deserted. Money is in short supy and little employment is available. rly June 1984, the Soviets carried heir largest offensive against stance bases in and near Herat since nvasion. In the face of overwhelmpposition (10,000 Soviet and 5,000 .), the resistance fought a delaying n, trying to keep casualties to a imum, while retreating from their ions in and around the city to the ntains in the north. Some resistance s took temporary sanctuary in Iran. n the fall, the Soviets again concend troops and artillery in the Herat and began to move against the tance. As in the Qandahar area, tic conditions permit fighting in ern Afghanistan to continue ghout the winter.

hern Afghanistan

neral, the Soviets control the flat nern region of Afghanistan, which rs Soviet Central Asia, more effecv than any of the other four regions. h area contains the valuable natural of the Sheberghan region. Soviet s sometimes have been deployed tly into northern Afghanistan from oviet border.

Mazar-e Sharif: Mazar-e Sharif reed relatively calm, although scatfighting occurred occasionally at . Afghan troops provide most of ecurity, and the Soviet presence is d inside the city.

ral Afghanistan

Soviets have given the least priority ntrolling this region, known as the rajat, which is the most raphically isolated of the five ns. Internecine fighting among us resistance groups is common. and Sunni groups more often fight g themselves than against the Soviets. Within the Shia groups themselves, the Iranian-backed factions have fought against the other factions.

One of the most chilling actions of the war apparently took place in the Hazarajat, in early November. Their ammunition exhausted, a large number of *mujahidin* were forced to surrender to a combined force of Soviet/DRA troops. Reportedly, after the *mujahidin* were rounded up, the Soviet commander ordered that they all be summarily executed.

THE SOVIET OCCUPATION: SHORT- AND LONG-TERM STRATEGIES

Since the Soviet invasion of Afghanistan in December 1979, the Soviets can be observed to have both short- and long-term strategies for control of Afghanistan. The Soviets have experienced considerable difficulty in pursuing these strategies over their 5 years of occupation, yet the Soviet Government continues both approaches.

Short-Term Strategies

Foremost among their immediate goals, the Soviets want to maintain the pro-Soviet regime in Kabul. The vast majority of Afghans are opposed to the Soviet-supported regime. Without Soviet military backing, the Kabul government would most likely be overthrown within a short time. The U.S.S.R. keeps sufficient troops in Afghanistan to assure DRA survival and minimum security in the capital.

The Red Army expanded its role in 1984 and adjusted its tactics to the conditions of the insurgency. The unreliability of the Afghan Army has forced the Soviets to rely on their own forces. The Soviets employed superior military force to overwhelm the resistance, using tactical air support and large numbers of troops to sweep through areas of resistance strongholds.

At the same time, because of the relative failure of conventional combat methods, the Soviets are gradually placing more emphasis on counterinsurgency tactics. Unconventional operations on a reduced scale involving helicopter gunships and small bands of Soviet soldiers are more common now than in previous years of occupation.

The Soviets' short-term strategy consists of controlling all urban areas in an attempt to control the Afghan population. Urban populations are accessible and less able to provide sanctuary to the resistance than in the remote countryside. In Kabul, Mazar-e Sharif, and some other urban centers, the people depend on Soviet imported food and fuel. Furthermore, employment and education can be monitored and manipulated more easily in cities.

The Soviets are trying to reduce the ability of the resistance to operate in the countryside. Their classic counterinsurgency strategy involves simultaneously reducing the population outside areas of regime control that can shelter and support the guerrillas and restricting the surplus food and other materials needed to provide such support. In pursuing this goal the Soviets use terror tactics, including military assaults and retribution, to dissuade the Afghan civilian population from assisting the resistance. In areas of significant resistance support, the Soviets have forced civilians to leave the countryside by bombing villages and destroying farm land. The depopulation of large areas in Afghanistan, either because of flight to the cities or emigration to other countries, has made it more difficult for the resistance to function.

The Soviets have encouraged the Kabul regime to pursue a divide-and-rule strategy, similar to the methods used to absorb Central Asia into the Soviet Union 50 years ago. The regime has offered bribes of money and weapons to the many independent tribes, particularly in the sensitive regions that border Pakistan. This program has often backfired, as tribes often take the money and guns, and instead support the resistance. Also, KHAD agents infiltrate the resistance to assassinate resistance leaders, encourage infighting among different resistance groups, or report on the plans and positions of resistance forces.

In addition to disrupting the resistance and cutting it off from local support, Soviet strategy calls for closing off the lines of communication with the refugee areas in Pakistan and Iran. This means the garrisoning of areas near the border where the government's presence always has been limited. Soviet forces have in the past year successfully carried out ambushes of resistance supply columns and, less frequently, commando raids on resistance camps in Afghanistan.

Long-Term Strategies

Given the utter failure of their efforts to broaden regime support, the Soviets have decided to pursue a long-term strategy of "sovietization" or building a party and an administrative structure in Afghanistan modeled along Soviet lines and sensitive to Soviet interests. In pursuing this goal the Soviet Union has made limited progress.

In the absence of a negotiated settlement, Soviet long-term strategy focuses on the gradual extension of security and control throughout the country and on increasing the ability of the Kabul regime to perform this task. To implement this they have attempted, albeit with little success, to rebuild the Afghan Army. Ultimately this will require adequate numbers of recruits who are willing to defend a pro-Soviet regime, a prospect that remains far off.

An essential element of the Soviets' long-term strategy is the focus on the new generation. The Soviets hope to create a new elite, one committed to a pro-Soviet future for Afghanistan and which provides a loyal party and administrative cadre. In the schools, communist ideology is promoted, while traditional disciplines are neglected. Soviet virtues are extolled in class. Russian language study is mandatory at Kabul University.

The Soviets send Afghan youth to the U.S.S.R. for indoctrination in a setting isolated from their families and Afghan influences, but the success of these programs has been mixed. Youth training and education programs involve around 4,000 students sent to the Soviet Union each year for advanced political indoctrination. Already 20,000–25,000 students have been sent for such studies, more than 10,000 since 1979.

Apparently, these few years of indoctrination are insufficient to mold loyal cadre. Yet the Soviets began a new program in 1984 involving plans to send thousands of children between 7 and 10 years of age, from all provinces to the Soviet Union for more than 10 years. In November, 870 Afghan children between the ages of 7 and 9 were sent to the U.S.S.R. for 10 years of schooling.

Another element of the long-term plan is the economic integration of Afghanistan into the Soviet orbit. The Soviets hope gradually to control more and more of Afghanistan's natural resources and industry. Natural gas from Afghanistan's rich northern Sheberghan gas fields is bartered for Soviet imports and to repay Afghan debts to the Soviet Union.

The Soviets are still far from fully integrating the Afghan economy into their own. Afghanistan has been granted observer status in the Council for Mutual Economic Assistance (CMEA). Kabul continues to receive goods from India, Pakistan, China, and Japan, as well as from Western countries. However, such trade has decreased and/or shifted to the thriving black market. Official figures show that 80% of Afghanistan's trade is with CMEA countries (70% with the Soviet Union).

Private enterprise and domestic commerce are thus far largely unaltered. However, Babrak Karmal announced this year that the regime planned to put all trading under a network of state-owned outlets.

THE AFGHAN REGIME

The Communist Party

Since its foundation in the late 1960s, the People's Democratic Party of Afghanistan (PDPA) has suffered a wide rift between the Parcham (Banner) and Khalq (Mass) factions. The Soviet presence forces a coexistence between the factions, although outbreaks of violence, including assassinations, occur frequently.

The Parcham faction consists primarily of urban-educated middle and upper class people, who usually belong to various ethnic groups other than Pashtun. The Parcham, installed in power by the Soviets, is the more influential faction in government, although comprising only about 40% of the party's membership. Parcham members predominate at the highest levels of government and party and dominate KHAD (the secret police and intelligence service).

The Khalq faction is more representative of the majority of the Afghan population, primarily rural-origin people of Pashtun ethnic background. The followers of former Presidents Noor Mohammed Taraki and Hafizullah Amin, they tend to favor a more rapid and radical transformation of Afghan society than the pragmatic Parcham but also are considered more nationalistic. They are predominant in the military, especially among the junior ranks. Khalqis comprise about 60% of the party and control the Ministry of Interior.

The Soviet Union exercises ultima authority over party and all significan regime political decisions. Political pos tions are gained by party loyalty, not qualifications or experience.

Regime Politics

Regime perceptions of its own shortc ings can be seen in the official media. President Babrak Karmal, when exho ing various groups, often mentions ar where performance falls short. He mo commonly refers to "divisiveness" and "factionalism," clear acknowledgment the persistence of the Parcham-Khalq split. He has lambasted the police and the KHAD for arbitrariness and abus of power.

In a lengthy address to senior par state, and military officials in January 1984, Karmal addressed the "failures" his administration. He cited problems with military recruitment, training, a fighting capability; citizens' allegation of bribery charges and corruption in KHAD; reports of significant increas in thefts and robberies; and party fac tionalism.

The official most strongly criticize in that meeting was Minister of Defe Abdul Qader, a staunch Parchami. In early December he was replaced as Defense Minister by Chief of Staff Nazar Mohammad, a Khalq-oriented military professional who has spent several years in the Soviet Union.

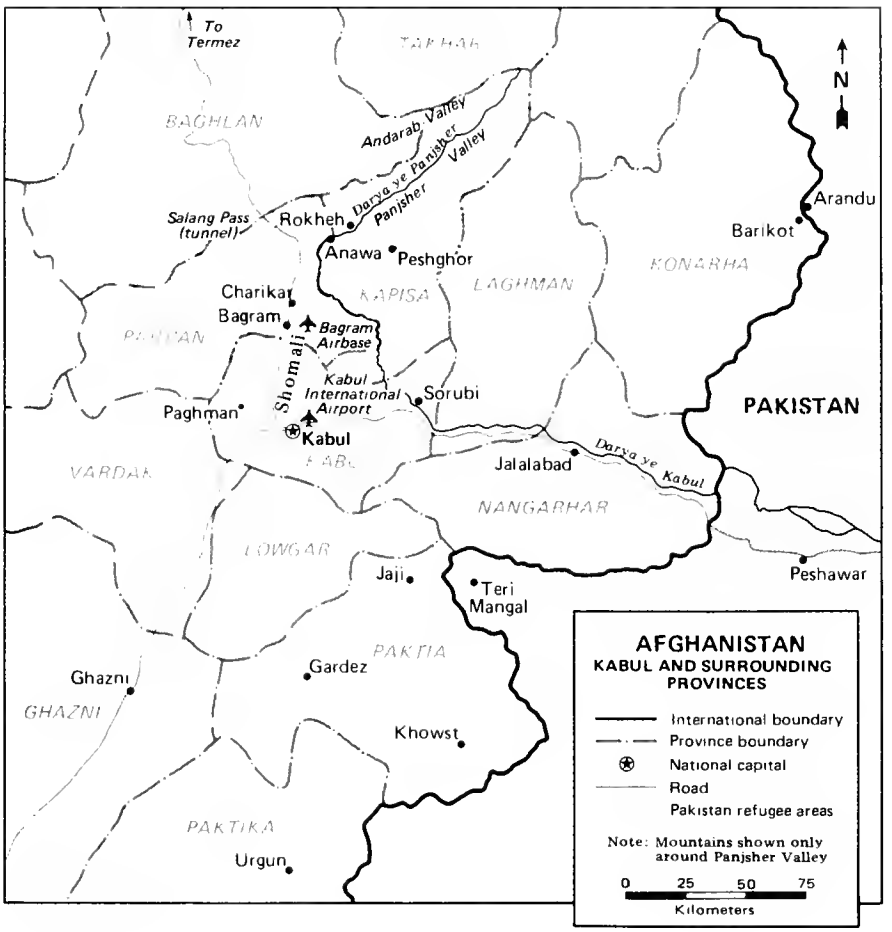
Another significant regime chang was the posting of former Minister o Finance Abdul Wakil, a cousin of Ka mal, as Ambassador to Vietnam. Diplomatic assignments to socialist c tries, as when Karmal himself was se to Prague, have been used by the reg to get prominent but unwanted figur out of the country where they can do come to) no harm.

KHAD. The Afghan intelligence service was a small organization und the state police with a limited role in telligence collection and state securit before the Soviet invasion. After the Soviet takeover this service was nam KHAD, enlarged and strengthened, a given authority over all intelligence aspects of Afghan affairs at home an abroad. Soviet advisers were installe and KHAD became unofficially subor dinate to the KGB. KHAD has freque ly exercised its power to jail or discre national-level officials, confiscate pro ty, infiltrate the resistance, and indoc trinate the populace in communism.

Afghan Military. Parcham-Khalq tionalism contributes substantially to ineffectiveness of the military. med clashes, low morale, insufficient npower, collaboration with the istance, and lessened security are all nptomatic of this dispute. Further- re, many conscripts from the military ect because of unwillingness to par- ipate in Soviet reprisals on civilians, viet heavy-handedness and arrogance, l the use of Afghan soldiers as "can- fodder." The Afghan military has ndled from about 90,000 troops in ember 1979 to about 40,000 in late 4.

The majority of Afghan soldiers are scripted, often by press-gang tech- ues, and in 1984 the draft age was ered from 17 to 16. In March, when length of military service for troops ing in Kabul was extended from 3 to ars, large numbers of soldiers inied. Because of the high rate of ertions with weapons, Afghan iers must turn in their equipment n not fighting.

The combination of PDPA infighting the continuing deterioration of the han military has resulted in the ter use of Soviet combat troops and ernment advisers at all levels of the me. Even so, the internal stability security of the Afghan Government ain poor.



E RESISTANCE MOVEMENT

ular support for the Afghan stance remains firm among the vast rity of the Afghan people. The stance movement includes resistance ers in Afghanistan, parties both in- and outside Afghanistan, and the gee and exile community. The stance inside Afghanistan consists of pendent local bands, usually af- ed to one or another of the parties. important parties have formed a e-party "moderate" alliance and a n-party "fundamentalist" alliance. erous other factions are not in- ed in the alliances.

No major changes occurred in the ture of the resistance during 1984. e groups of resistance fighters have eased coordination and cooperation e fight against Soviet/DRA forces. ertheless, fighting between tance groups continues to take . The emergence of a single leader, y real political unity, is as elusive ver.

Although colleagues and supporters of Zahir Shah continued to meet with resistance leaders in Peshawar and to seek international support for a meeting of all factions of the resistance (*Loyah Jirga*), no meeting was held. The efforts to forge greater resistance unity around ex-king Zahir Shah, begun in 1983, did not appear to have made further progress, although the three-party alliance, which sponsored that initiative, continues to function harmoniously. Fundamentalist opposition to any role for the former monarch continued and appeared to have dampened enthusiasm for pressing ahead with the proposed council meeting. Some shifts of alignment were reported within the seven-party alliance. Rivalries and disputes undermined efforts to build alliance unity.

All seven major resistance leaders from Peshawar were invited by the Pakistan Government to attend the Islamic Conference summit in Rabat in January 1984. They agreed, for the first time, to let fundamentalist leader Professor Burhanuddin Rabbani serve as spokesman for the group. Professor Rabbani also visited France in April to meet with French officials and other private groups.

The Panjsher commander Mahsud continued his efforts to make contact with and develop plans for cooperation with other commanders of the northeast region during the first part of the year. These efforts appeared to pay dividends during the Soviet offensive, as various *mujahidin* groups made efforts to come to Mahsud's assistance and divert Soviet/DRA forces by opening nearby fronts. However, other groups continued to dispute supplies and areas.

In Herat during June, various resistance groups cooperated in evacuating the city center before the beginning of Soviet door-to-door searches. In the last part of the year, as the Soviets turned their attention to Paktia and Paktika, where they hoped to cut the infiltration routes, effective resistance cooperation included affiliates of the three-party moderate alliance.

Resistance commanders from inside the country continued to voice com-

plaints against the parties' leaders. Charges included unequal distribution of support, selling arms for personal enrichment, and lack of contact with what was going on inside the country. Many commanders say they maintained their allegiances only because it was necessary to obtain arms and appeared willing to support any leaders who would supply them.

Depopulation of civilians in strategic areas became a more serious problem for the *mujahidin*. In the first years of the resistance, *mujahidin* could count on shelter and food from villages throughout the country. The toll of 5 years of fighting has left many areas—especially those in the east and close to Kabul—almost deserted. Resistance leaders are sometimes forced not only to carry their own food but also to help supply the civilian population.

LIVING CONDITIONS

With about one-third of its pre-1979 population displaced, Afghanistan has had its social structure and economy disrupted in fundamental ways. Afghanistan has suffered severe deterioration in the areas of health, medicine, and education. Nevertheless, food and fuel supplies are generally adequate both among the resistance fighters and Afghan civilians.

Food supplies in Afghanistan are comparable to levels prior to the Soviet invasion mainly because the destructive effects of combat on agriculture and transportation have been offset by the flight of people to other countries. In areas controlled by the Soviets, shortages occur occasionally as a result of resistance interdiction of transportation, but prolonged shortages are rare.

Although there is no current threat of widespread famine, poor rain and snowfall, Soviet destruction of agriculture in a particular area, or interruption of trade could change the local food situation quickly. For example, the Panjsher offensive—involving massive Soviet bombing that destroyed agriculture and livestock—has caused food shortages among the resistance and the local civilian population.

Although the resistance forces experience inadequate food supplies at times, the need for medicine and medical services is probably greater. Certain international humanitarian organizations, most prominently French groups, such as *Medicins sans Frontieres* and *Aide Medicale Internationale*, are trying to alleviate this desperate situation by maintaining doctors and rudimentary hospitals inside Afghanistan. Soviet and regime forces have often tried to bomb or attack these clinics and in 1983 captured and released a French doctor.

Education has deteriorated considerably since the Soviet invasion. The school system has ceased everywhere except in a few major cities. Perhaps 80% of the Afghan teachers have been executed or imprisoned or have fled the country.

REGIONAL SITUATION

The DRA escalated their border violations of Pakistan during 1984. The Soviets apparently hope that this will slow the infiltration of Afghan resistance fighters. These violations also can be viewed as an attempt to pressure Pakistan in its negotiations with Afghanistan, since many of these violations occurred at the time of the Geneva talks.

Airspace and artillery firing violations occurred most frequently during August and September with the Teri Mangal incident, involving over 70 casualties, being the worst. Violations have occurred up to the very end of the year. The Soviets and their DRA allies are not known to have crossed the Pakistan border with ground troops.

Iranian-Afghan relations soured during 1984. Iran has on several occasions protested Afghan violations of their border. Some of these incidents may have involved ground troop incursions on both sides. The Iranian consulate in Herat was closed early this year. Subsequently, Iran forced the Afghans to close their consulate in Mashhad.

REFUGEES

According to 1984 Pakistan Government estimates, there may be as many as 3 million Afghans in Pakistan, of whom 2.6 million were registered as refugees—the world's largest refugee population. Most of the refugees are located in some 340 camps, primarily in the rural areas of the North West Frontier Province (NWFP) and Baluchistan. (See map, p. 29.)

The Afghan refugees are minimally but adequately supplied with food, shelter, clothing, and medicine. Relief provided by Pakistan, and by the international community primarily through the UN High Commissioner for Refugees (UNHCR) and the UN World Food Program (WFP). Major contributors to the relief program are Saudi Arabia and other Arab states of the gulf, Japan, Western Europe, and the United States. The U.S. Government contributed about $70 million for the Afghan refugees in fiscal year 1984, including $49 million through the WFP. This was approximately one-third the total international contributions for Afghan refugee relief. To date, total U.S. contributions to the Afghan refugee relief program exceed $350 million.

Traditional notions of hospitality and strong ethnic and tribal ties between the local inhabitants and the refugees have helped to ease the impact of the refugees on the local population. There has been, however, an undercurrent of uneasiness in Pakistan over the Afghan presence, which is greater outside the areas of ethnic affinity where most of the refugees reside.

The herds of goats, camels, and sheep that the refugees bring with them destroy, through overgrazing, land in the already economically depressed areas of the NWFP and Baluchistan. Also, the refugees compete with the local population for the limited number of available jobs. In recent years a large percentage of the native male NWFP labor force has emigrated to work in Persian Gulf countries. Because of diminished employment prospects in the gulf, some of these workers are returning to Pakistan, and few are being recruited. The prospective competition for jobs could fuel tension between the Pakistanis and the Afghan refugees.

The Soviets and KHAD attempt to exploit Pakistani resentment of the refugee presence. KHAD infiltrators have been apprehended by the Pakistani authorities. Several violent incidents in the refugee areas can be attributed to Soviet/KHAD actions designed to increase tensions between the refugees and their hosts.

To lessen potential resentment of the refugees, the Pakistan Government has taken several actions. Afghan refugees are forbidden to own land or businesses. During 1984 the Pakistan Government began relocating refugee

n the provincial capitals of NWFP shawar) and Baluchistan (Quetta) to lying rural areas for the stated pur- e of alleviating the urban problems sed by the refugees. All single han males were ordered to relocate n housing in Peshawar or nearby igee camps to areas away from the . After a series of bomb explosions in hawar, Afghan political parties were red to move their headquarters out- the city.

In an effort to reduce refugee con- ration, the Government of Pakistan relocated some refugees and guided arrivals to other areas but with ed success. Several hundred thou- l places for refugees are planned at oup of camps near Mianwali, in Pun- Province. Many of the original group there moved away in the hot sum- months to cooler encampments in mountains of the NWFP. Plans to ate refugees within Pakistan have with mixed success in the past.

There are about 800,000 Afghan gees in Iran, but most refugees live ng the Iranian population and not in os. Iran provides limited assistance e refugees through the govern- t's own resources, and some aid is ved from UNHCR.

NEGOTIATIONS

e January 1980, the UN General mbly has voted six times, each time verwhelming margins, for a resolu- expressing grave concern at the nuing foreign armed intervention in anistan and calling for the complete drawal of the foreign forces; the in- ndent and nonaligned status of anistan; self-determination; and the ion of conditions that would enable efugees to return home with safety onor. The most recent passage of esolution occurred on November 984. The resolution was sponsored kistan and called again for the im- ate withdrawal of the foreign s from Afghanistan. It was adopted vote of 119 to 20, with 14 absten- , the widest margin to date.

During the debate, the Soviets and RA insisted that the situation in anistan was an internal Afghan r and, therefore, not a fit subject N scrutiny and that the presence of t troops was a bilateral matter ned by a treaty between the two countries. They have stated that Soviet troops would no longer be necessary and would be withdrawn after "outside interference" had ceased.

The Kabul regime and the Soviet Union demand that "noninterference" be guaranteed by Pakistan and international powers, possibly to include the United States, and appear reluctant to accept extensions of the guarantees to any other part of an agreement.

Pakistan continues to refuse to recognize or talk with the Karmal regime and refuses to pledge anything before there is a Soviet agreement to withdraw. Pakistan has expressed its wish that international guarantees cover all points of an agreement.

UN attempts to negotiate a settlement date from a November 1980 mandate of the General Assembly. Negotiations are led by UN Under Secretary General for Special Political Affairs Diego Cordovez as a personal representative of the Secretary General. Talks have been held periodically in Geneva. Cordovez shuttled between delegations from Pakistan and Afghanistan, officially informing Iran of the discussions while unofficially informing the Soviets. The third and latest round of UN-sponsored indirect talks in Geneva between Pakistan and Afghanistan was held from August 24 to August 31, 1984, and ended without progress.

Despite the hopes that were generated during the 1983 talks, the sides remain far apart. The Soviet Union has not substantially altered its original position. Essential questions, such as self-determination for the Afghans, consultations with Afghan representatives, the identity of guarantors, and the exact nature of guarantees, have yet to be addressed. But both sides are committed to continuing the talks, and another round is scheduled for February 1985.

The United States continues to support the UN negotiating process based on the four points of the UN resolution. Also, the United States supports efforts to achieve unity of all Afghan groups, whether in exile or struggling inside the country.

OUTLOOK

In their quest to control Afghanistan, the Soviets and their Afghan proxies are not likely to defeat the Afghan resistance. Nor is the resistance likely to oust the Soviets by force of arms.

Although the Soviet combat strategy in Afghanistan has become more aggressive in 1984, troop levels did not increase substantially during the year. Without a major change in force levels, the Soviets will not be able to further their control. The Kabul regime will remain incapable of ruling—internally divided and with no significant popular backing.

The Afghan people, on the other hand, despite tremendous privations and the dislocations attendant to modern warfare practiced against a traditional society, show every sign of persevering. Their support for the resistance seems unflagging. While some resistance groups increased cooperation during 1984, a broad degree of unity still would be insufficient to militarily eject the Soviets. Yet the Soviets are unable to prevent the resistance from effectively attacking in all areas of the country, including Kabul, the nerve center of Soviet control.

There appears to be little prospect that a negotiated settlement will be concluded soon. The Afghan people thus will continue to suffer from casualties, dislocation, and other traumas of war for the forseeable future. ■

U.S. Confirms Withdrawal From UNESCO

Following are the text of Secretary Shultz's letter to Amadou-Mahtar M'Bow, Director General of the UN Educational, Scientific and Cultural Organization (UNESCO), and a statement by Assistant Secretary for International Organization Affairs Gregory J. Newell of December 19, 1984.

SECRETARY'S LETTER

December 19, 1984

Dear Mr. Director General:

After serious review of developments during 1984, the United States Government has concluded that its decision to withdraw from membership in the United Nations Educational, Scientific and Cultural Organization will stand. Regrettably, the evidence that could have persuaded us to rescind or modify our original withdrawal notice is not present. As provided in Article II, paragraph 6, of the Constitution, therefore, the United States shall cease to be a member of the Organization at the end of the current calendar year.

With further regard to Article II, paragraph 6, of the Constitution, the financial obligations of the United States owed to the Organization on December 31, 1984, shall be unaffected by withdrawal. In this respect, the United States is unaware of any financial obligation to the Organization not covered by credits due to the United States. Moreover, the credits due to the United States in fact exceed outstanding United States obligations as of December 31, 1984. The precise amount, therefore, to be paid to the United States remains to be determined.

Following the effective date of United States withdrawal from membership, we intend to maintain an observer mission at the Headquarters of the Organization. The primary purpose of that mission shall be to facilitate such participation in the activities of the Organization as may be appropriate under the procedures and practices of the Organization and its organs, including the General Conference and the Executive Board. In addition, that mission shall serve to represent the United States in connection with any matters ancillary to the United States withdrawal from membership in the Organization, including any residual financial questions, should they arise.

My government will announce its intention to name a reform observation panel of distinguished Americans, the purpose of which will be to assess and report to the Department of State on events and developments within UNESCO. It should serve, also, to facilitate the active cooperation of the United States with member states—and with the Organization itself as such cooperation may be appropriate—in order to advance efforts at reform.

You will know from our presentations to you, to the Executive Board, and to other interested parties, just what changes in UNESCO we now deem necessary. We hope that the reform process will continue, even though the changes made in 1984 were insufficient to warrant revision of our prior decision. Sufficient reform in 1984 would have caused a change in our view; sufficient reform in the future could lead us, once again, to join in the important work that ought to be, and once was, UNESCO's pride.

We will, for the benefit of others, and as a contribution to Third World development, continue to make a significant and concrete contribution to international cooperation in education, science, culture, and communications. To advance that cause, we will seek to use other existing methods and work through other existing means. In those efforts, we would welcome any cooperation with UNESCO that you and we find mutually appropriate.

In closing, I would urge you to use your considerable influence to help bring about the reforms and improvements in UNESCO which alone will enable the Organization once again to command the enthusiastic support of its membership.

Sincerely yours,

GEORGE P. SHULTZ

The Honorable
Amadou-Mahtar M'Bow
Director General of the
United Nations Educational,
Scientific and Cultural Organization,
Paris

ASSISTANT SECRETARY NEWELL'S STATEMENT

One year ago, the United States notified UNESCO that U.S. membership would terminate on December 31, 1984. We have confirmed today that U.S. withdrawal from UNESCO will take effect on that date.

UNESCO policies have, for several years, departed sharply from the established goals of the organization. We have regularly advised UNESCO of the limits of U.S. (and Western) toleration of misguided policies and programs and of repeated management failures. The circumstances that impelled us, last year, to announce our plan to withdraw have not changed sufficiently, this yea to warrant a change in our decision: E traneous politicization continues, as does, regrettably, an endemic hostility toward the institutions of a free society—particularly those that prote a free press, free markets, and, above all, individual human rights. UNESC mismanagement also continues, and a proximately 80% of its $374 million bi nial budget is still spent at its Paris headquarters, leaving only 20% to be spent elsewhere.

UNESCO has made efforts to reform itself during the past year. Ta ing the pattern of UNESCO's own pa performance as the point of referenc we can agree that those efforts appe genuine. Viewed, however, in light of the serious concerns we expressed las December, an unacceptable gap clear remains. An independent monitoring panel of eminent American experts f mally reported a similar conclusion t the Secretary of State on November 1984. The panel noted that there was considerable discussion and some incremental movement in the direction the fundamental concerns of the Unit States but that there was no concret change.

The United States remains comm ted to genuine and effective international cooperation that serves the legitimate needs of developing natior We intend to continue support for in national activities in the fields of edu tion, science, culture, and communica tion through other existing channels: multilateral, regional, bilateral, and private sector institutions.

Nevertheless, we remain commit to the belief that genuine reform of UNESCO is a desired goal. We are i terested in such a renovation. We ap preciate the labors of all those—cour tries and individuals alike—who have worked to return UNESCO to its original purposes. We intend, during coming year, to labor still with those supporters of UNESCO.

As the President stated in his re address to the United Nations, we su port genuine and effective multilater cooperation. To help return UNESC that purpose, we have in mind a thre pronged approach.

• To promote UNESCO's
rm—from the outside—the United
es will designate a reform observa-
panel of independent experts. It will
harged to assess and report on
its within UNESCO and to advance
continuing interest in reform.
• We will work with all those—
ntries, individuals, and private
nizations—who seek improvement
NESCO.
• We will establish an observer mis-
in Paris to protect American in-
sts at UNESCO and to work with
minded member states on reform
sures, particularly between now and
end of UNESCO's 23d general con-
nce in 1985.

When UNESCO returns to its
nal purposes and principles, the
ed States would be in a position to
n to UNESCO. ■

Latin America: The Struggle To Restore Economic Growth

by Kenneth W. Dam

Address before the World Affairs Council in Dallas on December 5, 1984. Mr. Dam is Deputy Secretary of State.

I recently returned from 10 days in Latin America. I was not in Central America, where the headlines are. I went to *South* America, and I should like to share with you what I saw there because it applies in most ways throughout the hemisphere, including Central America and the Caribbean.

I visited three countries—Peru, Bolivia, and Argentina. Each has searing social and political problems. Argentina still feels the wounds of a "dirty war" between extremes of left and right. Bolivia is bedeviled by poverty, political instability, and organized narcotics trafficking. Peru, like Bolivia, is beset by drug trafficking; in addition, it is combating a nihilist guerrilla movement.

What struck me most, however, was that in all three countries I found civilian governments working hard to consolidate democracy in the face of their most severe economic crisis since the Great Depression. In all three, I found individual leaders struggling, often with great courage, against enormous odds. It is their struggle—a struggle to restore economic growth while maintaining social and political stability—that I should like to discuss with you today.

Near-Term Successes

In the last few years, the international economic agenda has been dominated by the $800-billion Third World external debt. When the debt crisis erupted in 1982, it threatened the viability of the international economic system. In a first response, the United States and other industrial democracies immediately undertook emergency financing measures to overcome the lack of liquidity in particular countries. This was followed rapidly by a second phase, in which the IMF [International Monetary Fund] and the World Bank sought to support short-term stabilization and economic adjustment on a case-by-case basis.

It is now apparent that some important near-term successes have been scored. The total current account deficit of the seven largest Latin American debtors (Argentina, Brazil, Mexico, Colombia, Chile, Peru, and Venezuela)—who together hold about half of the Third World debt—was reduced from $35 billion in 1981 to just $5 billion in 1983. In the same period, the combined trade accounts of these countries jumped from a surplus of less than $1 billion to a surplus of over $31 billion.

Over $70 billion in Latin American external debt has been rescheduled to permit orderly servicing. Mexico's impressive improvement enabled it to sign a multiyear agreement in September with its commercial bank advisory committee to reschedule payment on almost $50 billion of public sector debt. Venezuela has worked out a similar agreement, and Brazil will enter negotiations shortly. Both Mexico and Brazil should record positive growth this year.

Finally, last weekend Argentina and its major creditor banks reached agreement on a new financial package. Assuming the agreement is acceptable to all its creditor banks, Argentina will receive $4.2 billion in new money from the banks over the period of its adjustment program with the IMF. In addition, $13.4 billion in 1982–85 maturities will be rescheduled at reduced spreads from a 1982–83 rescheduling agreement. The U.S. Treasury has agreed to provide $500 million in short-term bridge financing to Argentina once the bulk of the new bank money has been made available. Argentina thus joins the ranks of the major debtor countries who are pursuing effective stabilization policies and normalizing relations with their creditors.

Entering a New Phase: Growth

We are thus entering a new phase. The focus of our attention is shifting from ensuring immediate liquidity to promoting long-term growth. Without renewed real growth, debtor nations will lurch from one short-term crisis to another.

For a generation, from the late 1950s to the late 1970s, Latin America as a whole grew by 6% a year in real

terms. But since the debt crisis erupted in 1982, and despite near-term successes in some countries, aggregate growth has been negative. Per capita income has fallen to roughly 1976 levels. Industrial sector unemployment, seldom a problem in the past, has become serious. Population continues to grow at about 2% a year, and entrants to the job market are increasing at about 3% a year.

As a creditor country, we often think in terms of the repayment of debts, hence the label "debt crisis." Behind this crisis, however, is the failure of most Latin American economies to generate the resources for the growth their societies require. How to meet popular expectations for jobs, for services, for education, for improved standards of living—that is the underlying problem throughout Latin America. And that is why in this new phase we should be thinking *growth*, not just debt.

Internal Tradeoffs

Achieving sustained economic growth presents different challenges from those posed by balance-of-payments problems. Austerity programs and belt-tightening measures can be sold politically as short-term necessities. Sustainable growth, in contrast, requires far more fundamental economic and political changes.

The changes required to renew and sustain growth are often referred to under the heading of "structural adjustment." These changes involve permanent shifts in income distribution, resource allocation, and political power—often between city and countryside, labor and management, consumers and exporters. Adjustment involves decisions on subsidies, on exchange rates, on state enterprise, on private enterprise—in short, on the way economic activity is organized in a particular country. These decisions are almost always painful. And they cannot be taken by outsiders.

The choice for debtor countries is not between adjustment today or adjustment tomorrow. It is between orderly adjustment—cushioned by external support—and disorderly adjustment forced by economic decline and attempts to sustain ineffective policies.

The Latin American experience is currently marked by the social and political strains associated with the adjustment measures needed to renew growth.

The Peruvian Government, for example, has reached successive agreements with the IMF to take steps that, if implemented, would enable it to stabilize its economy and resume orderly servicing of its $13-billion debt. But these steps have aroused intense opposition from political parties, labor, business and interest groups. A nationwide general strike was widely effective in March. And without effective adjustment, both the economic and political situations have continued to deteriorate, eroding further the ability of the government to take decisive action. Meanwhile, particularly brutal guerrilla agitation and violence are corroding national confidence. These developments challenge Peru's Government, which was restored to civilian democratic control only in 1980.

Peru's problems are not unique.

In the Dominican Republic last April, efforts to reduce food subsidies that the government could no longer afford to pay led to riots that left 60 dead. Only careful, patient leadership in the wake of those riots has restored the government's ability to conduct economic policy and implement reforms.

In Bolivia this spring, labor groups frustrated attempts at economic reform by striking and closing the Central Bank. Since then, the economy has greatly deteriorated, with inflation reaching almost 1,500%. The Bolivian Catholic Church recently warned that democracy was endangered. Civilian President Siles responded with a significant gesture, cutting his mandate short by 1 year and promising elections in June of 1985.

In Ecuador, the democratically elected, reform-minded administration of President Febres Cordero faces a tough political challenge in putting his economic program through a skeptical Congress.

In Honduras and El Salvador, newly developing democratic institutions must cope not only with economic difficulties but with immediate security problems as well.

External Support

Each country must make the tough decisions on how to stabilize and restructure its economy. The international community can help in this effort and can cushion the impact of reforms. But domestic adjustment must come first, because international help will fail without it.

Three factors, in particular, can help ease the adjustment process: IMF/World Bank efforts to promote growth, increased investment in the debtor countries, and more open trade. I should like to touch briefly on each of these factors in turn.

IMF/World Bank Efforts. In the short term, the United States can sometimes provide bilateral assistance to cushion the shock of adjustment while ensuring that adjustment takes place. We are, for example, giving economic aid to each of the countries I have just named. However, it is also essential that multilateral institutions—such as the International Monetary Fund, the World Bank, and the Inter-American Development Bank—assist debtor countries by providing resources and policy advice.

The purpose of IMF programs, according to the Fund's managing director, is "to achieve a better balance of payments equilibrium and thus open the way for more vigorous and lasting growth [in debtor countries]." Consequently, IMF programs seek *both* "a better balance-of-payments equilibrium in the medium term and a more efficient use of scarce resources by introducing . . . incentives . . . to generate more domestic savings, more investment, and more exports." The United States supports this emphasis on growth and structural adjustment.

IMF efforts are complemented by those of the World Bank. The bank's structural adjustment loan program, for example, is designed to facilitate the sort of long-term economic changes I described earlier: changes to make exports more competitive, to mobilize domestic and foreign capital, to promote a more efficient use of domestic resources, and to bring about institutional reforms. These loans, together with the Bank's sectoral and project lending, can help developing countries carry out reforms at a time when slow growth and tight credit make such reforms as difficult as they are necessary.

Investment. Restoring vigorous sustainable growth to the hemisphere will require continued infusions of capital for years to come. Official assistance levels, whether from bilateral or multilateral sources, are unlikely to rise much in the years ahead. It is also clear that private lending at the levels that prevailed in the 1970s is not in the interest of the banks or the borrowers. The capital required to sustain new growth will have to come from somewhere else.

Domestic savings must be a prime source of new investment. Adequate incentives—such as positive real interest rates—must be provided to encourage such savings. Priority should also be given to creating the right conditions for repatriation of the flight capital of the

t decade. From 1979 to 1983, some 0 billion—I repeat, roughly $100 on—was transferred out of Latin erican countries. That money could e been used to generate income to ice debt. Its absence means that l savings must be tapped to service t rather than to stimulate economic wth. The volume of capital flight has n slightly in the past year but re- ns a major problem.

Foreign direct investment is another rtant potential source of capital. As lternative to acquiring new debt, ign direct investment has many ad- ages. In hard times, the costs of in- ment, serviced by profits, are lower the costs of debt capital, serviced terest payments. Moreover, foreign t investment develops human re- ces through training and education, ides access to new technology, and n generates its own international ex- markets.

The problem is that Latin America the Caribbean have not been suc- ful recently in competing for foreign t investment. External and internal rs have combined to cause a pro- ced dropoff in investment flows. five major Latin American countries il, Mexico, Chile, Peru, and Co- ia), net inflows during 1983 were billion less than the 1979–82 ge. And despite Mexico's recent cial successes, foreign investment to Mexico remain at a fraction of isis levels. Meanwhile, the Far East een foreign investment rise. And nited States, which offers excellent ity and good yields, is proving ex- ely attractive to investors, including from Latin America.

t will take political courage and mination for Latin American coun- to compete more effectively for gn investment. Both internal ad- ents and international cooperation e essential. Owners of capital need rn a fair, risk-adjusted rate of n. They will not be attracted by ictive rules enforced by government ucracies with little understanding oduction or marketing require- s. Remedies in these areas would urb capital flight and stimulate savings.

pen Trade. Trade is as vital to th as it has been to the easing of diate liquidity problems. The d States has contributed decisively proved Latin American trade ac- s. We have kept our markets —even when those countries were d to cut their imports from the United States and elsewhere. Accordingly, Latin American exports to the United States grew by over $4 billion from 1982 to 1983, while they decreased to the rest of the world. In 1984, we expect to take almost half of all Latin American exports ($50 billion out of $111 billion).

These figures belie the notion that the United States is "protectionist." Our projected $130-billion merchandise trade deficit is evidence that we have kept our markets open, thus helping our Latin American trading partners to grow with our own economic expansion. However, if trade is to foster sustained growth, it must be a two-way street. We anticipate that renewed Latin American economic growth will lead to increased purchases by them of our goods and services. And we hope that individual Latin American countries will reduce their trade barriers and diversify their trade with others and among themselves as well.

What's at Stake

The "tradeoffs" between maintaining political and social stability today and building for growth tomorrow create awesome dilemmas for any government.

The difficulties can be eased somewhat if there is an alliance between the decisionmakers and the people whose fate is being decided. As President Monge of Costa Rica, speaking from experience, told a European audience 5 months ago: "Democracy works as a means of settling the problems of production and [winning] battles in the struggle against under-development and poverty."

My talks in South America made me optimistic that President Monge is right. Men like Argentina's President Raul Alfonsin—a profoundly decent man trying to do what is right in a country still wracked by the misdeeds of the recent past—are now also working in democratic systems. And this kind of thing is happening throughout the hemisphere.

Counting just the past 4 years, our southern neighbors have cast more than 150 million votes in 35 elections in 26 countries. That is more people voting in more elections in more countries than ever before in the history of Latin America and the Caribbean.

Over the past 5 years, elected civilian presidents have replaced military rulers in Argentina, Bolivia, Ecuador, El Salvador, Honduras, Panama, Peru, and soon in Uruguay as well. Additional countries as different as Brazil and Guatemala are now also moving toward greater democracy. The day before yesterday, the people of Grenada chose their leaders in a free and open election, restoring democracy on that island. More than 90% of the people of this region to our south now have governments that are either democratic or heading there.

But good political statistics cannot offset bad economics. The dictatorships were swept aside because they could not solve their nations' severe economic and social problems. Democratic governments, if they are to survive, must now prove that they can deal successfully with these challenges. They must implement adjustment measures and they must do so now, not later. If governments delay—if adjustment measures are then forced upon them by circumstances—there is a risk of triggering internal violence and a return to the military dictatorships of the past.

But that is not the only—or even the most probable—result. If the democratic governments fail, a whole range of alternatives is possible, and not just Marxist-Leninist regimes mimicking Cuba and Nicaragua. We have already seen in the Garcia Meza regime that ruled Bolivia from 1980 to 1981 a government dominated by narcotics traffickers. And beyond that, consider the dangerous chaos that could ensue if nihilistic radicals like Peru's *Sendero Luminoso* (Shining Path) guerrillas multiplied their strength.

The stakes are enormous. Hanging in the balance is the well-being of the 90% of Latin Americans now enjoying or moving toward democracy, as well as the security of the Western Hemisphere itself.

It is vital, then, that the Latin American governments directly at risk take today the actions necessary to build for sustained growth tomorrow. Foremost among such actions are policy changes to open up their markets and create conditions to attract and retain capital.

The United States has supported—and will continue to support—such actions. Other industrial countries—particularly Japan and the European Community—must also work to cushion the adverse impact of economic adjustment. This can be done by supporting the international financial system, keeping markets open, and exercising sensitivity along with fiscal responsibility.

When all is said and done, I came back from South America both concerned by the odds *and* convinced that a new era of hemispheric cooperation, growth, and security is within our reach. ■

The Role of Investment in Latin America's Economic Future

by J. William Middendorf II

Address before the Torcuato di Tella Institute of Argentina in Buenos Aires on November 19, 1984. Ambassador Middendorf is U.S. Permanent Representative to the Organization of American States (OAS).

It is a pleasure for me to be here with you today, since our discussion is a visible example of the indomitable nature of democracy. I say this because, as U.S. Secretary of State George P. Shultz said at our recently concluded OAS General Assembly, democracy unites the people of the Americas more than anything can divide them. Democracy is becoming the primary bond in this hemisphere—both within nations and among them—precisely because it is a means of managing differences, of reconciling conflicts, of building strength out of diversity. We in the United States also believe that democracy could bring the New World's historic but, as yet, incomplete promise of freedom and plenty closer to fruition for all our citizens.

In short, democracy is the only problem-resolving process that permits free competition of ideas and lets the marketplace—in this case, the polity—decide what the best solutions are. It is also the only process that, in the long run, can deal competently and justly with the "politics of economics."

I am, therefore, optimistic about the future of the hemisphere, even though the challenges in the "politics of economics" are, indeed, daunting.

The Next 15 Years

According to an Inter-American Development Bank study, between now and the year 2000, Latin America and the Caribbean will have to create 100 million new jobs, all other things being equal. The average cost for creating one new job in the region is $12,500. Simple arithmetic tells me that somehow $1.25 trillion in capital will have to be generated.

These numbers are difficult enough to face by themselves but become even more sobering in the context of the present international economic environment, which is characterized by a difficult-to-manage debt structure and low prices for traditional exports and politically expedient but economically counterproductive fiscal, monetary, and statist investment policies found not only in our own hemisphere but also in other parts of the world. The effect of such policies is quite clear—high rates of inflation, low productivity, and capital flight.

If nations do not move to adjust their economies to current conditions, they face the risk of recreating the conditions reflected in the old Moscow workers' joke, "We pretend to work, and they pretend to pay us." The second part of the joke may already exist in a few countries in the region in the form of high inflation caused, in large part, by governments' propensity to print money faster than the economy can grow. Under conditions of high inflation caused by undue monetary growth—combined with relatively high levels of government ownership of enterprises—asking for and receiving higher wages is not a solution but, rather, an illusion. Under such conditions, money can no longer serve as a measuring device for a transaction's economic value. But the pernicious effects of inflation go much further. For the business planner and investor, it becomes very difficult to make sound decisions having longer range implications.

Since most countries and firms adhere to "historical accounting" practices, a highly inflationary environment results in a progressive decapitalization of the firm, since profits tend to be overstated while replacement costs tend to be understated.

The Reagan Administration understood the negative effect of inflation and made combating inflation one of its top priorities from the outset—and the policies have worked. The United States now has one of the lowest inflation rates in the world. What is perhaps not as well understood is that inflation is a real issue for the work force, and that is partly a function of vocabulary. My good friend, Congressman Jack Kemp, put the issue this way in a conference on supply-side economics on March 17, 1982: "Honest money is a populist, blue-collar, middle-class, bread-and-butter concern." Congressman Kemp gave a concrete example of what he meant, which I would like to quote:

> In my home state of New York, the Professional Employees Federation recently proposed this contract language in its negotiations with the state: "Recognizing the possibility of uncontrollable inflation and the serious loss of credibility and purchasing power of the dollar, the employer, upon union's demand, will remunerate employee in mediums of exchange other than the presently used U.S. Federal Reserve dollar. Such alternative mediums of exchange include, but are not limited to, gold, silver, platinum, bullion and coin, and/or one or more foreign currencies."

Economic Growth and the Private Sector

The present economic environment in much of our hemisphere is characteriz by recession and the tensions—both political and social—which have accor panied the implementation of adjustm programs. These circumstances are e acerbated by the official bias in favor the public sector and a pattern of increasing government encroachment. I now becoming clear that private ente prise in Latin America is in a fight fo survival. I do not say this lightly but, rather, based on my having watched the development of the "politics of economics" in this hemisphere and elsewhere over the last 30 years.

As I see it, during the last 30 yea government intervention in the economies of the less developed coun tries—often buttressed by nationalist and/or socialist ideologies—has result in substantial increases in:

- State ownership of economic a tivities in, for example, extractive industries, manufacturing, financing, a international trade and commerce, fa beyond the traditional limits of infrastructure;
- Regulation of private economic tivity via money, credit, and exchang controls, licensing systems, and price and wage controls;
- The state's consumption share gross national product; and
- Government investment expenditure—typically more than half of n tional capital formation.

It is unfortunate that the debate concerning private versus state inves ment continues on philosophical and ideological grounds at a time when e pirical economic research has conclus ly demonstrated that private enterpri is the most efficient means for achiev economic development. As Secretary State George P. Shultz said in his November 12 statement to the 14th General Assembly of the Organizatio American States:

If we are to put into practice what we laim about growth and equity and a bet- standard of living, we all have a respon- ty to modify or discard stereotypes that no longer germane. Today, attracting domestic and foreign investment can be ite to *more* freedom and independence er than less. It is an essential part of any egy for restoring growth.

To cite just one example of such arch, consider the February 1984 M [International Monetary Fund] cing paper entitled "Government y and Private Investment in eloping Countries," by Mario Blejer Mohsin Khan. Their study con- ed the central importance of private stment for both long-term develop- and for the design of short-term lization programs in less developed tries.

The first major finding is that tries with a higher proportion of te direct investment to total invest- tend to have a higher ratio of total tment to income. The good news is government policies which give the te sector a greater role in invest- tend to have a higher ratio of total tment to income. The bad news is rmation that the state-owned sector rowd out private sector investment nefficiently claims scarce resources would otherwise be available to a efficient private sector or if its etable products and services com- with those produced more efficient- vately.

The second major finding is that ries with a larger proportion of te investment to total investment to have higher rates of economic th. The two factors which seem to tical in their effects on private in- ent are the availability of financing he level of state sector investment. Marsden, in his 20-nation study, s Between Taxes and Economic th" (World Bank Staff Working No. 605, August 1983), found that ns which provide their private sec- ider access to credit realize more growth. In statistical terms, len found that with an increase in are of the private sector of 10%, owth rate of gross domestic prod- creased by 0.41%. In considering vel of state sector investment, the y of investment which comple- private enterprise can increase mand for privately produced and services through greater de- for inputs and ancillary services hereby, augment the aggregate nt of available resources by ding total production and savings. It is only this type of government investment (in support of the private sector) which has the potential of canceling the crowding-out effect from other types of state investment.

Economic Growth and Taxes

In the study by Keith Marsden mentioned earlier, he found significantly higher real rates of growth in gross domestic product among countries that placed a lower effective tax burden on their citizens. In the low-tax group of countries, the average annual growth rate of gross domestic product was 7.3%, while it was only 1.1% for the high-tax group. As Professor Jerry Haar of Florida International University noted in a paper entitled "Private Investment, Taxes and Economic Growth":

> One finding which will be particularly discomforting to those possessing a socialist perspective on economics and social class is: *higher rates of economic growth produced a significant increase in all classes' standard of living among low-tax countries.* An expansion of the tax base (a result of a supply-side tax approach) was associated with growth and resulted in increased revenues, which financed a more rapid expansion of expenditures for health, social services, education, nutrition and defense. *Most importantly, available data on income distribution refute the argument that high-tax countries possess a more equitable distribution than low-tax ones.* [Emphasis added.]

Two operative findings for the policymaker result from the research I have cited.

First, lower taxes result in increased supplies of the factors of production and, thereby, increase total production by augmenting the after-tax return on savings, investment, work, and innovation.

Second, low-tax countries, through fiscal incentives, have channeled their resources from less productive to more productive sectors, thus increasing economic efficiency.

These operative findings, I would like to note, also are the foundation of President Reagan's economic policies and are undoubtedly among the key factors for the extraordinary performance of the U.S. economy over the past 2 years.

Here I would like to digress for a moment to a topic to which I only alluded earlier. The various factors which I have discussed up to this point are merely symptoms of a much more fundamental factor which is widespread in our hemisphere—namely, the relative lack of depth in economic background and understanding, not only on the part of many politicians but also on the part of considerable segments of our bodies politic. I also think it is incumbent on all of us who are in the public eye to do everything we can to increase the level of understanding of our friends and neighbors in order to find acceptable and workable solutions to the economic problems of our hemisphere.

The place to start, I suspect, is with the recognition that the concept of an economy as an interrelated set of institutions, processes, incentives, and tendencies is inherently both complex and abstract, and, indeed, economic relationships are often counterintuitive. Nowhere is this more clearly seen than in the concept of "price." Prices, in general, are widely viewed as normative, i.e., determined through a political process rather than as a variable of a certain market-clearing magnitude. But while laws passed by legislatures can certainly distort economies, they cannot invalidate the laws of economics. Human history shows us plenty of examples where intuition and science have been at loggerheads—after all, the intuitive understanding is that the world is flat, not round, and discovery of our own hemisphere is largely due to Christopher Columbus' attempt to prove intuition wrong.

A further point I would like to make is that quite often our language is too technical. Economists talk about inflation and Jack Kemp talks about "honest money"—which is more easily understood? We often talk about private sector capital investment when the real bottom line is the creation of genuine jobs, i.e., jobs which create new wealth and, therefore, new jobs, in contrast with what is all too often the case with state-owned enterprises.

State Enterprises

In Latin America, state enterprises are omnipresent. I can do no better than to cite the contrast between the private and state-owned sectors by quoting Keith Marsden:

> The private sector tends to have more experienced management, greater competitive stimulus, more entrepreneurial drive and stronger work incentives and motivations. Public enterprises are subject to tighter political constraints and pressures from sectional interest groups. They are also used for political patronage. They frequently set social objectives—such as preserving employment and restraining rises in the cost of living—which are difficult to reconcile with efficiency. They are rarely allowed to go out of business, even if their products and plants

are obsolete and incurring huge losses. Red tape and excessive bureaucracy sometimes undermine the effectiveness of government services. And a large public sector often coincides with greater controls over private sector decisions through licensing, rationing and regulations. Such interventions tend to distort incentives and bring about a misuse or misallocation of resources in the economy as a whole.

What has been happening is clearly seen in Mexico, where, according to trend data, there were only 84 government enterprises in 1972. By 1982, there were 760. During the same period, total government spending as a percentage of gross national product increased from 23% to 46%. By 1982, virtually all of Mexico's major industries were under government control, and the government's share of total capital formation had reached 45%. Even in Brazil—where in 1979 President Figueiredo created a special ministry with the objectives of (1) selling government-owned enterprises to the private sector where feasible, (2) restricting the indiscriminate growth of state-owned enterprises, and (3) strengthening the free enterprise system—little progress has been made, and the spending of government and its companies approaches 50% of the gross domestic product. Moreover, I am also afraid that the unfortunate correlation between those countries experiencing debt problems and excessive government involvement in their economies is not entirely accidental. I think when President Belisario Betancur of Colombia recently said that what Colombians wanted were partners not creditors, he was recognizing the correlation.

In a paper entitled "Public Administration and Economic Development," Dr. Goh Keng Swee, First Deputy Prime Minister and Minister of Education in Singapore, analyzed the common policy mistakes which are often made in the quest for developed country status. Dr. Swee discusses the lessons to be learned from Japan:

> What was accomplished in the first two decades [following the Meiji Restoration in 1868] was meagre. The government, like developing countries do today, did establish manufacturing industries, but most of these failed and after 12 years they were sold at a loss.

This result is not surprising since, as Aristotle said, "Men pay most attention to what is their own." And it follows that if ownership is vested in the state—an abstract entity—employees will not pay as much attention to the enterprises' successful development. In the economic arena, nothing more clarifies the mind than the risk of personal loss and joy of personal gain.

But while it is relatively easy to diagnose the ills resulting from excessive governmental involvement in our economies, it is far more difficult to find constructive solutions. In many of the countries of our hemisphere, the state-owned sector is so large relative to the domestically owned pool of private capital that a simple sale to the private sector would be difficult, indeed, and attracting foreign capital for this purpose also would be difficult, for well-known political reasons.

However, I believe that there are potential and feasible solutions, for, as President Reagan has said, "Developing countries need to be encouraged to experiment with the growing variety of arrangements for profit sharing and expanded capital ownership that can bring economic betterment to their people." One such method of expanded capital ownership is advocated by Dr. Louis O. Kelso and Patricia Hetter in their book, *La Economia de los Dos Factores: Un Tercer Camino.* The plan involves employee stock ownership plans, which are nothing less than having the employees of the corporation also become the stockholders, i.e., owners. There are now approximately 6,000 corporations in the United States using these plans, and the experience with them has been quite good—productivity goes up, worker income is linked to profitability, etc. While they are only one form of expanded capital ownership, the point I am trying to make is that there are alternatives to state ownership, and they should be explored and adapted to the conditions existing in each of the countries of our hemisphere.

Foreign Direct Investment

Private foreign direct investment plays a key role in trade and commerce in our hemisphere. Indeed, it is a catalyst for economic development and for international economic integration through the world trading system, as well as being a vitally important source of capital, technology, and know-how.

It seems intuitively obvious that the high debtor countries of our hemisphere should take strong steps to court foreign direct investment as the most attractive alternative to bank financing. Foreign direct investment has the advantage of not requiring fixed interest payments. Earnings are repatriated only if the investment is profitable. Local enterprises are able to sell to multinational companies and often gain access to new markets and distribution channels both nationally and internationally. Finally, and most importantly, foreign direct investment creates real jobs as opposed to state-funded, make-work jobs.

In 1950, U.S. direct investment in Latin America accounted for nearly 50% of the total U.S. investment overseas. By 1970, the stock of the U.S. direct investment abroad amounted to $75.48 billion, of which 68.7% was in developed countries; only 17.2% in Latin America; and 3.0% in Asia and the Pacific. At the end of 1982, the stock of U.S. direct investment abroad stood at $221.342 billion, of which 73.7% was in developed countries, 14.9% in Latin America; and 5.6% in Asia and the Pacific. While the absolute size of U.S. investment has risen, it is also clear that in the competition among developing countries for this scarce capital, Latin America is beginning to lose its lead over Asian-Pacific countries. Investment-flow data confirm this, in that these flows declined for Latin America toward the end of the 1970s except for Chile and Colombia. In this regard, it is clear that the international investment community is closely watching the negotiations between IBM and Mexico. If there is a favorable outcome it could signal a trend change in investment flows.

It is clear that domestic conditions conducive to investment, whether foreign or indigenous, are a key element which must be addressed if this trend is to be changed. I am encouraged by the increasing recognition of the importance of internal factors for the revitalization of Latin American economies now being found among prominent Latin Americans. Brazilian Senator and former Planning and Finance Minister Roberto Campos stated the issues succinctly in his speech, *The New Demonology:* "The United States has become the magnet for European and Japanese investors precisely because they have two things we lack—a strong currency and stable rules of the game." The prominent Argentine economist, Marcos Victorica has also addressed these issues. Mr. Victorica estimates that Argentine capital abroad amounts to about $27 billion and that much of this capital left the country during the early 1980s when real interest rates in Argentina amounted to about 20%—double U.S. real interest rates—and he has ascribed these developments to a lack of confidence. Regarding policies affecting foreign direct investment, Mr. Victorica has noted one of the key difficulties: "No [one] will come in [to invest] where a way of is forbidden." Moreover, as the stati

light capital in Latin America (cited Henry Wallich, member of the Board overnors of the U.S. Federal erve System, and others) indicate, e is no genuine shortage of Latin erican capital—the problem is that capital is not being employed inside n America.

One of the difficult impediments to gn investment in Latin America has the Calvo Doctrine.[1] Many coun- in the hemisphere incorporate the ine and other restrictions in their itutions, in other laws, or in ilateral agreements, such as the An- pact decision 24.[2] With regard to ion 24, I am pleased to note that is increasing recognition on the of member governments of the pact such provisions are counter- active. This was one of the principal s for Chile's withdrawal from the in 1976. Moreover, we expect dor to sign an agreement with the seas Private Investment Corpora- OPIC) shortly which could pave the for other pact countries to under- similar steps and which might lead evision of negative provisions such cision 24.

countries that subscribe to the Doctrine, there have been a large er of expropriations without fully actory compensation. The investor right of recourse to his home nment under international law he is denied fair access to na- courts and tribunals. This was a on to perceived abuses of protec- y the United States and European 's on behalf of their investors and 's in the last century. The contem- result is often the invalidity national law of any choice of law um outside the national jurisdic-

ne negative consequence of such a is that potential U.S. investors nstrained from obtaining OPIC in- e coverage because of require- limiting possible litigation to local

ne United States has long favored en international investment sys- A major U.S. goal in the 1980s is erse the trend toward govern- nduced distortions in the invest- process through international standings and voluntary guidelines g to a more open and less in- tionist investment climate.

s part of continuing efforts in this the U.S. delegation to the 14th an- eneral Assembly of the OAS in- ed a resolution entitled "Pro- g Economic Justice through Strengthening Private Direct and Indirect Investment in Latin America and the Caribbean." The operative part of the resolution reads as follows:

> To instruct the General Secretariat to conduct a study of requirements necessary for the creation of economic and regulatory environments conducive to attracting and fostering direct and indirect investment in the countries of Latin America and the Caribbean. This study should identify the various private and official, multilateral and national agencies involved in the promotion of investment while also considering and evaluating the growing variety of arrangements for profit sharing and expanded capital ownership now available for the promotion of economic justice with a view to identifying operational mechanisms and sources of funding for cooperative efforts with said agencies that may be implemented in the framework of the OAS.

While the resolution did not come to a formal vote, the U.S. delegation was able to secure agreement, as noted in the rapporteur's report, that these topics would be taken up by the Permanent Executive Committee of the Inter-American Economic and Social Committee of the OAS in 1985. I view this agreement as a major achievement and a major step forward.

The Administration has advanced the cause of private enterprise on two fronts in Latin America: the Caribbean Basin Initiative and bilateral investment treaties. Both provide important incentives for the private sector and should stimulate additional foreign investment in their areas.

As you know, the key elements of the bilateral investment treaties are:

- New and existing investment to be granted national treatment or most-favored-nation treatment, whichever is more favorable, but both sides are allowed to list exceptions to national treatment in specified sectors of economic activity;
- Unrestricted transfer of capital, returns, compensation, and other payments into and out of the host country; and
- Dispute settlement procedures both for disputes between the host country and a national or company of the other country and disputes arising between the governments.

While these treaties are reciprocal in their treatment and protection provisions, the major inducement for the developing country is the assurances such a treaty offers a foreign investor.

Several countries have seen the wisdom of negotiating such agreements. In this hemisphere, we signed treaties with Panama in 1982 and with Haiti in December 1983. We are also very close to agreement with Costa Rica, and we have had negotiations with Honduras, El Salvador, the Dominican Republic, and Jamaica.

While the treaties mentioned above are laudable achievements for the parties concerned, in all candor, much remains to be done for our hemisphere to realize its full economic potential. Bilateral investment treaties ought probably to be viewed as the end of a rather lengthy process which begins with OPIC agreements, which could continue with an intermediate step involving memoranda of understanding, such as the one between the United States and Indonesia, and then end with clear enforceable rules governing foreign direct investment as formulated in bilateral investment treaties.

Conclusion

I started my remarks today by saying that the challenges facing our hemisphere are, indeed, daunting. In facing up to these challenges, we all need to adopt the philosophy so ably expressed by the former Governor of Puerto Rico, Luis Ferre: we must be "revolutionary in ideas, liberal in objectives and conservative in methods."

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[1]The doctrine represents the views of a 19th-century Argentine jurist who maintained that a foreign investor or businessman, by choosing to do business in a given country, subjects himself exclusively to the law and courts of that country.

[2]Decision 24 states that any foreign company investing in Latin America must allow at least 51% of the stock of the subsidiary company to be held by local entities. ■

U.S., Cuba Resume Normal Migration

WHITE HOUSE STATEMENT, DEC. 14, 1984[1]

As the result of several years of efforts in a series of intensive discussions, the United States was able to reach agreement with Cuba today on the return to Cuba of approximately 2,700 who came to the United States in the Mariel boatlift of 1980. Representatives of the Department of State and the Immigration and Naturalization Service (INS) of the Department of Justice participated in these discussions.

Those persons to be returned to Cuba are ineligible to remain in the United States because they admitted to committing serious crimes in Cuba, have committed serious crimes in the United States, or suffer from severe mental disorders. It was agreed that these persons will be returned in a phased and orderly manner.

I would like to point out that those who will be returned represent today only a very small percentage of the persons who came to the United States in the Mariel boatlift. The vast majority of these 129,000 persons have incorporated themselves into American life and are now being processed by INS under the Cuban Adjustment Act of 1966 for legal resident status.

Cuba's agreement to accept the return of those individuals removes an impediment under U.S. law and permits us to resume normal processing of visas for Cuban applicants, as had been the case in Havana prior to 1980. Processing of all immigrant visas, other than for immediate relatives of U.S. citizens, and processing of refugee applications have been suspended since 1980 because of Cuba's refusal to accept the return of persons whom the United States has declared excludable. Under the refugee program, expolitical prisoners in Cuba will be eligible to apply to come to the United States under established U.S. procedures. We cannot predict how many Cubans will apply for entry into the United States, but I would reemphasize that both those returning to Cuba and those applying to come to the United States will be handled in a phased and orderly process.

The talks were limited only to migration matters. Moreover, the conclusion of an agreement on this issue does not signal any change in U.S. policy toward Cuba. That policy reflects our serious concern about Cuba's international behavior. We see no evidence that Cuba is prepared to change that behavior.

DEPARTMENT SUMMARY, DEC. 14, 1984

As announced on December 14, 1984, the United States and Cuba have concluded an agreement which provides the basis for the resumption of normal immigrant visas processing in Havana. This will include the issuance of preference immigrant visas to all eligible Cuban citizens, up to the 20,000 annual limit established by U.S. law. Since May 1980, immigrant visas in Cuba have been issued only to the spouses, parents, and unmarried minor children of U.S. citizens. With the restoration of normal visa processing, the following additional categories of persons set forth in U.S. law may now apply for immigrant visas in Cuba:

- The sons and daughters (over age 21) of U.S. citizens, regardless of marital status;
- Brothers and sisters of U.S. citizens;
- Spouses and unmarried sons and daughters of legal permanent residents of the United States;
- Highly skilled members of the professions, including the arts and sciences, with prearranged employment in the United States; and
- Certain skilled and unskilled workers with prearranged employment in the United States who receive a labor certification from the U.S. Department of Labor.

The United States will also process applications for admission to the United States of persons who have been imprisoned for what the Cuban Penal Code describes as "crimes against the security of the state." These persons are expolitical prisoners.

Restoration of normal visa issuance is subject to the necessary administrative preparations, and an initial delay is expected.

The Consular Section of the U.S. Interests Section in the Embassy of Switzerland in Havana will communicate in writing with those persons who are currently registered at the Interests Section as intending immigrants. This registration consists of petitions filed the United States and approved by th U.S. Immigration and Naturalization Service. Since the Interests Section h nearly 15,000 Cuban citizens already registered, it will take several months for notification to be completed. All p sons concerned are urged not to telephone or visit the U.S. Interests S tion to inquire about individual cases. U.S. administrative arrangements require that all such communication be mail. Inquiries by telephone or in per can only result in delays for all.

Those persons who believe they a registered for immigration, but who have not received a letter from the U Interests Section by June 30, 1985, should write to the Consular Section the U.S. Interests Section. They shou include their full name, date and plac birth, and information about the orig notice of registration as an intending migrant, including date. No original documents should be submitted. The Consular Section will respond only b mail. Observance of these procedures will ensure an expeditious reply to al quiries.

U.S. citizens and legal permanen residents of the United States who w to file a petition on behalf of a Cuba citizen relative should write to the nearest office of the U.S. Immigratio and Naturalization Service.

Processing applications for immigrant visas involves several steps, such as administrative processing, th collection by the applicant of docume required by U.S. law, a physical examination, and an immigrant visa in view. The applicants generally proce first are those who were registered Registration, however, does not guarantee a visa, and persons who receive letters confirming their regis tion should not take any irreversible tions, such as quitting jobs, prior to ing issued an immigrant visa.

All requests for information abo immigration to the United States sh be made in writing to the Consular S tion of the U.S. Interests Section in Embassy of Switzerland in Havana. Again it should be noted that the Co sular Section will respond to inquirie only by mail. Those persons in the United States requiring information about immigration should write to th U.S. Immigration and Naturalizatio Service.

The U.S. Government will also resume the processing in Havana, u its refugee resettlement program, o former political prisioners who were

rged under the Cuban Penal Code of mes against the security of the e." Also eligible for consideration ld be the applicant's spouse, parents, narried children under the age of 21, , as appropriate, other family nbers who live with him under his ection and custody. The U.S. In- sts Section will process applications numerically limited basis set by the sident in consultation with the U.S. gress as part of the annual regional gee admission ceilings.

Persons sentenced under the Cuban al Code for "crimes against the rity of the state" who believe they t be eligible, should write to the f of the Consular Section, U.S. In- sts Section, Embassy of zerland, Havana, regardless of her they have made past applica- s. Copies of the court records in- d in the applicant's sentence for es against the security of the ," as well as marriage and birth ds, should be submitted with the cation. No original documents ld be submitted. After the written cation has been considered, the Interests Section will advise the ap- nt concerning the need for addi- l information or an interview. Ap- nts who appear eligible under U.S. will be interviewed by U.S. Im- ation and Naturalization Service in- ors during periodic visits to na.

MUNIQUE, E. 14, 1984

ssions between representatives of the l States of America and of the Republic a on immigration matters concluded to- ith the adoption of agreements for the lization of immigration procedures be- the two countries and to put an end to normal situation which has existed 1980.

e United States will resume issuance of ence immigrant visas to Cuban na- residing in Cuba up to the number of each year, in particular to close family es of United States citizens and of permanent residents in the United .

e United States side expressed its will- s to implement—with the cooperation Cuban authorities—all necessary res to ensure that Cuban nationals g in Cuba wishing to emigrate to the l States and who qualify under United law to receive immigrant visas, may the United States, taking maximum ad- ge of the number of up to 20,000 im- nts per year.

For its part, the United States will continue granting immigrant visas to residents of Cuba who are parents, spouses and unmarried children under 21 years of age, of United States citizens. These immigrants will not be counted against the annual limit indicated above.

Cuba will accept the return of those Cubans nationals who came to the United States in 1980 via the port of Mariel and who have been declared ineligible to enter the United States legally. The number of such persons is 2,746 and their names appear on an approved list. The return of these persons will be carried out by means of an orderly program of returns with the cooperation of the immigration authorities of both countries. The returns will proceed in a phased and orderly manner until all the identified individuals who appear on the approved list have been returned. The returns will be effected at a rate of 100 each calendar month, but if the figure of 100 is not met in a given month, the remaining numbers may be used in subsequent months, provided that no more than 150 will be returned in any calendar month. The United States stated that measures were being taken so that the Cuban nationals who came to the United States in 1980 via the port of Mariel may acquire, beginning now and with retroactive effect of approximately 30 months, legal status as permanent residents of the United States.

Both delegations expressed their concern in regard to the situation of those persons who, having been released after serving sentences for acts which Cuban penal legislation defines as "Offenses against the Security of the State," wish to reside permanently in the United States. The United States will facilitate the admission of such persons and their immediate family members by means of a program to be carried out under applicable United States law. The United States delegation stated that to this end the necessary steps have been taken for admission during Fiscal Year 1985 of up to 3,000 such persons, including immediate family members. The size of the program and any possible increase in subsequent fiscal years will be determined in the light of experience with the process and the desire expressed by both parties to carry out this program in such a way as to allow its ongoing implementation until fully completed in the shortest possible time.

The representatives of the United States of America and of the Republic of Cuba decided to meet again within six months in order to analyze progress in the implementation of these agreements.

MINUTE ON IMPLEMENTATION, DEC. 14, 1984

In regard to the discussions on immigration matters which concluded today, the representatives of the United States of America and of the Republic of Cuba reached the following agreements on the implementation of certain points dealt with in the Communique announcing the results of these talks:

Concerning the return of Cuban nationals who came to the United States in 1980 via the port of Mariel and who have been identified by the United States as persons ineligible to enter the United States legally, it was agreed that the returns would begin no earlier than 30 days from today. The United States immigration authorities will give the Cuban authorities in advance of the actual return of any person all available health information, including any available medical records, diagnoses and recommendations for treatment. Both authorities will cooperate closely to assure that appropriate measures are taken to protect both the health of the individual and the public health.

With regard to persons charged with committing crimes in the United States, the United States will furnish a certified description, based on United States records, of the offense or offenses committed, the circumstances under which such offenses were committed, the nature of the evidence supporting the charges, the time the person was held in detention and the status of judicial proceedings, including the sentence imposed, if any.

Likewise, the United States will provide a certified copy of the applicable federal or state law establishing the offense. These documents will be provided as soon as possible and in no case later than 30 days prior to the date on which the person is to be returned to Cuba, allowing the Cuban authorities to analyze the criminal records of those who committed an offense during their stay in the United States and who are to be returned by the United States authorities. The United States immigration authorities will notify the Cuban immigration authorities, no less than 10 days prior to a return, of the registration number of the aircraft to be used to transport persons to Cuba, of the names of the individuals aboard such flights, and of the measures for inflight custody.

If, at the point of entry in Cuba, errors are detected which both parties agree negate the identification of a person being returned as a Cuban national who left Cuba via Mariel in 1980, that person will be returned to the United States pending further efforts to identify him.

The definition of "Offenses against the Security of the State" is understood to include former prisoners convicted of the offense of illegal departure from the country which, at the time the offense was committed, was defined by applicable criminal law as falling within that definition.

The former prisoner who emigrates to the United States may be accompanied by his parents, unmarried children under 21 years of age and spouse and, as appropriate, other family members who live with him under his protection or custody.

In order to facilitate the ongoing and uninterrupted implementation of the program for the normal issuance of immigrant visas and the program for former prisoners, the Government of Cuba will furnish to applicants for entry into the United States the necessary documents in accordance with United States law such as certified copies of vital statistics registry extracts (birth, marriage and death certificates), divorce decree, as well as penal records, and will facilitate to the extent possible the conduct of medical examinations including provisions of chest x-rays.

The United States Interests Section will continue to employ measures which are conducive to the orderly processing of persons applying to go to the United States, including the continued use of applications by mail.

The normal processing of immigrant visas and the processing of applications for the program for former prisoners will require the assignment of 10 additional United States officials to the United States Interests Section of the Embassy of Switzerland in Havana. The Cuban Government agreed to authorize these increases, on the understanding that these officers will be assigned temporarily and will not be considered permanent staff of the United States Interests Section, and agreed to provide them with the necessary facilities for carrying out their functions.

The representatives of the United States and Cuba agreed to meet within six months to analyze progress in implementation of these steps.

[1]Text from Weekly Compilation of Presidential Documents of Dec. 17, 1984. ■

The United States and Cuba

by Kenneth N. Skoug, Jr.

Address before the "Face-to-Face" program of the Carnegie Endowment for International Peace on December 17, 1984. Mr. Skoug is Director of the Office of Cuban Affairs.

I appreciate very much the kind invitation of "Face-to-Face" to address you tonight on the subject of U.S.-Cuban relations.

A discussion of this subject appears timely at mid-passage of the Reagan Administration, a traditional time for stocktaking. It also comes 3 days after we completed an important agreement with Cuba on migration matters, about which I will say a few words later.

In his study of European relations in the period between the two world wars, E.H. Carr divided students of international politics into two groups. He called them—I believe without pejorative intent—utopians and realists. The utopians he described as primarily composed of intellectuals prone to emphasize idealistic considerations. By contrast, he placed diplomats and bureaucrats in the realist camp and said they liked to quote Machiavelli and Bacon.

To my knowledge Machiavelli never had much to say on the Cuban question. One of his more trenchant aphorisms for general reference, however, was that even enemies have "hidden bonds of interest." He was thinking in balance-of-power terms, counseling that one should not overly weaken a foe lest a third party gain too much in the process. We might wish, however, to inquire what kind of hidden bonds might exist between the United States and Cuba and whether they are conducive to positive or negative directions in our relationship.

Francis Bacon, who also passed in silence over the Cuban question, did recommend to his sovereign a policy of vigorous foreign involvement so that the domestic difficulties of the Stuart monarchy might be swallowed up in a wave of English patriotism. This concept, too, might have some relevance to the foreign policy of Cuba.

U.S. policy toward Cuba is shaped primarily by our perception of Cuban conduct in international affairs. Despite its size, it acts in world affairs in both a political and a military sense as a major power, with a large and well-equipped armed force—second largest in Latin America—and a history of a quarter c tury of foreign engagement. The Cuba Armed Forces are relatively rich in cc bat experience, almost all of it far fro Cuban shores. Almost alone among Latin American states, Cuba involves itself intensively with the affairs of every state and virtually every politic movement in the hemisphere and mar even beyond. Havana is not merely aware of other states, but it knows about them in depth. It has a policy fc each of them and for the region. It is one of the few states in Latin Americ with a sense of mission for the region a whole, as well as a policy for Africa Surely there are few small states in modern history which have involved themselves voluntarily in so many an so disparate foreign policy questions, as an object but as a subject.

Under the leadership of the past years, Cuba has become a crusading country. This curious internationalisr might well have the collateral effect disarming or even coopting potential domestic critics, but it seems to stem from the fundamental sense of Hava post-1959 leadership that Cuba alone much too small a place for so much Small wonder that Fidel Castro told recent visitor he regretted that Cub does not have the natural resources Brazil or an Argentina. But he has harnessed Cuba's impressive human resources to a foreign policy of enga ment which is unique among small states.

Cuba, of course, claims to be a developing country. In recent meetir of the Council for Mutual Economic Assistance (CEMA), Cuba appeared role alongside Vietnam and Mongoli the developing little brothers in a co munity where even the more industrialized brethren are not exactly success stories. In economic terms C today is clearly properly classified a underdeveloped. But Cuba has and h had for a long time very high standa of health, sanitation, and education had living standards in 1959 that riv some West European countries.

Dealing with Cubans, whether e patriates or nationals, one has the s that while Cuba is now in an econon sense a developing country, in many other respects it remains an advanc society. Cuba was in 1959, in many

ects, highly advanced. It has become lyzed economically by mismanage- t and particularly by a long-term mitment to produce sugar, a com- ity decreasingly in demand on world kets and intended for a special ket which can pay Cuba only in er.

Cuba's place in international affairs is shaped by three sets of associa- s. It would serve no purpose to lose of these underlying realities. The and most critical is Cuba's special ionship with the Soviet Union. The nd is its own revolutionary im- tive, which stands apart from and is than its ties to Moscow. The third self-image as a protagonist for a nal bloc in the hemisphere— stra America" in the much ex- ed term of Jose Marti—which d, to the extent possible, exclude articipation and influence of the d States. Through all three of associations flows a strong hostili- the United States on the part of uban leadership and a perceived to be a leader of the so-called igned in a way which is supportive Soviet Union and opposed to the d States.

's Distant Friend

oviet-Cuban symbiosis owes its to Fidel Castro's assessment that omestic and foreign policy would te Cuba's powerful neighbor, but while Cuba's enemy was near, the 's own nemesis could redress the e. While they may have since e close ideological kinsmen, for the U.S.S.R. was first and ost a guarantor behind whose pro- n Havana felt secure in pursuing elative impunity the radical ormation of Cuban society and the n policy mission which its own ship was determined to carry out. oscow was also from the outset a ource of economic aid without help Cuba could not have taken urse that it did. For the U.S.S.R., represented a windfall opportunity oduce Soviet power and influence e Western Hemisphere and to the United States to address itself more than in the recent past to curity of its own region. The new between Moscow and Havana bstantially increased the likeli- hat future revolutions in the would take on an East-West col- n, whatever their roots. Revolutionary Cuba thus provided the Soviet Union with a low-risk opportunity to alter the strategic balance.

Without reviewing the historic vicissitudes of the Cuban-Soviet relationship, most of which are well known to this audience, it is important to note that the fundamental elements which gave it birth have in no way lost their relevance. If anything, the contrary is true. In the 1970s the burden of this relationship on the Soviet Union grew as Cuba's economic dependence increased, but so did the value due to Cuba's unique capacity to advance objectives shared or favored by Moscow in Africa, Central America, and the Caribbean. The Cuban linchpin became more expensive, but it was still a bargain for Moscow. There is no sign that the Soviet Union is reassessing the value of Cuba or that the Cuban leadership has reconsidered the utility it derives from close alignment with the U.S.S.R.

Is Cuba a satellite or an ally? The Soviet Union has utilized its economic leverage over Cuba successfully in the past. The leverage is much stronger now due to the steady growth of Cuba's economic dependence, which in turn has come about through fundamental and probably irreversible economic decisions as well as the change in the terms of trade between the two countries. The enhanced value of oil and the shrunken outlook for sugar have given the transfer of commodities increasingly the character of aid. The Soviet Union now provides Cuba with the ruble equivalent of over $4 billion per year in assistance. But the recent summit meeting of the CEMA countries in Havana symbolized Cuba's status in that community and confirmed the island's economic future. No doubt as a matter of pride, Fidel Castro chafes at the notion of a subsidy, preferring to refer to the "just price" paid by the U.S.S.R. for Cuba's sugar, but he knows all the same that Moscow does not pay the same "just price" for Brazil's sugar, and he knows that with Moscow's largesse come strings of steel.

While Cuba is increasingly dependent on the U.S.S.R. and subject to Moscow's manipulation, it would be erroneous to regard it as merely a coerced Soviet satellite. In Eastern Europe there is an old joke which inquires why those states are always described as brothers of the U.S.S.R. and not merely as friends. The answer is that you get to choose your friends. Although Cuba is now a little brother in a family that has only one big brother, Havana did choose this connection. The Cuban leadership presently has a similar world view as does the U.S.S.R. It is true that Cuba asserts that it is a nonaligned state, a fiction that is as much in Moscow's interest to maintain as it is in Havana's, but the fact is that Cuba gives full support to the Soviet Union in all major questions—whether it be the Soviet invasion of Afghanistan or any issue in the United Nations. The muscle which Cuba is able to apply in Third World forums is due not only to its own fervor but to the support of its strong friend, whom it terms the natural ally of the developing world. Cuba is, indeed, subject to Soviet pressure and control, but it does not have to be coerced to assail the United States at virtually every opportunity as the universal foe.

Is there a hidden bond of interest in this? Cuba uses its hostility toward the United States to obtain a volume of assistance from the Soviet Union that Moscow gives to no other country. At the same time, though, Cuba is falling progessively further behind many Latin American countries whose standards it once surpassed. From Cuba's point of view, some redress could be obtained if the U.S. embargo were lifted. Since Moscow does not oppose Cuba's efforts in this direction, probably because the U.S.S.R. would welcome a little burden-sharing, Cuba could probably trade on a limited basis with the United States as it now does with some Western countries, without offending Moscow. What it could not do and still retain Moscow's favor, however, is alter its fundamental commitment to give unswerving support to Soviet policy.

In this context it is sometimes suggested that the successful Nixon-Kissinger initiative toward China could be emulated with respect to Cuba by another conservative administration in the United States. This comparison, like similar ones suggesting that Cuba could become a Caribbean Yugoslavia, overlooks the underlying geopolitical reality as perceived by those who seized power in Cuba 26 years ago. In the case of China, it had expressed substantial concern long before 1968 for its security from a nearby and none-too-friendly Soviet Union. The invasion of Czechoslovakia, which Fidel Castro felt obliged in his own interest to endorse, evoked a very different response in Beijing, which recognized that Moscow was prepared to use force against another communist country even if the victim denied any intent to leave the alliance or abandon "socialism." If China needed further persuasion, the battle on

the Ussuri River in 1969 and the hints of Soviet surgical strikes against Lop Nor must have encouraged it to look to its own hidden bonds of interest with the United States. What followed was surely a creative act of diplomacy, but it was a diplomacy which rested on the firm bedrock of substantial mutuality of strategic interest.

One should not overload the circuit for diplomacy. In the case of Cuba, the U.S.S.R. is far away. From Havana's point of view, indeed, it may be slightly too far. It has been Moscow's large-scale military assistance that has enabled Cuba to conduct a militantly anti-American foreign policy. Cuba says this relationship with the Soviet Union is not negotiable. Only if Havana itself were to reassess its own fundamental objectives and decide that its interests were not being well served by present policies would there be much room for creative diplomacy.

Cuba's Revolutionary Imperative

Another basic consideration is Cuba's own revolutionary imperative, anchored in the 1976 Cuban constitution, which states that Cuba has the right and duty to support revolutionary and national liberation movements. Cuba is more sophisticated today in its approach to revolution than in the 1960s. Where once its zeal conflicted with Moscow's preference for caution, the Cubans must now balance revolutionary aspirations against hopes for influence with other Latin American governments. But these objectives—revolution and regional influence—are not necessarily self-contradictory. Cuban support for revolutionaries has been most effective when Havana was joined by noncommunist states in the region, as in the case of the Sandinista revolution in the late 1970s.

Nevertheless, the greater sophistication in the Cuban approach to stimulation and support of Latin American revolutionaries has not diluted the aboriginal combative spirit of the Castro regime. Havana knows very well who the revolutionaries are in Latin America, and it stays in close touch with developments. That touch means everything from scholarships, financial assistance, political advice, and radio broadcasting through the hemisphere to military training and support and the provision of arms. Cuba's approach to revolutionaries who are not in power is consistently to urge the formation of the widest possible alliance on the left, not excluding alienated persons in the moderate center, with the purpose of building a successful revolutionary force. Only after the attainment and consolidation of power may the revolution begin to eat its own children.

Fidel Castro has boasted that he had to tell the Soviet Union who the revolutionaries in Latin America are. He knows them, in part because they seek him out. Cuba is a mecca for Latin American revolutionaries and many a dissident Latin American politician. Those connections win Cuba influence even where prospects for revolution are either inauspicious on their own merits or to be played down on tactical grounds. By giving thumbs up, Fidel induced guerrillas in Colombia to spare the life of the brother of President Betancur. It could also have been thumbs down or no sign at all. This sort of influence is not lost on even those political leaders who have little sympathy for Cuba or for revolution.

Cuba can also orchestrate the use of revolutionaries for political ends, even if their objective prospects for success are relatively remote. The introduction of Cuban-trained revolutionary forces into Honduras does not stem from any internal conflict and might seem akin to the old *foco* approach. Apparently, it is intended primarily as a warning to Honduras not to oppose Cuba's friends on Honduras' southern and eastern borders.

The events in Grenada last year came as a shock to Havana. It saw the loss of a protocommunist stronghold in the eastern Caribbean, the first direct military conflict between U.S. and Cuban forces, the surrender of many Cubans who had been expected to fight to the death, the unwillingness or inability of the Soviet Union to engage itself, the alignment of almost all the English-speaking Caribbean in favor of the action, the lack of any support in Grenada itself for the discredited regime, the overwhelming backing of the American public for the action, and, to add insult to injury, the expulsion of most of the Cuban presence from a promising situation in Suriname.

As a consequence, the Castro regime had little about which to cheer on the 25th anniversary of its seizure of power. It had to do some serious taking of stock. Out of this review there seems to have emerged, alongside a greater appreciation of the remoteness of Moscow from the Americas, a redoubled sense of self-reliance and a perceived need to stress Latin American solidarity as a means of safeguarding gains in Central America.

On August 30, 1984, looking on t bright side, the head of the America Department of the Communist Party Central Committee, Manuel Pineiro Losada, enunciated four reasons why Havana did not need to be pessimisti about prospects for Latin America.

First, he said, the Cuban revoluti was stronger than ever.

Second, Somoza no longer ruled Nicaragua.

Third, the oligarchy could not destroy the revolutionary movement El Salvador.

Fourth, representative democra in Latin America were rebelling agai "imperialist domination."

What he seemed to be saying wa that Cuba, if necessary by means of people's war, is now strong enough alone to defy the United States, that Nicaraguan regime would be able to solidate itself, that the guerrillas in Salvador could, at least, not be defe and that the United States cannot c on support from even democratic La American governments.

For the present, then, Cuba's re tionary emphasis seems first to be centered on the defense of its own revolution, then on the consolidation the Nicaraguan regime, and thirdly settlement in El Salvador which advances the prospects of the guerrill for a share of power. Cuba sees Cer America as the revolutionary cockpi where its energies must now be con trated, while at the same time acknowledging that Cuban military forces could not be reinforced in cas combat. For the moment, at least, C appears to be shaping its attitude toward other states in the hemisphe primarily on their stand on Nicarag and El Salvador.

This more prudent tactical appr is, in part, a reaction to adverse developments. What are the hidden bonds of interest with the United States? Cuba does wish to avoid a n war in Central America where U.S. Cuban soldiers might again come fa face. However, Havana has made cl that its support for revolution, like Soviet alliance, is not for negotiatio continues to support regimes or rev tionary movements patterned on th Cuban model. It is Cuba's striving, Soviet support, to introduce Marxis Leninist regimes throughout the hemisphere which still lies at the he of our differences.

ba's America

de from the revolutionary imperative, a also seeks to build an anti-U.S. onal bloc of Latin American coun-s.

There is, at least potentially, a con- between supporting communist olution in Latin America and the bbean and wanting to be accepted pillar of stability in the region. ua aspires to be accepted both as a olutionary symbol and a leader ng Latin American states. Bridging gap in the face of historically based icions is no simple task for Cuba. ever, historically or culturally based tments against the United States e region can be exploited by Cuba. again, criticism of the United s might be the common denomina- hich Havana would try to exploit in ing Latin American regionalism. Despite its emphasis on revolution, st as a final goal, Cuba frequently ars to give priority to building a American bloc. Its rush to support altieri regime in Argentina is a in point, where a chance to show American solidarity against the d States weighed more for Havana the regime's domestic policy. The nt effort by Cuba to utilize the nal debt crisis is in the same spirit tative regional alignment. If Cuba to deemphasize violent revolution olitical dictatorship in order to im- its status in the Latin American unity, we might have some ve bond of interest. Even if this were initially directed against the d States, we could hope that Cuba eventually turn its human rces toward more positive objec- in the region.

nfortunately, there is no present hat Cuba, which allows no form of t at home, will be prepared to re- e its efforts to produce analogous es in the region.

he hard reality is that both Cuba's ive of promoting Marxist-Leninist evolutions in Latin America and aribbean and its goal of creating gional solidarity are linked to its to diminish American influence in gion.

ng With Cuba

elationship between the United s and Cuba, especially with nce to Cuba's policies in third ies, has been essentially terized by conflict. Unfortunately, this seems unlikely to change unless there is some fundamental reassessment in Havana of Cuba's need to act as a multiregional power in consonance with the Soviet Union.

There are some bonds of interest, however, which, while they cannot bridge the profound ideological and geopolitical gaps between us, at least allow for the solution of some important problems. While it would be an error not to try to resolve issues which seem susceptible to resolution, it would be unfounded to suppose that such efforts under current circumstances will lead to fundamental improvement in our relations. Such excessive expectations would only lead to frustration and could even undermine realistic efforts to resolve what can be resolved.

It is true that we have neither reconciled our differences with the Castro regime nor terminated its existence as a threat to U.S. interests and to those of friendly nations. We are not able to do the first because Castro's interests require an adversary relationship. Efforts to conciliate Cuba have coincided with some of the most active periods of Cuban-Soviet cooperation toward objectives inconsistent with U.S. interests. We could not do the second without direct use of military force against Cuba.

There still is room for some constructive diplomacy, however. The recently concluded agreement on migration is an important achievement on its merits and very much in the U.S. interest. It will also benefit Cuba, which would otherwise not have signed it. It is an example of a situation where we were able to find and exploit positive bonds of interest although the diplomatic process was enormously complicated by the history of the past quarter century.

The background of this problem is known to most of you. In order to relieve itself of domestic pressures, which in 1980 exploded into embarrassing diplomatic problems with Latin American states, the Cuban leadership turned to its favorite foe and opted to open its doors to a mass exodus to the United States. Among the 129,000 Cubans who came with the Mariel boatlift were several thousand criminals or mentally incompetent persons who have been a heavy burden on U.S. society and who were ineligible for lawful admission to the United States under U.S. immigration law.

A serious effort to negotiate their return to Cuba was made in the final weeks of the Carter Administration with the approval of the Reagan transition team. We offered Cuba, then, as in 1983 and 1984, the resumption of normal immigrant visa processing in the U.S. Interests Section in Havana and the resumption of a program under which expolitical prisoners and their families could come to the United States. These talks failed because Cuba would agree to consider the return of the so-called Mariel excludables only if they were returning voluntarily and only on a case-by-case basis.

It was obvious that those Cuban conditions would have frustrated any solution to the Mariel problem since hardly anyone wished to return to Cuba of his own volition. Thus the Mariel excludables continued to be a serious problem for state and local governments in the United States, for law enforcement agencies, and for the American public. The activities of this criminal element also gave an unmerited black eye to the overwhelming majority of Cubans who participated in the boatlift and, judging by public opinion polls, soured the attitude of many Americans toward refugees.

The pressures which the U.S. Government applied to Cuba were to deny issuance of preference immigrant visas in Havana and to suspend the refugee program. Obviously, both of these caused hardships to innocent persons as well, but without them there would have been no solution to the problem. Conversely, Cuba's stand cost it seriously in terms of U.S. opinion, including many persons who might otherwise have been more favorably disposed toward Cuba.

We proposed in May 1983 that Cuba simply take back the Mariel excludables, in exchange for which we would have resumed normal processing of immigrant visas. Cuba responded negatively, but in the exchange of notes which followed, it did not rule out discussing the issue in a rather ill-defined framework of migration issues. The events in Grenada brought this initiative, temporarily, to a close. In March and again in May of the present year, we again proposed talks. Cuba ultimately agreed in principle to talk but only after the U.S. elections.

Although we found it curious that Cuba would cite our election campaign as grounds for further delay in discussing this matter, we had to accept Havana's decision. We did plan to resume a limited refugee program, unilaterally, in Havana.

At this point we were consulted by Jesse Jackson's staff as to what issues he might raise while in Cuba. We mentioned Mariel and the question of long-term Cuban political prisoners. When we learned that Fidel Castro had agreed to earlier talks, we at once proposed an early date, and Cuba agreed.

These negotiations, although strictly limited to migration issues, were encumbered by mutual fears about intentions. In the end we achieved a result which is satisfying in all respects to the United States.

The main elements of the agreement are that some 2,700 common criminals will be returned to Cuba in an orderly and phased manner, that normal immigrant visa processing will resume at once in Havana, and that up to 3,000 ex-political prisoners and their families will come to the United States in the current fiscal year, with the expectation that this humanitarian program will continue in future years.

We were successful in this endeavor because our objectives were limited and realistic and we were prepared to offer the Cubans what they recognized was a reasonable bargain. The Cubans will be able to get one very large monkey off their backs. They will also make a lot of hard currency in the process through the charges they place on the emigration process.

Welcome as this agreement is, however, it should not be taken as indicating change in our resolve to deal firmly with Cuba's aggressive foreign policy. We do diplomacy a disservice if we exaggerate what it can accomplish. After all, Machiavelli never said that hidden bonds of interests alone would make enemies cease to be enemies. A good deal more is required.

We do not despair for the future of Cuba. A people of such enormous talents with their roots in the enlightening process of Western civilization cannot remain forever in the sway of a political doctrine which stifles human endeavor and creativity, fails to reward initiative, does not respect human rights, and forcibly excludes the population from the political process. If, in the meantime, Cuba has anything useful to tell us, or vice versa, the means of formal communication between our two governments exist and can be used. For Cuba the way back from its present alienation from the political democracy which is advancing throughout the hemisphere will be long and arduous. Havana may someday realize that its own best interests would be served if it again joined the American mainstream. In those circumstances there would be open and obvious bonds of interest between us.

A Cuba that wished to live in peace and harmony with its own citizens and with its neighbors in this increasingly free hemisphere would be welcomed back in the comity of American states. First must come the will. Then there could be a way. ■

December 1984

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

December 3–9
Five hijackers—believed to be members of an Iranian-backed Shiite terrorist group—force a Kuwaiti airliner with about 155 people aboard to land in a Tehran airport and then demand the release of prisoners in Kuwait.

During the 7-day seige, the hijackers release women (including two Americans), children, and selected hostages sporadically; five hostages are slain including two U.S. AID employees. On Dec. 9, Iranian authorities rescue the remaining hostages including an AID employee and a U.S. businessman.

December 5
President Reagan announces that 300,000 metric tons of U.S. wheat is available for emergency food programs for Africa and South Asia.

December 6
While attending a Caribbean conference in Miami, Secretary Shultz meets with El Salvador President Duarte to discuss the Salvadoran economic situation.

December 9
Secretary Shultz and Israeli Foreign Minister Shamir hold bilateral talks in New York.

December 10
The following newly appointed ambassadors present their credentials to President Reagan: Adrien Raymond (Haiti), Asterius Magnus Hyera (Tanzania), Pablo Mauricio Alvergue (El Salvador), Mohsin Ahmed al-Ayni (Yemen), A.Z.M. Obaidullah Khan (Bangladesh), Ghazi Muhammad al-Gosaibi (Bahrain), and El Sayed Abdel Raouf El Reedy (Egypt).

December 14
U.S. lifts its objection to Poland's membership in the IMF.

December 17
UN General Assembly adopts a Soviet-sponsored draft resolution condemning sta with policies and practices of terrorism. Originally aimed at U.S. policies, the text sufficiently changed to permit abstentions Western and some nonaligned members. T vote is 177 to 0, with 30 abstentions (U.S.

December 18
U.S. votes against the approval of the $73 million budget for a conference center in Addis Ababa. The vote is 122 to 5, with 1 abstentions.

December 19
U.S. announces agreements with Japan, Korea, Australia, Spain, South Africa, Me ico, and Brazil to limit steel exports to th U.S.

December 20
President Reagan authorizes a $1 million grant to the U.S.-ASEAN Center for Technology Exchange by AID. ■

rrent Actions

TILATERAL

tion
ention on international civil aviation. at Chicago Dec. 7, 1944. Entered into Apr. 4, 1947. TIAS 1591.

col on the authentic trilingual text of nvention on international civil aviation 1591), with annex. Done at Buenos Sept. 24, 1968. Entered into force Oct. 68. TIAS 6605.
ences deposited: Brunei, Dec. 4, 1984.

national air services transit agreement. at Chicago Dec. 7, 1944. Entered into Jan. 20, 1945; for the U.S. Feb. 8, 59 Stat. 1693; EAS 487.
cation of succession: Brunei, Dec. 4, effective Jan. 3, 1985.

gical Weapons
ntion on the prohibition of the develop- production, and stockpiling of bacterio- (biological) and toxin weapons and on estruction. Done at Washington, Lon- nd Moscow Apr. 10, 1972. Entered into Mar. 26, 1975. TIAS 8062.
ion deposited: China, Nov. 15, 1984.[1]

ational coffee agreement, 1983, with s. Done at London Sept. 16, 1982. d into force provisionally Oct. 1, 1983.
val deposited: France, Nov. 13, 1984.
ations deposited: Belgium, Luxem- Oct. 15, 1984; Bolivia, Oct. 11, 1984; a, Oct. 25, 1984.

odities
ment establishing the Common Fund nmodities, with schedules. Done at June 27, 1980.[2]
tion deposited: Italy, Nov. 20, 1984.

is—Containers
s convention on containers, 1972, nexes and protocol. Done at Geneva 1972. Entered into force Dec. 6,

tions deposited: Republic of Korea, , 1984; U.S., Nov. 12, 1984.
into force for the U.S.: May 12, 1985.

l Procedure
tion on the civil aspects of interna- hild abduction. Done at The Hague 1980. Entered into force Dec. 1,

re: U.K., Nov. 19, 1984.
ed by Canada to: Province of Quebec, 1984; Yukon Territory, Nov. 16,

Jute
International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984.
Approval deposited: France, Nov. 13, 1984.

Maritime Matters
International convention on maritime search and rescue, 1979, annex. Done at Hamburg Apr. 27, 1979.
Ratification deposited: Denmark, June 21, 1984.
Enters into force: June 22, 1985.

Meteorology
Convention of the World Meteorological Organization. Done at Washington Oct. 11, 1947. Entered into force Mar. 23, 1950. TIAS 2052.
Accession deposited: Brunei, Nov. 26, 1984.

Nuclear Weapons—Nonproliferation
Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.
Notification of succession deposited: St. Vincent and the Grenadines, Nov. 6, 1984.

Satellites—Program-Carrying Signals
Convention relating to the distribution of program-carrying signals transmitted by satellite. Done at Brussels May 21, 1984. Entered into force Aug. 25, 1979.
Ratification deposited: U.S., Dec. 7, 1984.
Enters into force for the U.S.: Mar. 7, 1985.

Sugar
International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Enters into force Jan. 1, 1985, or any date thereafter, if by that date certain requirements have been met.
Signatures: Bolivia, Dec. 18, 1984; Colombia, Oct. 30, 1984; Costa Rica, Nov. 19, 1984; Cuba, Swaziland, Dec. 13, 1984; Fiji, Sweden, Dec. 19, 1984; Guatemala, Nov. 29, 1984; Nicaragua, Nov. 15, 1984; Panama, Dec. 11, 1984; U.S., Dec. 7, 1984.
Notifications of provisional application deposited: Bolivia, Dec. 18, 1984; Costa Rica, Dec. 19, 1984; Panama, Dec. 11, 1984; U.S., Dec. 7, 1984.
Ratifications deposited: Fiji, Sweden, Dec. 19, 1984.

Terrorism
Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.
Accession deposited: Jordan, Dec. 18, 1984.

International convention against the taking of hostages. Done at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.
Ratification deposited: U.S., Dec. 7, 1984.

Trade
International dairy arrangement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9623.
Notification of withdrawal: U.S., Dec. 14, 1984; effective Feb. 12, 1985.

Agreement on interpretation and application of articles VI, XVI, and XXIII of the general agreement on tariffs and trade (subsidies and countervailing duties code). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9619.
Acceptance deposited: Portugal, Nov. 15, 1984.[4]

UNIDO
Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[2]
Ratification deposited: Cape Verde, Nov. 27, 1984.

BILATERAL

Australia
Agreement concerning the furnishing of balloon launching and associated services, with arrangement. Effected by exchange of notes at Canberra July 16 and Oct. 18, 1984. Entered into force Oct. 18, 1984.

Brazil
Agreement extending the interim agreement of July 11, 1984, on air transport services. Effected by exchange of notes at Brasilia Dec. 10, 1984. Entered into force Dec. 10, 1984.

Bulgaria
Program of cultural, educational, scientific, and technological exchanges for 1985 and 1986. Signed at Washington Dec. 14, 1984. Entered into force Dec. 14, 1984; effective Jan. 1, 1985.

Canada
Treaty relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River, with annex. Signed at Washington Apr. 2, 1984.
Ratifications exchanged: Dec. 14, 1984.
Entered into force: Dec. 14, 1984.

Agreement amending the agreement of Mar. 9, 1959, as amended (TIAS 4192, 5117, 5608, 6236, 7408, 9003, 9883, 10363), governing tolls on the St. Lawrence Seaway, with memorandum of agreement. Effected by exchange of notes at Washington Nov. 13 and 16, 1984. Entered into force Nov. 16, 1984.

Costa Rica
Agreement for the sale of agricultural commodities. Signed at San Jose Nov. 19, 1984. Enters into force when the importing country notifies the exporting country that all constitutional requirements have been met.

Equador
Agreement relating to agreement of Mar. 28 and 29, 1955, as amended (TIAS 3230, 5426), relating to investment guaranties. Effected by exchange of notes at Quito Nov. 28, 1984. Entered into force Nov. 28, 1984.

France
Agreement to establish an artist fellowship exchange program. Signed at Washington Nov. 30, 1984. Entered into force Nov. 30, 1984.

Federal Republic of Germany
Agreement concerning acquisition and possession of privately-owned weapons by personnel of U.S. Armed Forces in Germany, with annex. Signed at Bonn Nov. 29, 1984. Enters into force 1 month after the day upon which the F.R.G. notifies the U.S. that domestic prerequisites have been fulfilled.

Jamaica
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington Nov. 8, 1984. Entered into force Dec. 13, 1984.

Japan
Agreement to extend the joint determination of Oct. 30, 1981 (TIAS 10294), for reprocessing of special nuclear material of U.S. origin. Effected by exchange of notes at Tokyo Oct. 30, 1984. Entered into force Oct. 30, 1984.

Korea
Agreement amending agreement of Dec. 1, 1982, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington Oct. 23 and Nov. 28, 1984. Entered into force Nov. 28, 1984.

Liberia
Agreement relating to the employment of dependents of official government employees. Effected by exchange of notes at Washington Aug. 21 and Oct. 16, 1984. Entered into force Oct. 16, 1984.

Mexico
Agreement extending the air transport agreement of Aug. 15, 1960, as amended and extended (TIAS 4675, 7167), and the agreement of Jan. 20, 1978, relating to reduced air fares and charter air services (TIAS 10115). Effected by exchange of notes at Mexico Dec. 14, 1984. Entered into force Dec. 14, 1984.

Agreement relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of notes at Mexico Nov. 5, 1984. Entered into force Nov. 5, 1984.

Agreement amending agreement of May 17, 1984, relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Sept. 25 and Oct. 10, 1984. Entered into force Oct. 10, 1984.

Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Oct. 29, 1984. Entered into force Oct. 29, 1984.

Panama
Agreement regarding housing civilian and military personnel of U.S. forces stationed in Panama. Effected by exchange of notes Nov. 29, 1984; effective Oct. 1, 1984.

Agreement concerning the transfer by the U.S. of certain facilities and installations to Panama. Effected by exchange of notes at Panama Mar. 9 and Nov. 13, 1984. Entered into force Nov. 13, 1984.

Portugal
Agreement relating to the employment of Portuguese nationals by the U.S. forces, Azores. Signed at Lisbon and Washington Oct. 9 and 16, 1984. Entered into force Oct. 16, 1984.

Romania
Agreement relating to trade in wool and manmade fiber textiles and textile products. Effected by exchange of notes at Bucharest Nov. 7 and 16, 1984. Entered into force Nov. 16, 1984; effective Jan. 1, 1985.

Agreement amending agreement of Jan. 28 and Mar. 31, 1983, relating to trade in cotton textiles. Effected by exchange of letters at Washington Dec. 5 and 12, 1984. Entered into force Dec. 12, 1984.

United Kingdom
Agreement concerning certain communications facilities in the defense areas in the Turks and Caicos Islands. Effected by exchange of notes at Washington Dec. 18, 1984. Entered into force Dec. 18, 1984.

Agreement on social security. Signed at London Feb. 13, 1984. Entered into force Jan. 1, 1985, except for Part III which enters into force Jan. 1, 1988.

Administrative agreement for implementation of agreement on social security. Signed at London Feb. 13, 1984. Entered into force Jan. 1, 1985.

[1]With statement.
[2]Not in force.
[3]Not in force for the U.S.
[4]With reservation(s) and declaration(s). ■

Department of State

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*257	12/4	Private sector advisory group to address Third World hunger problems
258	12/6	Shultz: address before the eighth annual conferenc on trade, investment, a development in the Car bean Basin, Miami.
*259	12/10	Program for the official working visit to Wash- ington, D.C., of Niger President Seyni Kount Dec. 10–13.
260	12/10	Shultz: address at the co vocation of Yeshiva University, New York Dec. 9.
261	12/17	Shultz: arrival statement Brussels, Dec. 12.
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263	12/20	Shultz: news conference, Brussels, Dec. 14.
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265	12/20	*American Foreign Polic Current Documents, 1* released.
*266	12/19	Shipping Coordinating C mittee (SCC), Subcom tee on UNCTAD, Jan.
*267	12/20	Shultz: remarks at Chris tree lighting ceremony Department of State.
*268	12/26	Program for the official working visit to Los Angeles of Japanese F Minister Yasuhiro Nakasone, Jan. 1–2.

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hics of Power, convocation of Yeshiva ersity, New York City, Dec. 9, 1984 ent Policy #642).
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Resistance and Soviet Occupation: ar Summary, Bureau of Intelligence search, Department of State, Dec. Special Report #118).
Rights in Afghanistan (GIST, 984).

Western Hemisphere
Latin America: The Struggle to Restore Economic Growth, Deputy Secretary Dam, World Affairs Council, Dallas, Dec. 5, 1984 (Current Policy #640).
The Role of Investment in Latin America's Economic Future, Ambassador Middendorf, Torcuato di Tella Institute of Argentina, Buenos Aires, Nov. 19, 1984 (Current Policy #638). ■

Background Notes

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For about 60 *Background Notes* a year, a subscription is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for $32.00 (domestic) and $40.00 (foreign). Check or money order, made payable to the Superintendent of Documents, must accompany order. ■

Current Documents Volume Released

The Department of State on December 20, 1984, released *American Foreign Policy: Current Documents, 1981*. This is the most recent volume in an ongoing Department of State documentary series.

Like earlier volumes in the series, this book presents official public expressions of policy that best set forth the goals and objectives of U.S. foreign policy. Included are the texts of major official messages, addresses, statements, interviews, press conferences, briefings, reports, and communications by the White House, the Department of State, and other Federal agencies or officials involved in the foreign policy process.

The volume contains 1,444 pages arranged chronologically within 15 geographic and topical chapters, and includes a list of documents, editorial annotations, maps, a list of abbreviations, and an index.

The volume presents the major statements by President Reagan, the Secretary of State, and other government leaders setting forth the most important general principles and objectives of American foreign policy in 1981. Major statements are also included on national security policy, arms control, foreign economic policy, the role of the United States in the United Nations, the approach to human rights around the world, the concern with refugees, and the Law of the Sea Conference. The volume also presents major statements of U.S. policy on the major regional and bilateral aspects of American foreign relations in 1981.

This volume is the most recent in a documentary series begun in 1950. After an interruption following the publication of an annual volume for 1967, the series was resumed in 1983 with the publication of *American Foreign Policy: Basic Documents, 1977–1980*. This volume for the events of 1981 is a revival of the earlier annual volumes. Volumes for 1982 and 1983 have been prepared and will be printed and published as soon as possible in 1985. A volume for 1984 is underway now, and it is the Department's intention to publish that volume in 1985. Thereafter each annual volume will be published in the year after the events. Separate volumes for the years 1969–72 and 1973–76 are also being planned for future publication.

American Foreign Policy: Current Documents, 1981 was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies may be purchased for $28.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office (Department of State Publication No. 9384; GPO Stock No. 044-000-020-14-9). Checks or money orders should be made payable to the Superintendent of Documents.

Press release 265 of Dec. 20, 1984. ■

Atlas of United States Foreign Relations

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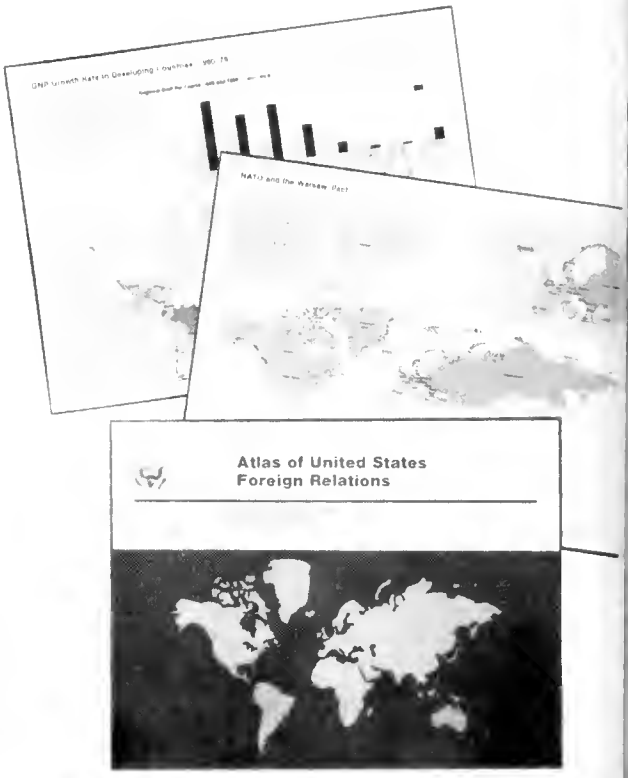

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Department of State
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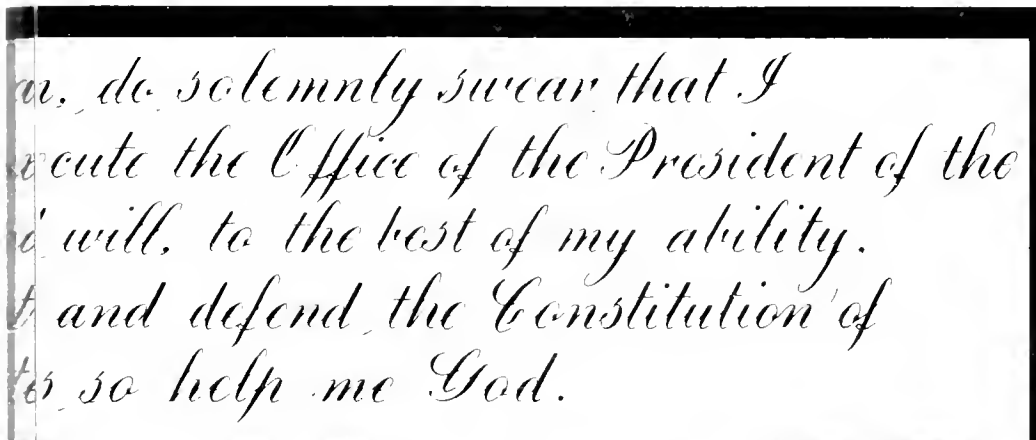
March 1985



Department of State
bulletin

Volume 85 / Number 2096 / March 1985

Cover:

(Calligraphy by Georgia Booth, Department of State)

African famine victims.

(UNHCR photo)

Secretary Shultz shakes hands with Soviet Foreign Minister Gromyko at a reception at the U.S. mission in Geneva.

(Wide World photo)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through March 31, 1987.

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I, Ronald Reagan, do solemnly swear that I will faithfully execute the Office of the President of the United States and will, to the best of my ability, preserve, protect, and defend the Constitution of the United States so help me God.

President Reagan's Second Inaugural Address

The Rotunda
U.S. Capitol
January 21, 1985[1]

Senator Mathias, Chief Justice Burger, Vice President Bush, Speaker O'Neill, Senator Dole, Reverend Clergy, and members of my family and friends, and my fellow citizens.

This day has been made brighter with the presence here of one who, for a time, has been absent. Senator John Stennis, God bless you and welcome back. [Applause.]

There is, however, one who is not with us today. Representative Gillis Long of Louisiana left us last night. And I wonder if we could all join in a moment of silent prayer. Amen.

There are no words adequate to express my thanks for the great honor that you've bestowed on me. I'll do my utmost to be deserving of your trust.

This is, as Senator Mathias told us, the 50th time we the people have celebrated this historic occasion. When the first President—George Washington—placed his hand upon the Bible, he stood less than a single day's journey by horseback from raw, untamed wilderness. There were 4 million Americans in a union of 13 States. Today, we are 60 times as many in a union of 50 States. We've lighted the world with our inventions, gone to the aid of mankind wherever in the world there was a cry for help, journeyed to the Moon and safely returned.

Domestic Goals

So much has changed. And yet, we stand together as we did two centuries ago. When I took this oath 4 years ago, I did so in a time of economic stress. Voices were raised saying that we had to look to our past for the greatness and glory. But we, the present-day Americans, are not given to looking backward. In this blessed land, there is always a better tomorrow.

Four years ago, I spoke to you of a new beginning, and we have accomplished that. But in another sense, our new beginning is a continuation of that beginning created two centuries ago, when, for the first time in history, government, the people said, was not our master, it is our servant; its only power that which we the people allow it to have.

That system has never failed us. But, for a time, we failed the system. We asked things of government that government was not equipped to give. We yielded authority to the national government that properly belonged to States or to local governments or to the people themselves. We allowed taxes and inflation to rob us of our earnings and savings and watched the great industrial machine that had made us the most productive people on Earth slow down and the number of unemployed increase.

By 1980 we knew it was time to renew our faith; to strive with all our strength toward the ultimate in individual freedom, consistent with an orderly society.

We believed then and now: There are no limits to growth and human progress when men and women are free to follow their dreams. [Applause.] And we were right to believe that. Tax rates have been reduced, inflation cut dramatically, and more people are employed than ever before in our history.

We are creating a nation once again vibrant, robust, and alive. But there are many mountains yet to climb. We will not rest until every American enjoys the fullness of freedom, dignity, and opportunity as our birthright. It is our birthright as citizens of this great republic. And, if we meet this challenge, these will be years when Americans have

restored their confidence and tradition of progress; when our values of faith, family, work, and neighborhood were restated for a modern age; when our economy was finally freed from government's grip; when we made sincere efforts at meaningful arms reductions and by rebuilding our defenses, our economy, and developing new technologies, helped preserve peace in a troubled world; when America courageously supported the struggle for individual liberty, self-government, and free enterprise throughout the world and turned the tide of history away from totalitarian darkness and into the warm sunlight of human freedom. [Applause.]

My fellow citizens, our nation is poised for greatness. We must do what we know is right and do it with our might. Let history say of us, these were golden years—when the American Revolution was reborn, when freedom gained new life, and America reached for her best.

Our two-party system has served us well over the years but never better than in those times of great challenge, when we came together not as Democrats or Republicans but as Americans united in a common cause. [Applause.]

Two of our Founding Fathers—a Boston lawyer named Adams and a Virginia planter named Jefferson—members of that remarkable group who met in Independence Hall and dared to think they could start the world over again, left us an important lesson. They had become, in the years then in government, bitter political rivals in the presidential election of 1800.

And then, years later when both were restricted and age had softened their anger, they begin to speak to each other again through letters. A bond was reestablished between those two who had helped create this government of ours.

In 1826—the 50th anniversary of the Declaration of Independence—they both died. They died on the same day, within a few hours of each other. And that day was the Fourth of July.

In one of those letters exchanged in the sunset of their lives, Jefferson wrote, "It carries me back to the times when, beset with difficulties and dangers, we were fellow laborers in the same cause, struggling for what is most valuable to man, his right of self-government. Laboring always at the same oar, with some wave ever ahead threatening to overwhelm us, and yet passing harmless, we rode through the storm with heart and hand."

With heart and hand, let us stand as one today: One people under God determined that our future shall be worthy of our past. As we do, we must not repeat the well-intentioned errors of our past. We must never again abuse the trust of working men and women by sending their earnings on a futile chase after the spiraling demands of a bloated Federal establishment. You elected us in 1980 to end this prescription for disaster, and I don't believe you reelected us in 1984 to reverse course. [Applause.]

At the heart of our efforts is one idea vindicated by 25 straight months of economic growth: Freedom and incentives unleash the drive and entrepreneurial genius that are a core of human progress. We have begun to increase the rewards for work, savings, and investment, reduce the increase in the cost and size of government and its interference in people's lives.

We must simplify our tax system, make it more fair, and bring the rates down for all who work and earn. We must think anew and move with a new boldness, so every American who seeks work can find work; so the least among us shall have an equal chance to achieve the greatest things—to be heroes who heal our sick, feed the hungry, protect peace among nations, and leave this world a better place.

The time has come for a new American emancipation—a great national drive to tear down economic barriers and liberate the spirit of enterprise in the most distressed areas of our country. My friends, together we can do this, and do it we must, so help me God.

From new freedom will spring new opportunities for growth; a more productive, fulfilled, and united people; and a stronger America—an America that will lead the technological revolution and also open its mind and heart and soul to the treasuries of literature, music, and poetry and the values of faith, courage, and love.

A dynamic economy, with more citizens working and paying taxes, will be our strongest tool to bring down budget deficits. But an almost unbroken 50 years of deficit spending has finally brought us to a time of reckoning.

We have come to a turning point, a moment for hard decisions. I have asked the Cabinet and my staff a question and now I put the same question to all of you. If not us, who? And if not now, when? It must be done by all of us going forward with a program aimed at reaching a balanced budget. We can then begin reducing the national debt. I will shortly submit a budget to the Congress aimed at freezing government program spending for the next year. Beyond this, we must take further st to permanently control government's power to tax and spend. We must ac now to protect future generations fr government's desire to spend its citiz money and tax them into servitude, when the bills come due. Let us mak unconstitutional for the Federal Gov ment to spend more than the Federa Government takes in. [Applause.]

We have already started returnin to the people and to State and local governments responsibilities better handled by them. Now there is a pla for the Federal Government in matte of social compassion. But our fundam tal goals must be to reduce dependen and upgrade the dignity of those wh are infirm or disadvantaged. And he growing economy and support from family and community offer our best chance for a society where compassio a way of life, where the old and infir are cared for, the young and, yes, th unborn protected, and the unfortunat looked after and made self-sufficient. [Applause.]

There is another area where the Federal Government can play a part. an older American, I remember a tim when people of different race, creed, ethnic origin in our land found hatre and prejudice installed in social custo and, yes, in law. There's no story mo heartening in our history than the pr ress that we've made toward the "brotherhood of man" that God inten for us. Let us resolve there will be n turning back or hestitation on the ro to an America rich in dignity and ab dant with opportunity for all our citizens. [Applause.]

Let us resolve that we, the peopl will build an American opportunity society, in which all of us—white and black, rich and poor, young and old—will go forward together, arm i arm. Again, let us remember that, though our heritage is one of bloodlin from every corner of the Earth, we a all Americans, pledged to carry on th last, best hope of man on Earth. [Applause.]

I have spoken of our domestic go and the limitations we should put on national government. Now let me tur to a task that is the primary responsi ty of national government—the safet and security of our people.

National Security

Today we utter no prayer more ferve ly than the ancient prayer for peace o Earth. Yet history has shown that pe does not come, nor will our freedom b

(White House photo by Bill Fitz-Patrick)

As required by the Constitution, Ronald Reagan took the oath of office as President of the United States on January 20, 1985 (Sunday), in a private ceremony at the White House. It was administered by Chief Justice Warren Burger while Mrs. Reagan held the family Bible. The public ceremony was held the following day. Because of inclement weather, the public swearing-in and the inaugural address were held in the Rotunda of the U.S. Capitol.

erved, by good will alone. There are o in the world who scorn our vision man dignity and freedom. One na- -the Soviet Union—has conducted reatest military buildup in the y of man, building arsenals of me offensive weapons.

We've made progress in restoring efense capability. But much re- to be done. There must be no ing by us, nor any doubts by s, that America will meet her nsibilities to remain free, secure, peace. [Applause.]

here is only one way safely and nately to reduce the cost of na- security, and that is to reduce the or it. And this we're trying to do otiations with the Soviet Union. not just discussing limits on a fur- ncrease of nuclear weapons. We instead, to reduce their number. ek the total elimination one day of r weapons from the face of the . [Applause.]

or decades we and the Soviets ived under the threat of mutual d destruction; if either resorted to e of nuclear weapons, the other retaliate and destroy the one who arted it. Is there either logic or lity in believing that, if one side ens to kill tens of millions of our , our only recourse is to threaten tens of millions of theirs?

ave approved a research program , if we can, a security shield that stroy nuclear missiles before they their target. It wouldn't kill peo- would destroy weapons. It 't militarize space; it would help demilitarize the arsenals of Earth. It would render nuclear weapons obsolete. We will meet with the Soviets, hoping that we can agree on a way to rid the world of the threat of nuclear destruction.

We strive for peace and security, heartened by the changes all around us. Since the turn of the century, the number of democracies in the world has grown four-fold. Human freedom is on the march, and nowhere more so than in our own hemisphere. Freedom is one of the deepest and noblest aspirations of the human spirit. People worldwide hunger for the right of self-determination, for those inalienable rights that make for human dignity and progress.

America must remain freedom's staunchest friend, for freedom is our best ally. [Applause.] And it is the world's only hope to conquer poverty and preserve peace. Every blow we inflict against poverty will be a blow against its dark allies of oppression and war. Every victory for human freedom will be a victory for world peace.

So we go forward today, a nation still mighty in its youth and powerful in its purpose. With our alliances strengthened, with our economy leading the world to a new age of economic expansion, we look to a future rich in possibilities. And all of this is because we worked and acted together, not as members of political parties but as Americans.

My friends, we live in a world that's lit by lightning. So much is changing and will change, but so much endures and transcends time.

History is a ribbon, always unfurling; history is a journey. And as we continue our journey, we think of those who traveled before us. We stand again at the steps of this symbol of our democracy—well, we would have been standing at the steps if it hadn't gotten so cold. [Laughter.] Now we're standing inside this symbol of our democracy. And we see and hear again the echoes of our past.

A general falls to his knees in the hard snow of Valley Forge; a lonely President paces the darkened halls and ponders his struggle to preserve the union; the men of the Alamo call out encouragement to each other; a settler pushes west and sings a song, and the song echoes out forever and fills the unknowing air.

It is the American sound. It is hopeful, big-hearted, idealistic, daring, decent, and fair. That's our heritage, that's our song. We sing it still. For all our problems, our differences, we are together as of old. We raise our voices to the God who is the Author of this most tender music. And may He continue to hold us close as we fill the world with our sound—in unity, affection, and love. One people under God, dedicated to the dream of freedom that He has placed in the human heart, called upon now to pass that dream on to a waiting and a hopeful world. God bless you, and may God bless America. [Applause.]

[1]Text from White House press release. ■

Enhancing Hemispheric Democracy

President Reagan's remarks in a meeting with Western Hemisphere legislators in the Old Executive Office Building on January 24, 1985.[1]

I know that many of you come from somewhat warmer climates and aren't accustomed to this Washington deep freeze, but I'll hope that the warmth of our hospitality has helped make up for the temperature outside.

I think it's particularly fitting that your visit coincided with our inaugural time, when the mantle of power here in the United States is passed to the choice of the electorate. Wherever we are, no matter what our political agenda, those who believe in democracy and human rights should rejoice in times like these. Believing in the peaceful transfer of power through democratic elections and a solid respect for human rights unites all of us here today with millions of people across the globe. Recognizing that bond is what this gathering and this Center for Democracy are all about.

I want to take this opportunity to thank the Democratic and Republican members of the U.S. Congress, Professor Allen Weinstein, Dr. John Silber, Peter Kelley, and Frank Fahrenkoph for all they've done to ensure the success of this conference.

Being from democratic countries, you know it's difficult to get opposing political parties together, even in worthwhile endeavors like this. The bipartisan support behind this effort reflects the value we place on enhancing long-range hemispheric collaboration among the free and democratic countries of the Americas. Building and reinforcing these ties has been of the utmost importance to this Administration and will continue to be so during the next 4 years.

Our efforts are guided by three consistent and mutually reinforcing goals. We seek to promote the development of democratic political institutions. We want to encourage economic growth, which will increase opportunity and improve the standard of living for people throughout the hemisphere. We're willing to help our friends defend themselves against Soviet bloc, Cuban, and Nicaraguan sponsored subversion.

Promoting Democratic Institutions

I like to think that the first of these goals is simply a reaffirmation of something in which our forefathers believed so firmly, and that is that free and democratic government is the birthright of every citizen of this hemisphere. The Americas should be and, by right of heritage, ought to be populated by free and independent people.

As you know, not long after our own War for Independence, Simon Bolivar led the people of Latin America in a courageous struggle for independence. Bolivar, like Washington, a giant in the annals of human freedom, pointed out in his later years: "It is harder to maintain the balance of liberty than to endure the weight of tyranny."

The great liberator lamented that mankind is all too willing to rest unconcerned and accept things as they are. And that's why we, who are committed to free government and democratic institutions, must maintain a sense of fraternity between ourselves and other freedom-loving peoples.

Today there are many reasons for optimism. Despite economic problems and the threat of well-armed, antidemocratic forces, we Americans—and by that, I mean all of us, all Americans, from the north slope of Alaska to the tip of Tierra del Fuego—are enjoying a rising tide of democracy.

Of the 34 countries in Latin America, 27, with about 90% of the region's population, are either democratic or in transition to democracy. A decade ago, less than 40% of Latin America's population was so fortunate.

I'd like to take this opportunity to offer my heartfelt best wishes to the representatives who are with us from the hemisphere's newest democratic governments—Uruguay and Brazil. And I'd like also to offer my congratulations to the people in political leadership of Argentina, who, I understand, have been chosen by the center for the 1985 International Democracy Prize.

The trend to democracy not only underscores the desire of people to be free but also suggests a new recognition that free government is the surest path to economic progress. This was pointed out long ago by Andres Bello, one of the hemisphere's intellectual giants. "Liberty," he noted, "gives wings to the spirit of enterprise wherever it meets it."

Encouraging Economic Growth

Today, as never before, we need this spirit of enterprise to overcome the economic challenges of the hemisphere. The leap in energy prices, the onset of global recession in 1979 and 1980 brought serious hardship throughout th world.

Here in the United States, we countered the economic downturn with economic reforms that lowered tax rates, eliminated counterproductive government regulations, and brought down the rate of increase in governme spending. We concentrated on promoting growth and opportunity, on encouraging business enterprise and investment. And this formula worked we for us. Last year, we had a growth rat of 6.8%. And that was the best since 1951. And the inflation rate was only 4%. In fact, it has only averaged 3.9% over the last 3 years.

While putting our own economic house in order, we've tried to help our hemispheric neighbors and friends. We increased by over 50% the level of bilateral economic assistance over the previous Administration. We've continued to support the World Bank, the Inter-American Bank, and the International Monetary Funds programs. We' worked with leaders in government an the private sector to encourage the refinancing of international debt. Your cooperation has been indispensable in this effort.

And last year a dramatic and innovative approach to progress in Cent America and the Caribbean went into fect. It took considerable effort to pas the Caribbean Basin Initiative, and we anxious to work with you to see that it benefits are enjoyed by all concerned.

A few moments ago, I expressed o timism about the course of political developments in the Americas. I'd like add that I'm equally optimistic that ou economic problems, which today seem menacing, will be overcome. Free people, given time, will find a way to solv what may appear to be unsolvable. I c assure you, the people of the United States are anxious to work with your people to build a prosperous and opportunity-filled future. Our cooperation will enhance our chance for economic progress and help us meet some serious challenges to our security as well.

Countering Outside Subversion

The transition to democracy, especially in Central America, has been accompanied by a concerted and well-financed effort by the Soviet bloc and Cuba to

ermine democratic institutions and eize power from those who believe in ocracy. This is nothing new. ezuelans who struggled so long and for freedom faced this same threat ey transformed their country into a ocracy. Similar subversion—fi- ed, armed, and supported by the de—has plagued Colombia and countries as well.

A new danger we see in Central rica is the support being given the inistas by Col. Qadhafi's Libya, the [Palestine Liberation Organization] most recently, the Ayatollah neini's Iran.

The subversion we're talking about es international law. The Organiza- of American States, in the past, has ed sanctions against Cuba for such ession. The Sandinistas have been king their neighbors through armed rsion since August of 1979.

tering this by supporting Nicara- freedom fighters is essentially act- self-defense and is certainly con- t with the United Nations and Charter provisions for individual ollective security.

wo centuries ago, when our thers in the United States were g all to establish our democracy, our Founding Fathers said: "We all hang together or assuredly we all hang separately."

think it behooves all of us who e in democratic government, in lections, in the respect for human , to stand side by side with those hare our ideals, especially in Cen- merica. We must not permit those y armed by a far-away dictatorship lermine their neighbors and to out democratic alternatives at We must have the same solidarity hose who struggle for democracy adversaries do with those who impose communist dictatorship.

was just 1 year ago when the isan Commission on Central ca, of which John Silber was a er, issued their report. These guished citizens concluded that is, indeed, a threat to Central ca. As they recommended, I have the U.S. Congress to provide $8 in aid over the next 5 years for nic and social help. We're also tak- ps, including active diplomacy, to a potential crisis. We support, for le, all 21 objectives of the Con- process, including the implemen- of the democratic commitments by the Sandinistas to the ization of American States in

I believe that the answer lies in democracy. There's never been a war between two free countries. If we're for democracy, we're for peace, domestically and internationally. Today with democracy on the rise, we have it within our power to recapture Simon Bolivar's dream. We can have a united hemisphere, living in peace, opportunity, and freedom.

The ideals we share have come of age and now is the time. We are the people. Democracy is the way. There are some 600 million of us from that tip of Tierra del Fuego up to that north coast of Alaska, bound together by a common heritage and history, all of us Americans, all of us worshiping the same God. What a power for good in the world we can be, if we strengthen our neighborliness and the contact and the cooperation between us.

[1]Text from White House press release. ■

News Conference of January 9 (Excerpts)

Excerpts from President Reagan's news conference of January 9, 1985.[1]

Earlier today on his return from Geneva, Secretary Shultz reported to me on the full details of his discussions with Soviet Foreign Minister Gromyko over this past January 7th and 8th. As you're aware, his meeting with Mr. Gromkyo has resulted in agreement between our two nations to begin new negotiations on nuclear and space arms. Our objective in these talks will be the reduction of nuclear arms and the strengthening of strategic stability. Our ultimate goal, of course, is the complete elimination of nuclear weapons.

I want to take this opportunity to congratulate George Shultz, Bud McFarlane, and the rest of our delegation for a job well done. Their teamwork in Geneva was American diplomacy at its best.

Our differences with the Soviets are many and profound. And these new negotiations will be difficult as we grapple with the issues so central to peace and security for ourselves, our allies, and the world. But we will persevere. And while we must continue to resist actions by the Soviet Union that threaten our freedom and vital interests or those of other nations, we must also be prepared to work together wherever possible to strengthen the peace.

When I spoke before the UN General Assembly this past September, I set out my objective and proposals for a more stable and constructive relationship between East and West. Today, it's my hope that this week's meeting in Geneva, while only a single step, is the beginning of a new dialogue between the United States and the Soviet Union. It's also my hope that as 1985 unfolds, this year will emerge as one of dialogue and negotiations, a year that leads to better relations between the United States and the Soviet Union.

I believe a more stable peace is achievable through these negotiations, and I urge all Americans to join us in supporting this search for a more stable peace. But it takes two sides to have constructive negotiating; one side alone cannot do it. We've made clear our intentions and expectations for progress in U.S.-Soviet relations. Secretary Shultz has reinforced that message in his lengthy sessions with Mr. Gromkyo. For our part we'll be flexible, patient, and determined; and we now look to the Soviet Union to help give new life and positive results to that process of dialogue.

Q. If you are flexible, are you willing to trade off research on "Star Wars" technology for deep cuts in the Soviet nuclear arsenal, or are you set in concrete, as your advisers say, against any negotiations on "Star Wars"?

A. Let me say, what has been called "Star Wars"—and I wish whoever coined that expression would take it back again because it gives a false impression of what it is we're talking about—but that will be on the table with everything else, of course. There are no preconditions with regard to the talks that we're going to have.

But this is research, a research program, and it is within the provisions of the ABM [antiballistic missile] treaty. So, all that we've made clear is that we're going forward on the research, but we've also made it clear that if that research does come up, as we hope, with something that could be the defensive weapon we're talking about, nonnuclear,

then we would be willing to go into negotiations and discussions with the other nations of the world, and with our allies, about what to do about that and whether and how to deploy.

Q. May I ask you, then, if "Star Wars"—even if you don't like the term, it's quite popular—is on the table for negotiations at some point where the technology might be developed?

A. I say, it's on the table only because we made it very clear.

Q. But I mean it's not just a bargaining chip that could not be bargained?

A. No, no.

Q. In the past you have characterized the Soviet Union as an evil empire, and you have said that they have repeatedly violated the arms agreements that they have made with the United States. Some of your advisers today doubt that the technology exists to adequately verify any agreement. Do you believe verification is possible, or do you think the Soviets will try to violate any agreement you might make?

A. We know that they have had a past record of violating agreements. We know also that absolute verification is impossible, but verification to the extent possible is going to be a very necessary feature in our negotiations. And I would like to also point out that because they themselves have expressed the desire to totally eliminate nuclear weapons, zero nuclear weapons is far easier to verify than if you're simply reducing the numbers. To have to continue trying to count numbers is much more difficult.

. . . .

Q. I'm a little confused by your original answer on, if you'll forgive me, "Star Wars"—if we can continue to use that term. You say that you're willing to negotiate about it now, but you also said that you want to go forward with research and only really discuss limits after it proves out whether the plan is feasible or not, which is sometime, perhaps, beyond your term—into 1990 or so. The question is now, in the talks that are going to begin this year, would you consider setting limits on the deployment and the testing of "Star Wars"?

A. I think that would be way ahead of ourselves.We don't even know what kind of a weapon—if we're able to come up with one—that this would be. Now, I think maybe some of you have been looking at those drawings on your TV news programs at night in which you've already got a picture of the weapon—and I can see it shooting missiles down, and it looks so easy. We don't know. That's why when I said "Star Wars" and criticized it, I never mentioned space or anything. I don't know, I'm not a scientist.

I said, all through history we've always been able to come up with a defensive weapon. Isn't it worth researching to see if there isn't some weapon that is more humane and moral than saying that the only defense we have in the nuclear age is that if they kill tens of millions of our people, we'll kill tens of millions of theirs?

We're searching for a weapon that might destroy nuclear weapons, not be nuclear itself—destroy weapons, not people. And if we come up with such a thing, then is a time to turn to the world, to our allies, possibly even our adversaries, and say, "Look, we now have this." And if we haven't by that time eliminated nuclear weapons entirely, this could be a big contributing factor to bringing that about.

Q. But aren't you running the risk of letting these arms talks break down over this issue? The Soviets say that's their top priority.

A. No, no. We're—one of the three phases that has been agreed upon in what I think is a most successful meeting in Geneva is that we will be talking in three groups about strategic nuclear weapons—these are offensive weapons—about strategic intermediate-range weapons—again offensive—and there will be a third sector where we will be talking about defense and space, whether it has to do with weapons shooting things down that are in space or whether it's weapons in space shooting down.

And, as I say, what we're doing with the research—and the Soviets had no argument about that, they couldn't argue about it—is to research, continue researching—is within the provisions of the ABM treaty.

. . . .

Q. Given the progress that you indicated made with the Soviets in these recent talks, do you feel that this might be the time now to have a summit with Soviet leaders, Chernenko?

A. To have a meeting, as I said before, just to have a meeting doesn't make any sense. Now, in the next month or so, we're all supposed to get together and find out when the negotiations can start and where. If, at any time, a reason arises in which a summit could helpful in that or in other matters, and carefully planned agenda created whic they, themselves, have said is necessar I'm perfectly willing, and have been al this time, to go to a summit meeting.

I don't think it would make much sense simply to say, "Well, now that we're going to talk about these other things, let's have a meeting just to get acquainted." That builds up people's hopes. And some previous Presidents have done that and found that the letdown was very terrible.

Q. Could you tell us if that summ conference was broached at all by Secretary Shultz to Foreign Ministe Gromyko?

A. About a summit?

Q. Was it brought up in these talks?

A. No, they had a very carefully planned agenda. And, incidentally, th was no infighting among our group, a 15 people that went over there as the total delegation were in complete unanimity in their support of what we arrived at. And they were, all of them experts in their fields. And there has been no infighting, as some have suggested, about what we were going to talk about there.

And there was very careful planning, and my last meeting with Georg and Bud McFarlane was just a few hours before they got on the plane to over there. But we had agreed upon what our agenda was going to be and what our demands are.

Q. The time is drawing near wher you will have to certify to Congress whether there's a need to continue supplying aid to the rebel forces inside Nicaragua. And I'd like to ask you intend to press on with this pro gram when that date comes, or do y see any reason or any developments that have occurred that would perm the United States to drop this cover aid program?

A. As you know, I shouldn't be ta ing about anything that is supposed t be covert, but I will say this: that our plans, we have no plans for abandonir the overall ideas of help such as were created by the Kissinger commission down there—program proposed for o about the next 5 years to help those n tions that are trying to become democracies to be democracies, and t support the people of Nicaragua, who, have to point out, are governed by a group that took over by force—ouste others that had been fighting for a revolution. And I think that—and the

supporting the guerrillas that are
ng to overthrow the duly elected
ernment of El Salvador. And, no,
re not retreating from what we feel
obligations there in Central America
ll.

Q. By the end of the year, if the ted States continues to deploy its tegic submarines as planned, it l exceed the limits for strategic siles under the SALT [strategic s limitation talks] II agreement, President. What is your intention h respect to that agreement? Are going to decrease the number of M's [intercontinental ballistic siles] and outmoded submarine siles in order to keep the SALT II ement alive, even though it's not fied?

A. We have been holding to that and ght that it would be helpful in now t we're planning and going forward . We have been eliminating some of older missiles and taking out of serv- ome of the submarines. We will con- on that ground.

The development of the Trident is so much in the sense of adding to uclear force as it is in modernizing placing older, less accurate missiles submarines with not quite the city of the Trident. So, yes, we feel we can live within it.

Remember, the SALT II is nothing limitation on how fast you increase ons, which is one of the reasons I was in support of a Senate—even gh I wasn't here at the time—that ed to ratify it. And that's why my is that the type of negotiations suggesting are the only ones that sense. Don't just limit the rate of ase; reduce the number of weapons.

. Your aides have said that they some innovative, interesting if the negotiations are resumed. t are your ideas? Defensive ons aside, what are your ideas educing offensive systems, ideas were not put forward in the tiations that were aborted and l offer some hope for progress in new round of negotiations?

. I don't want to give away ing in advance, the things that g at the negotiating table. But, yes, f the things that we've made clear e Soviets is that we recognize there be differences with regard to the of weapons on both sides. And we're ured to deal with that problem, and e, perhaps, we have something that advantage to us, they have thing that's an advantage to them, scuss tradeoffs in that area.

It is true that when we first went into the strategic missile negotiations, we believed that the top priority should be land-based missiles. But the Soviets made it plain that they didn't—they weren't following our pattern of mix of missiles, that they placed more reliance than we did on the landbased. And they didn't wait for us when we told them that we were willing to—okay, to deal with them on that problem. They went home anyway and didn't come back.

But these are new negotiations. Both sides rule that they're new negotiations.

. . . .

Q. Do you think that the Geneva meetings this week and the resumption of arms negotiations in the near future might lead to the new era of détente that Mr. Chernenko called for last November?

A. I think that there will be other things talked about other than just weapons. And, yes. But let me make it plain about détente. That is a word that—been a little abused in the past in some ways.

Yes, we would welcome such a thing as long as it was a two-way street. Our problem in the past has been that it has too much been a one-way street, and we were going the wrong way on that. So, we very definitely are trying to arrive at a position in which we can settle some of the other bilateral and regional issues that—and trade matters that are at odds between us.

Q. What about other matters like Afghanistan, Southeast Asia—problems there. Would they come up as well?

A. We did not and I can't say whether we voiced our opinion of those in these meetings. They very well could have in the long hours of those meetings. But, no, all of those things—and we've made it very clear to them what our opinion is of some of those practices.

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[1]Text from Weekly Compilation of Presidential Documents of Jan. 14, 1985. ■

President Reagan's Interview for a Japanese Newspaper

President Reagan's responses to questions from the Yomiuri Shimbun *of Tokyo on December 28, 1984.*[1]

Q. The year 1985 marks the 40th anniversary of the end of World War II. At this date, how do you perceive the present situation of the world, especially in regard to East-West relations?

A. Those 40 years have seen some remarkable changes in the world. One of the most remarkable has been the reconciliation between former adversaries, including the United States and Japan. Today Japan and the United States are close partners and good friends. We share the common values of freedom and democracy. We are bound by a security treaty. Unfortunately, Japan, the United States, and other democracies continue to be confronted by a system that stands for different values.

Q. Secretary of State [George P.] Shultz will meet Soviet Foreign Minister [Andrei A.] Gromyko on January 7 and 8 in Geneva. Could you tell us something about your expectations of the meeting? What do you hope to agree to at this specific meeting? Six major items on the agenda of the U.S.-Soviet negotiations will be the status of space, strategic, intermediate-range, conventional, and chemical weaponry, as well as certain confidence-building measures. How could these items be interrelated with each other in the framework of an umbrella formula in the negotiations to follow up the Shultz-Gromyko meeting?

A. I was encouraged that the Soviets agreed to resume a dialogue on arms control issues and that we will have the meeting in Geneva to try to get the process moving again.

But we must temper our expectations with realism. A 2-day meeting cannot solve the complicated issues before us. We hope it will be a constructive beginning for further detailed negotiations. But it isn't an easy job. Only time will tell how rapidly the process moves, or in which specific framework.

Meaningful progress on arms control has a high priority in this Administration. We have been working long hours to prepare for Secretary Shultz's meeting with Mr. Gromyko. The Secretary will enter those meetings with concrete suggestions on a full range of

arms control issues. We hope the Soviets will show a similar constructive spirit.

The fundamental objective of our talks with the Soviets has to be kept in mind. We are not looking for an agreement for its own sake. We are striving to improve stability, reduce the risk of war, and to lower the levels of nuclear arms. That involves hard bargaining on issues of great mutual concern. The United States is committed to conduct the process seriously and creatively.

Q. Would you consider a summit meeting with General Secretary [Konstantin U.] Chernenko before the completion of arms control talks? If so, what preconditions are necessary?

A. As long ago as last June, I said that I was willing to meet at any time. Since then, I've met with Foreign Minister Gromyko, and our discussions were useful. The Soviets say they would want a very carefully prepared agenda for any summit meeting. That makes sense to me. In the past, meetings that there were not carefully prepared often led to great expectations and great disappointments, and I don't think we ought to go into something of that kind.

Q. In what way may the Western allies, including Japan, support successful U.S.-Soviet negotiations? Do you support independent action on the part of the allies for relaxation of tensions with the U.S.S.R. and the Eastern European nations?

A. The United States is fully committed to reducing the threat of war. At the Williamsburg summit the Western leaders were united in their commitment to arms reductions and continued thorough and intensive consultations. Further, we noted that security is indivisible and must be approached on a global basis. Prime Minister [Yasuhiro] Nakasone was a key participant in the discussions that led up to this united commitment.

Alliance solidarity behind NATO's 1979 dual track decision on INF [intermediate-range nuclear forces] modernization has prevented the Soviets from unilaterally dictating Western security policy. This solidarity stems from the extensive consultations which the United States conducts with its European and Japanese allies on arms control issues. These consultations have assured a consensus among the allies which is essential in dealing with the Soviets on these vital issues.

Q. How do you view the development of current Sino-Soviet relations? What will be the impact of the forthcoming U.S.-Soviet arms control talks on the tripartite relations between the U.S., U.S.S.R., and China?

A. We welcome recent efforts by the Chinese and the Soviets to put their relations on a more normal footing. Differences between the Soviet Union and China run very deep, however, and center on three major problems: massive Soviet troop developments along the Chinese border with the Soviet Union and Mongolia; Soviet support for the Vietnamese invasion of Cambodia; and the Soviet invasion of Afghanistan. These are serious impediments, it seems to me. The Chinese are very positive about our forthcoming arms talks with the Soviets. They want these discussions to bring a genuine reduction of nuclear weapons. They don't want the Soviets merely to redeploy their missiles, from west to east. We agree.

Q. As you prepare to receive Prime Minister Nakasone in Los Angeles in early January, we would like to ask about your fundamental assessment of U.S.-Japan relations today. For the promotion of friendly and constructive relations, what do you expect of Japanese policy in economic matters, defense, and foreign affairs?

A. I'm looking forward to meeting again with my friend and your Prime Minister. We've had excellent meetings before. My visit to your country when he was my host was just wonderful. I think U.S.-Japanese relations are as good as they have ever been. When I meet with the Prime Minister on January 2, I know that we will begin our talks on the basis of our common desire to make the U.S.-Japan relationship even closer. I don't think there's any confusion about what it will take to succeed. Economically, we need to work hard to continue and enhance the progress made after our talks in Tokyo in November 1983. We have made progress in our security relationship, which will continue to develop to the benefit of both sides. But it is in foreign affairs that the real payoff of close U.S.-Japan relations can increasingly be found. As our ability to cooperate and coordinate our policies increases, so does the scope of what we can accomplish together. Our international cooperation will reflect our ability to handle problems in our bilateral relationship, including trade issues. It is my hope that as leading democracies and as the leading free world economies, Japan and America will be able to provide solutions by putting our heads—and our hearts—together in a partnership for the cause of good.

Q. Cooperation between the United States and Japan in a Pacific Basin Initiative is said to be a leadir topic of discussion in the upcoming Los Angeles meeting. Could you elaborate on your ideas about its realization.

A. Although the United States has long been a two-ocean nation, in the past we focused most of our attention on our Atlantic coast because of our historic relationship with Europe. But during the past decade or so, the grov of democracy and the dynamic econon development of the Pacific region also have earned our admiration and our very close attention. As a result, while Europe certainly remains as vital as ever to us, a new perspective has emerged toward the Pacific. Japan, of course, plays a key role in this new American perspective. Both our countries are prepared to devote our resources and energies to seeking way to cooperate with our neighbors in the Pacific. But it is important that we nc be rushed in our eagerness to get started. Pacific Basin cooperation, in whatever form it eventually emerges, will not be successful and will not last unless it has the full support of all ou Pacific neighbors, and unless there is benefit for all. The Pacific Basin will a topic of conversation between the Prime Minister and myself in Los Angeles, but it is too soon to talk abo or expect any specific announcements agreements.

Q. The United States trade defi with Japan may reach $35 billion th year. Renewed calls for import surcharges are coming from Capitol Hi and industry circles. Will your pres position on free trade change in response to calls for the protection U.S. industries? And what are your expectations on Japan in light of th current deficit? For instance, as yet there are several unsettled matters concerning trade and the opening o the Japanese market: (1) the expans of voluntary export restraints on 19 automobiles, (2) reduction of tariff rates on wood products, and (3) tot liberalization of agricultural produc We would appreciate any thoughts might give us about specific approaches to settling these and othe trade issues.

A. I believe that free trade is a powerful force for progress and peac The winds of commerce carry opportunities that help nations grow and bring citizens of the world closer

gether. Increased trade spells more
s, higher earnings, better products,
s inflation, and more cooperation. The
er the flow of world trade, the wider
benefits of economic progress.

Nowhere is free trade more impor-
t than in America's commercial ties
h Japan—our largest overseas
ding partner. And we are Japan's
st important market. This year $85
lion in goods and services is flowing
oss the Pacific between our two na-
ns. But the potential would be even
ater if it were not for some trade
riers Japan still maintains which
uce competitive foreign imports.

We've worked hard to encourage
an to open its domestic market fully
oreign products. We want American
panies to have the same opportunity
ell their goods and services and to
st in Japan that your companies
ady enjoy in our market. You have
onded by reducing some trade bar-
s and we appreciate these measures.
efforts by the Japanese Government
pen capital markets for foreign par-
ation and to liberalize the yen are
important steps in the right direc-
.

But many U.S. companies still can-
compete in Japan on an equal basis.
tariffs stymie our efforts to sell
petitive U.S. exports like processed
st products. While there has been
e liberalization of agricultural
as, these should be eventually
inated so that Japanese consumers
the chance to buy U.S. beef, citrus,
other farm products in quantities
at prices freely set in the
ketplace. And I hope that the
sformation of Japan's government
ommunications monopoly into a
ate company will allow U.S. sup-
s of these products a fair shot at
market, just as Japanese com-
es already have here. Your question
refers to Japan's voluntary export
raints on automobiles which expires
e end of March. I think that it is
nature for me to make any comment
is, and, in any case, this is a deci-
for the Japanese Government to
e.

On the trade deficit with Japan—it
approach $35 billion by the end of
ear—I realize there is no easy
er to this problem, but the sheer
of the deficit has generated growing
ectionist sentiment in this country.
efore, I urge the Japanese Govern-
and people to move even more
ly to open Japan's market to com-
ive foreign products. If this is done,
our transpacific trade relations can continue to expand and flourish to the mutual benefit of our two countries.

Q. With the Olympic Games scheduled in Seoul in 1988, the Korean Peninsula may become a focus of international attention. What is your evaluation of the current state of affairs on the peninsula as the date approaches? Do you have any initiatives in mind to maintain peace there? What role do you expect the neighboring nations of China, the U.S.S.R., and Japan to play in order to reduce tension on the peninsula?

A. There has been considerable tension on the Korean Peninsula since the North Korean invasion of the South in 1950. Such tension has at times grown ever more serious, as, for example, after the North Korean bombing in Rangoon in October of 1983, which almost killed President [Doo Hwan] Chun and did kill several of his key advisers. However, we have seen welcome signs of tension reduction between the two Korean states recently. Talks on economic cooperation and Red Cross talks on such matters as family unification have taken place, and representatives of both Korean Governments will meet again in January to discuss these topics. I think that peace initiatives or tension reduction measures, like the economic and Red Cross talks, must properly come from the two Korean Governments themselves. They must be the major interlocutors in any inter-Korean dialogue, but Japan, China, the U.S.S.R., and the United States all have an interest in seeing that peace is preserved and that tension on the peninsula is reduced.

Q. Are you planning any initiatives in your second term for the solution of problems in these specific areas of the world? What contribution do you expect from the allied nations, including Japan, to help solve regional conflicts?

A. One way to solve regional conflicts is to convince the parties to the conflict that they have more to gain by seeking peace. The United States is committed to the peace process in the Middle East, Central America, southern Africa, and elsewhere.

Another way to deal with regional tensions is to create an environment of political stability and economic development that deals with the source of the problem. Japan has increasingly contributed to this process throughout the world through its growing aid programs. I hope Japan will continue to exercise a positive and increasingly visible diplomatic and economic role in the Asian region and throughout the world.

Q. Could you elaborate on your principal ideas about reducing the United States budgetary deficit and the high interest rates which are also matters of concern to your allies? Please comment on your position during the coming term.

A. As a result of our economic policies, millions of jobs have been created, inflation has been cut sharply, interest rates reduced, and in general the U.S. economy has enjoyed a strong, sustained recovery. In turn, America's economic return has helped the economies of our trading partners, including Japan.

Let's look at the record. The United States should enjoy a 4% growth rate next year. Consumer incomes are rising at a steady pace and consumer confidence is strong. Robust business spending, spurred by our 1981 tax cuts, helped propel the current expansion, and prospects for continued strength in capital spending remain favorable. Inflation will remain low and under control in 1985. This news is good for the United States as well as its trading partners like Japan.

To ensure the strength and durability of economic expansion for the longer term, we need to get the Federal deficit and the growth in Federal outlays under better control. With the help of the Congress, we are determined to do so. My goal is to reduce the deficit to $100 billion by FY 1988.

There has been much critisicm of the strength of the dollar by many of our allies. Critics have charged that the dollar is substantially overvalued because of high U.S. interest rates resulting from large budget deficits. They contend that the high dollar threatens the global recovery and the United States must "correct" its value.

These arguments are not supported by the facts. While the levels of interest rates have periodically played an important role in determining exchange rates, this has not been generally the case during this Administration. The improved U.S. business climate and the sharp drop in our inflation are probably the key to the dollar's performance. I am sympathetic to the view that the value of the dollar is high, but I disagree that it is "overvalued." Such a view implies that we can calculate the "right" rate independent of market forces. I believe that we cannot do so.

Q. The forthcoming Bonn summit marks the 40th anniversary of the end of World War II. What are your thoughts on the development of this organization as it convenes for the eleventh time? What will be your basic position in the forthcoming talks?

A. The annual economic summits are a very useful opportunity for the leaders of the seven main industrialized countries to explain to each other their perspectives and plans for their own economies and their participation in the world economy. In addition, it is an occasion to review the year ahead. Summits are not and cannot be meetings at which we draw up detailed blueprints for solving the world's problems. Whenever that was tried in the past, it failed. But a summit can and does give each participant a clearer understanding of how others see current problems and the tasks before us, so that we can better determine how we should be moving, both separately and together, to deal most effectively with our common agenda.

It is too early to say what will be the main themes of the Bonn summit. However, we have much unfinished business still before us. We need to reaffirm our determination to promote sustainable noninflationary growth in each of our economies. We need to move rapidly to begin a new round of trade negotiations as the best assurance against resurgent protectionist pressures. We need to continue the policies we outlined at the Williamsburg and London meetings to deal in the longer term with the debt problem and the need to integrate the developing countries more effectively into the open world trade and finance systems. As with previous economic summits, the Bonn summit will provide an opportunity for us to discuss informally the more important international political issues facing all our countries, of which the search for meaningful arms reduction is one of the most pressing. In this search, I'm proud to know that Japan is our ally and friend.

[1]Text from Weekly Compilation of Presidential Documents of Dec. 31, 1984. ■

U.S. Government and Business: Our Common Defense Against Terrorism

by Secretary Shultz

Address before the American Society for Industrial Security in Arlington, Virginia, on February 4, 1985[1]

International terrorism has rapidly become one of the gravest challenges to American interests around the world. In the Middle East, in Latin America, and in Western Europe, we have suffered heavy casualties, and the threat has not diminished.

Terrorism poses a foreign policy problem of immense proportions, and as a foreign policymaker I consider the reduction and eventual eradication of terrorism one of our most important goals. But I also see the terrorist threat on a much more personal level. A Secretary of State is obviously responsible for helping the President set the direction of American foreign policy. But he is also responsible for the health, safety, and well-being of the thousands of men and women who work for the State Department both here and overseas—and not only the State Department but those assigned overseas from other agencies of the government; and not only employees of government but private citizens working or visiting overseas. I feel that responsibility deeply.

When a terrorist attack kills or injures our people abroad, it is a loss for our foreign policy, but it is even more a deeply personal loss. Some may think that deaths and injuries at the hands of terrorists are the cost of doing business in some regions. But if anyone stood in the bombed-out ruins of the courtyard at our Beirut Embassy annex, as I did, and saw firsthand the terrible destruction wreaked by terrorism, they would agree that the price is unacceptable and intolerable. Clearly, we cannot retreat in the face of the terrorist threat, but, just as clearly, we have to do more to protect our people.

Part of the answer comes from understanding the nature of the terrorist phenomenon. We have learned a great deal about the scope and nature international terrorism in recent years though our education has been painful and costly. We have learned about the terrorists themselves, their supporters their international links, their diverse methods, their underlying motives, an their eventual goals. We have learned that terrorism is, above all, *political* violence. What once may have seemed the random, senseless, violent acts of few crazed individuals has come into clearer focus.

Today, we are confronted with a wide assortment of terrorist groups which, alone or in concert, orchestrat acts of violence to achieve distinctly political ends. Their stated objectives may range from separatist causes to revenge for ethnic grievances to socia and political revolution. Their techniq may be just as diverse: from planting homemade explosives in public places suicide car bombings to kidnapings an political assassinations.

But the essential method of all te rorists is the same: they are trying to impose their will by force—a special kind of force designed to create an atmosphere of fear. The terrorists wa people to feel helpless and defenseles they want to undermine people's faith their government's capacity to protec them and thereby to undermine the legitimacy of the government itself, o its policies, or both. The terrorists pr from the anarchy caused by their violence. They succeed when governments change their policies out of intimidation.

vising an Effective
ategy To Deal With Terrorism

er the years, the pattern of terrorist ence has become increasingly clear. s an alarming pattern, but it is ething that we can identify and, refore, a threat that we can devise crete measures to combat. The wledge we have accumulated about orism can provide the basis for a erent strategy to deal with it, if we e the will to turn our understanding action.

An effective strategy must incor- ate many elements. I have spoken on r occasions about the need to go nd a purely passive defense to con- r means of active prevention, mption, and retaliation. Our goal t be to prevent and deter future ter- st acts, and experience has taught us the years that one of the best rrents to terrorism is the certainty swift and sure measures will be n against those who engage in it.

We have also recognized the need broader international effort. Ter- m poses a direct threat not only to tern strategic interests but to the moral principles that undergird tern democratic society. The ies of the West are united. So, too, the democratic countries be united common defense against terrorism. leaders of the industrial democ- s, meeting at the London summit June, agreed in a joint declaration they must redouble their coopera- against terrorism. There has been vup to that initial meeting, and the ed States is committed to advancing rocess in every way possible. Since he democracies, are the most rable, and our strategic interests he most at stake, we must act her in the face of common dangers. anctions, when exercised in concert other nations, can help to isolate, en, or punish states that sponsor rism against us. Too often, coun- are inhibited by fear of losing com- ial opportunities or fear of provok- ne bully. Economic sanctions and forms of countervailing pressure se costs and risks on the nations apply them, but some sacrifices will cessary if we are not to suffer even er costs down the road. Some coun- are clearly more vulnerable to ex- n than others, but surely this is an ment for banding together in al support, not an argument for ap- ement.

ven these steps, however, will not ough. For until the day comes we have banished the scourge of terrorism from the modern world, we will continue to face threats. We must, therefore, summon all our resources, all our knowledge, and all our will to find ways to protect ourselves, our installations, and the people, both in government and in the private sector, who represent America abroad. We must take every precaution to provide the safest possible environment for our citizens who live and work overseas. And I believe there is much that the American Government and American businesses can do together to meet this challenge.

Clearly, we cannot retreat in the face of the terrorist threat, . . . we have to do more to protect our people.

Most of you here today have the great responsibility of providing security to American businesses around the world. As a former business executive myself, I know how important it is that your people abroad have some degree of confidence in their safety. Without that confidence, doing business effectively is practically impossible. And when America's businesses have a hard time doing business abroad, all of America suffers. Our nation loses jobs and income. Our balance of payments is adversely affected. And, not least important, the constructive ties that American business creates with our friends and allies around the world are eroded.

U.S. Measures To Enhance Security

The problems that you face are not very different from those I have faced as Secretary of State. In fact, I often feel like a security executive myself. At the State Department, we have made enhancing the security of our personnel and installations abroad a top priority. I'd like to take a few moments to outline for you some of the measures we are taking to enhance the security of our posts and personnel overseas.

One thing we have learned over the years is that defense against terrorists depends to a great extent on timely and accurate information and intelligence. We have, therefore, begun to augment and improve our capabilities in this vital area. We have strengthened our ability to analyze and report on terrorist threats. We have expanded our data facilities to keep on record biographical information on individual terrorists and terrorist groups, the kinds of weapons they use, and their *modus operandi*. And we have developed better and faster procedures for our posts in the field to gather and report information on terrorist activities.

We have taken great strides toward bringing our installations in threatened areas up to the standards we believe necessary to protect our people. All our posts have done intensive reviews of their security needs, and these reviews have been the basis for speedy action. We have made immediate improvements at 23 high-threat posts. We are planning to construct 13 new office buildings that will measure up to the latest security standards. In addition, we have contracted out to private firms longer term improvements at 35 of our posts. Construction at these posts will begin this spring. As we move ahead on all these projects, we will continue to test and evaluate new technologies for enhancing physical security. Finally, we will be adding over 400 new security personnel, including Marine security guards, to our posts around the world.

Obviously, we have been forced to spend more money to protect our people abroad, and the Congress, on a bipartisan basis, has been enormously helpful to these efforts. From 1979 to 1983 the Congress tripled the State Department's authorization for security. Last year the Congress authorized a $361 million security supplemental, which is paying for the bulk of the measures we are now taking. In 1985 we expect to spend more for security than we did in all of the preceding 5 years combined. We are grateful for this congressional support.

Protecting ourselves against terrorism, however, will require more than these tangible security improvements. We must also take steps to educate ourselves and our personnel abroad, to raise our awareness of the terrorist threat and what needs to be done to

counter it. I myself meet every morning with Ambassador Oakley [Director of the Office for Counter-terrorism and Emergency Planning] and our security and intelligence officials to stay abreast of the very latest information on terrorist activities and to discuss ways of improving security. But *all* our personnel must learn to adapt to the new and dangerous circumstances that the terrorist violence has created. The State Department is now developing a comprehensive multidisciplinary program using our security, medical, training, and public affairs officials as educational resources. As long as the terrorist threat persists, all our people must be vigilant and ready to respond to any crisis quickly and effectively.

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State Department officers around the world in many ways represent the front line of the U.S. Government. But the men and women who work for American businesses abroad are also on the front line, and their safety and well-being are also at the forefront of our concern, as I know they are of yours.

Pooling the Resources of the Public and Private Sectors

I'd like to turn now to the ways American Government and American business can pool their energies and resources to enhance the security of all Americans overseas, whether they represent the public or the private sector.

Obviously, terrorism poses the same kind of difficulties and dangers to businessmen abroad as to government officials. And the security measures needed to protect businesses are also substantially the same. There is much room, therefore, for collaboration. We can share information on terrorist activities and on the new technologies for enhancing security. We can coordinate our security efforts overseas. In short, we can meet the threat together.

In July I convened a blue-ribbon panel on overseas security chaired by retired Admiral Bobby Inman. I asked this panel to look into the security of our Embassies abroad and to tell us, in essence, how much security is enough. One of the specific questions posed to this panel was: "What responsibility does the U.S. Government have for the protection of American business people abroad?"

For a number of years now, we have worked informally with many American firms on local security issues. The main players have been the regional security officers at overseas posts and our Threat Analysis Group here in Washington. This has been a good and growing relationship. But we would like to put it on a more formal footing and make it available to more American firms and organizations.

In this regard, I am pleased to announce today the formation of a new joint venture between the State Department and the private sector: the Overseas Security Advisory Council. The members of this council will come from a wide range of American businesses that operate abroad, as well as from the State Department, American law enforcement agencies, and other foreign policy agencies. Its goal is to establish a continuing liaison between officials in both the public and private sector in charge of security matters; to provide for regular exchanges of information on developments in the security fields; and to recommend plans for greater operational coordination between the government and the private sector overseas. The creation of this council marks an important step forward. There are many ways our security officers overseas can assist businesses abroad with emergency communications, information about specific threat conditions, and even advice on the best locales for residences overseas. I am sure that, by working together to enhance security, we can be more effective in saving lives and reducing the dangers of doing business abroad.

Obviously, all our efforts will not eliminate the threat. That will require time and a broad, consistent strategy combining elements of defense, response, and international cooperation. But we must stand firm. So long as terrorism continues to be a grave problem we must not waver or bow to terrorist intimidation. The United States cannot allow the actions of terrorists to affect our policies or deflect us from our goals. When terrorist intimidation succeeds in changing our policies, when it forces businesses to close down overseas, we hand them a victory; this only opens the door to more terrorism. It shows that terrorism works; it emboldens those who resort to it; and it encourages others to join their ranks.

If we remain firm, we can look ahead to a time when terrorism will cease to be a major factor in world affairs. But we must face the challenge with realism, determination, and strength of will. Not so long ago we faced a rash of political kidnapings and Embassy takeovers. These problems seemed insurmountable. Yet, through increased security and the willingness of governments to resist terrorist demands and to use force when appropriate, such incidents have become rare. In recent years, we have also seen a decline in the number of airline hijackings—once a problem that seemed to fill our newspapers daily. Tougher security measures and closer international cooperation have clearly had their effect.

I have great faith that we do have the will, and the capability, to act decisively against this threat. It is really up to us. We must work together and apply ourselves to the task of ensuring a safer future.

[1]Press release 14. ■

he Future of American Foreign Policy: lew Realities and New Ways of Thinking

Secretary Shultz's statement before Senate Foreign Relations Committee January 31, 1985.[1]

a1 honored to lead off this important es of hearings on the future of erican foreign policy. This is an icious moment: the beginning of a presidential term, of a new Con- s, and of the term of a distinguished chairman [Senator Richard G. ar]. It is, for many reasons, a time reat promise and opportunity for the ed States in world affairs.

Therefore, I commend the chairman ocusing the attention of the Con- s and the American people on the amental issues we will face—not the day-to-day issues that make the s but the underlying trends at work the most important goals we ue.

My presentation today is thus of a al kind. I would like to step back a nd look at the present situation in pective—the perspective of recent ry, the perspective of the intellec- currents of our time, and the pective of America's ideals and their ance to the world's future.

Changing International System

after the dawn of the nuclear age, t Einstein observed that every- had changed except our ways of ing. Even so dramatic a develop- as the nuclear revolution took a time to be fully understood; how longer has it usually taken to stand the implications of more sub- tangible historical changes taking around us.

Nineteen hundred and forty-five, one knows, marked a major turn- oint. An international system that asted for more than a century had n down under the weight of two wars and a great depression. An national order centered on Europe ominated by Europe was replaced e early postwar period by a new ar- ement—a world dominated by two superpowers, torn by ideological ct, and overshadowed by nuclear ons that made a new world war tially suicidal. At the same time, tegrated international economic m established by America's initia- based on the dollar and on a strong commitment to the freest possible flow of trade and investment—replaced the unbridled economic nationalism that had helped undermine international peace between the wars.

But history never stops. The postwar order, too, evolved and changed its shape. The breakup of colonial empires brought scores of new states onto the world stage. The so-called Third World became the scene of a growing number of local and regional conflicts. America, after Vietnam, retreated for a time from its active role of leadership. Europe, China, and Japan came into their own again as important economic and political actors; the energy crisis dramatized both the diffusion of economic power and the vulnerability of the postwar economic system. The United States and the Soviet Union attempted a political dialogue to stabilize relations and control nuclear arms; then the dialogue broke down under the weight of the Soviet military buildup and geopolitical offensive.

Today, the cycle is turning again. Change is constant. America has recovered its strength and self-confidence. Power continues to be dispersed and the structure of political relations more complex, even as the interdependence of states increases. And as we head toward the 21st century, is a stable new pattern of international relations emerging? Einstein's observation takes on new relevance: our ways of thinking must adapt to new realities; we must grasp the new trends and understand their implications.

But we are not just observers; we are participants, and we are engaged. America is again in a position to have a major influence over the trend of events—and America's traditional goals and values have *not* changed. Our duty must be to help shape the evolving trends in accordance with our ideals and interests; to help build a new structure of international stability that will ensure peace, prosperity, and freedom for coming generations. This is the real challenge of our foreign policy over the coming years.

What are the forces of change? And what are the possible elements of a new and more secure international system?

Relations Between the Superpowers

Relations between the superpowers remain crucial, even though their political predominance is less than it was a few decades ago. Over 50 years' experience of U.S.-Soviet relations has given us by now a mature understanding of what is possible and what is not possible in this relationship. Yet conditions are evolving and the problem remains a conceptual challenge.

True friendship and cooperation will remain out of reach so long as the Soviet system is driven by ideology and national ambition to seek to aggrandize its power and undermine the interests of the democracies. We must resist this Soviet power drive vigorously if there is to be any hope for lasting stability. At the same time, in the thermonuclear age the common interest in survival gives both sides an incentive to moderate the rivalry and to seek, in particular, ways to control nuclear weapons and reduce the risks of war. We cannot know whether such a steady Western policy will, over time, lead to a mellowing of the Soviet system; perhaps not. But the West has the same responsibility in either case: to resist Soviet encroachments firmly while holding the door open to more constructive possibilities.

We must never let ourselves be so wedded to improving relations with the Soviets that we turn a blind eye to actions that undermine the very foundation of stable relations. . . .

After the failure of their political campaign to divide NATO, their propaganda to thwart deployment of intermediate-range nuclear missiles in Europe, and their boycott of talks, the Soviets have now returned to the arms control dialogue. We welcome this. My meeting in Geneva with Soviet Foreign Minister Gromyko was a constructive beginning of what the United States hopes will be a fruitful negotiation.

My able interlocutor, Andrei Gromyko, is, in a sense, the living embodiment of some of the Soviet Union's great advantages—continuity, patience, the ability to fashion a long-term strategy and stick to it. When the Soviets shift tactics, it is more often than not an adjustment to objective conditions without basic diversion from their long-term aims.

The democracies, in contrast, have long had difficulty maintaining the same consistency, coherence, discipline, and sense of strategy. Free societies are often impatient. Western attitudes have fluctuated between extremes of gloom and pessimism, on the one hand, and susceptibility to a Soviet smile on the other. Our ways of thinking have tended too often to focus either on increasing our strength or on pursuing negotiations; we have found it hard to do both simultaneously—which is clearly the most sensible course and probably the only way we can sustain either our defense programs or our ability to negotiate.

In the last 4 years, the underlying conditions that affect U.S.-Soviet relations have changed dramatically. A decade or so ago, when the United States was beset by economic difficulties, neglecting its defenses, and hesitant about its role of leadership, the Soviets exploited these conditions. They continued their relentless military buildup; they and their clients moved more boldly in the geopolitical arena, intervening in such places as Angola, Cambodia, Ethiopia, and Afghanistan, believing that the West was incapable of resisting. They had reason for confidence that what they call the global "correlation of forces" was shifting in their favor.

Today, the West is more united than ever before. The United States is restoring its military strength and economic vigor and has regained its self-assurance; we have a President with a fresh mandate from the people for an active role of leadership. The Soviets, in contrast, face profound structural economic difficulties, a continuing succession problem, and restless allies; its diplomacy and its clients are on the defensive in many parts of the world. We have reason to be confident that the "correlation of forces" is shifting back in *our* favor.

Nevertheless, history won't do our work for us. The Soviets can be counted upon periodically to do something, somewhere, that is abhorrent or inimical to our interests. The question is how the West can respond in a way that could help discipline Soviet international behavior but does not leave our own strategy vulnerable to periodic disruption by such external shocks. We must never let ourselves be so wedded to improving relations with the Soviets that we turn a blind eye to actions that undermine the very foundation of stable relations; symbolic responses to outrageous Soviet behavior have their place, and so do penalties and sanctions. At the same time, experience shows we cannot deter or undo Soviet geopolitical encroachments except by helping, in one way or another, those resisting directly on the ground. And many negotiations and endeavors we undertake with the Soviets serve mutual interests—indeed, they *all* should.

A strong Western deterrence posture is the most solid basis for engaging the East in constructive negotiations.

It is vital, for example, to carry through with the modernization of our strategic forces—in particular, the MX—to avoid undercutting our negotiators just as they begin the quest for real reductions in nuclear arms. The Soviets will have little incentive to negotiate seriously for reductions to lower, equal levels if we hand them on a silver platter their long-cherished goal of *unilateral* American reductions. Likewise, as we pursue such agreements, we are obliged to bear in mind the Soviets' record of violating previous accords and to insist on effective verification provisions in any new agreements.

This leaves us with tough choices. Whether important negotiations ought to be interrupted after some Soviet outrage will always be a complex calculation. When the Soviets shot down the Korean Air Lines passenger plane in 1983, President Reagan made sure the world knew the full unvarnished truth about the atrocity; nevertheless, he also sent our arms control negotiators back to Geneva because he believed that a reduction in nuclear weapons was a critical priority.

In short, our "way of thinking" must seek a sustainable strategy geared to American goals and interests, in the light of Soviet behavior but not just a reaction to it. Such a strategy requires continuing willingness to solve problems through negotiation where this serves our interests (and presumably mutual interests). Our leverage will come from creating objective realities that will give the Soviets a growing stake in better relations with us across the board: by modernizing our defenses, assisting our friends, and confronting Soviet challenges. We must learn to pursue a strategy geared to long-term thinking and based on both negotiation and strength simultaneously, if we are to build a stable U.S.-Soviet relationship for the next century.

The intellectual challenge of a new era faces us in a related dimension, namely *arms control.* The continuous revolution in technology means that the strategic balance—and the requirements of deterrence—are never static. Unfortunately, conventional ways of thinking about many of these questions continue to lag behind reality.

For decades, standard strategic doctrine in the West has ultimately relied on the balance of terror—the confrontation of offensive arsenals by which the two sides threaten each other with mass extermination. Certainly deterrence has worked under these conditions; nevertheless, for political, strategic, and even moral reasons, we should seek to do better than the proposition that our defense strategy *must* rely on offensive threats and *must* leave our people unprotected against attack. The Soviets, for their part, have *always* attached enormous importance to strategic defense, including not only air defense and civil defense but a deployed and modernized antiballistic missile system around Moscow—and intensive research into new defensive technologies.

The pace of technological advance opens possibilities for new ways of tegic thinking—never an easy proc- The vehemence of some of the cism of the President's Strategic ense Initiative (SDI) seems to come from the argument over technical ibility—which future research will ver one way or another in an objec- manner—than from the passionate nse of orthodox doctrine in the face anging strategic realities. We are eeding with SDI research because see a positive and, indeed, revolu- ary potential: defensive measures become available that could render lete the threat of an offensive first e. A new strategic equilibrium d on defensive technologies and ply reduced offensive deployments is y to be the most stable and secure ngement of all.

Our concept can be described as ws: during the next 10 years, the objective is a radical reduction in ower of existing and planned offen- nuclear arms, as well as the lization of the relationship between sive and defensive nuclear arms, her on earth or in space. We are now looking forward to a period of ition to a more stable world, with ly reduced levels of nuclear arms n enhanced ability to deter war upon an increasing contribution of uclear defenses against offensive ar arms. This period of transition lead to the eventual elimination of clear arms, both offensive and de- ve. A world free of nuclear arms is timate objective to which we, the t Union, and all other nations can .

Growing Unity and Strength iends and Allies

e political dominance of the super- rs began to erode in the last few les, some saw a five-power world ging—with the United States, t Union, Western Europe, China, apan as the major players. After nergy crisis of the early 1970s, s emphasized the increasing tance of the North-South relation- The fact is, none of these concepts ately describes the evolving pat- of world politics. In my view, the striking trend is something else: rowing dynamism, cohesion, and eration of like-minded nations that an important set of positive goals. quilibrium is not enough. American gn policy is driven by positive —peace, democracy, liberty, and n rights; racial justice; economic and social progress; the strengthening of cooperation and the rule of law. These are not Soviet goals. Yet they are at the core of any durable international system, because they are the goals that inspire peoples and nations around the world.

The new spirit and unity of peoples that share these goals is a new trend we can see in many regions of the world and in many dimensions of foreign policy.

We see a new spirit of collaboration and frienship in our ties with our immediate neighbors, **Canada and Mexico**—ties whose importance is self-evident and which are a priority interest of the President.

In the **Atlantic community,** our time is marked by a new degree of political harmony and intimate collaboration among the Western allies. Just as striking, Japan, too, has emerged as a partner on key political and security issues. There is a new awareness, for example, of the importance of strengthening conventional defenses, as a way of bolstering Europe's security while reducing NATO's reliance on nuclear weapons. A strong Western deterrence posture is the most solid basis for engaging the East in constructive negotiations. Under Lord Carrington's wise leadership, NATO is taking steps for the short run to improve its readiness and infrastructure. For the longer run, the alliance is addressing other critical deficiencies, including the fundamental challenge of improving the efficiency of allied defense procurement.

Amid all the changes in the world, the security and well-being of Western Europe continue to be a vital interest of the United States. We have always supported West European unity, knowing that a strong Europe, while it would be a competitor in some ways, was in the overall interest of the free world. We wish the European Community well; we encourage our European friends to make further progress in developing a true European-wide market and in breaking down structural rigidities that impede both economic expansion and effective economic cooperation with us.

We see also, in Europe, new and creative thinking about the continuing pursuit of political unity and about strengthening West European cooperation in the defense field. We support both these goals. The West can only benefit from a major European role in world affairs. And the peoples of Western Europe should see defense as an endeavor they undertake for their own future, not as a favor to the United States. With statesmanship and a spirit of collaboration on both sides of the Atlantic, this evolution will strengthen the common defense and heighten the sense of common political purpose among the democracies.

As we think about Europe's evolution, we cannot forget **Eastern Europe.** Since the days of the Marshall Plan, when the West invited the East to join, we have always wanted the success of Western Europe to be a beacon to *all* of Europe. The present political division of the continent is wholly artificial; it exists only because it has been imposed by brute Soviet power; the United States has never recognized it as legitimate or permanent. Behind this cruel barrier lie political repression and economic stagnation. In certain countries, there are efforts at liberalization. But *all* the peoples of Eastern Europe are capable of something better, deserve something better, and yearn for something better. We have witnessed in recent years the powerful aspiration for free trade unions, for economic reform, for political and religious freedom, for true peace and security, for human rights as promised by the Helsinki accords. We hope to see the day when the Soviet Union learns to think anew of its own security in terms compatible with the freedom, security, and independence of its neighbors.

A sense of Pacific community is emerging.

In **East Asia and the Pacific,** another new reality is changing our thinking about the world. The economic dynamism of this region is taking on increasing importance, not only as a factor in America's foreign trade but as an economic model for the developing world and as a unique and attractive vision of the future. We see the countries of free Asia growing at 7% a year over the past decade; for the past 5 years, our trade with East Asia and the Pacific has been greater than our trade with any other region and is expanding at an accelerating rate. ASEAN [Association of South East Asian Nations] has become one of the world's most impressive examples of economic development and regional political cooperation. The Republic of Korea is a spectacular economic success story. Japan is playing a

larger role—responsibly, positively, and cooperatively—commensurate with its growing strength. Experience is proving that economic openness is the formula for prosperity.

Pragmatism is now the watchword in the People's Republic of China, where the hopes for economic modernization have been invested—wisely—in a bold program of reform. China's long march to market is a truly historic event—a great nation throwing off outmoded economic doctrines and liberating the energies of a billion talented people. We wish China well in this exciting endeavor.

more than restored its position in Asia. We can be proud of the vitality of our alliances, friendships, and productive ties in this promising region. If nations act with wisdom and statesmanship, we may well be at the threshold of a new era in international relations in the Pacific Basin.

In **Latin America,** another kind of trend is apparent—the steady advance of democracy. Democracy is hardly a new idea, but this new development *is* revising some earlier assumptions in some quarters about the world's political future. A few years back, pessimists maintained that the industrial democ-

After a long twilight of dictatorship, the trend toward free elections and popular sovereignty in this hemisphere is something to cheer about.

There are, of course, problems that pose dangers to this bright economic future: the Soviet military buildup in the region; aggression by the Soviet Union and its clients in Afghanistan and Cambodia; unresolved tensions on the Korean Peninsula; internal problems in various countries. East Asia has a rich heritage of civilization—and also a turbulent history of bitter conflict. The tragedy that two of Asia's great ancient monuments—Angkor Wat and Borobudur—have suffered damage from modern violence is both a paradox and a warning.

The United States is conscious of its responsibility to contribute, in its way, to security and stability in East Asia and the Pacific. Our diplomacy seeks peaceful solutions to Asia's problems so that the fullest potential of its promise can be realized. We welcome, in particular, the role of ASEAN, including the front-line state of Thailand, which is working effectively to curb Vietnamese expansionism and aggression and to achieve a just settlement of the Cambodian conflict.

Overall, we are enormously encouraged by the new trend we see toward wider collaboration among many Asian nations with an extraordinary diversity of cultures, races, and political systems. A sense of Pacific community is emerging. There is an expanding practice of regional consultation and a developing sense of common interest in regional security. In this sense, a decade after Vietnam, the United States has

racies were doomed to permanent minority status in the world community. Today, there is mounting evidence that the ideal of liberty is alive and well. In the Western Hemisphere, almost 95% of the population of Latin America and the Caribbean today live under governments that are either democratic or clearly on the road to democracy—in contrast to only one-third in 1979. Over the last 5 years, popularly elected leaders have replaced military rulers or dictators in Argentina, Bolivia, Ecuador, El Salvador, Honduras, Panama, Peru, and Grenada. Brazil and Uruguay will inaugurate new civilian presidents in March. Guatemala is in transition to democracy. After a long twilight of dictatorship, the trend toward free elections and popular sovereignty in this hemisphere is something to cheer about.

The United States has always been a champion of democracy. Democratic institutions are the best guarantor of human rights and also the best long-term guarantor of stability. The National Endowment for Democracy, with bipartisan support, is one reflection of this American commitment. On every continent, we see a trend toward democracy or else a yearning for democracy; both are vivid demonstrations that the idea of liberty is far from a culture-bound aspiration or monopoly of the industrialized West.

In fact, after years of guerrilla insurgencies led by communists against pro-Western governments, we now see dramatic and heartening examples of popular insurgencies *against* communist regimes. Today, in a variety of differen circumstances—in Nicaragua, in Afghanistan, in Cambodia, in Ethiopia, and elsewhere in Africa—Marxist-Leninist rulers have found that the aspiration for representative government is not so easy to suppress. Americans have a long and honorable traditio of supporting the struggle of other peoples for freedom, democracy, independence, and liberation from tyranny. In the 19th century we supported Simo Bolivar, Polish patriots, and others seel ing freedom—reciprocating, in a way, the aid given to us in our own revolutic by other nations like France.

As the President put it a week ago "[W]e, who are committed to free government and democratic institution must maintain a sense of fraternity between ourselves and other freedom-loving peoples." This is a proud heritag and a moral responsibility, and it poses some practical questions that we must face up to early in the 99th Congress.

The future of democracy is precise what is at stake in **Central America.** U.S. policy is to promote democracy, reform, and human rights; to support economic development; to help provide security shield against those who seek spread tyranny by force; and to suppo dialogue and negotiation both within a among the countries of the region. Ac ing directly and through Cuba, the Soviet Union is abetting the establishment of a new communist dictatorship Nicaragua.

We are backing democratic gover ments and democratic political forces throughout Central America against e tremists of both the left and the right. we abandon those seeking democracy, the extremists will gain and the forces of moderation and decency will be the victims. This is why the Administratio has worked so hard, and will continue work hard, for effective negotiations, economic and security assistance, and for the bipartisan plan that emerged from the Kissinger commission [Natio Bipartisan Commission on Central America]. If the forces of dictatorship continue to feel free to aid and abet in surgencies in the name of "proletarian internationalism," it would be absurd i the democracies felt inhibited about pr moting the cause of democracy, even l collective self-defense against such ac-tions. Our nation's vital interests *and* moral responsiblity require us to stanc by our friends in their struggle for freedom.

e Dynamic of Change

e process of change is inexorable. In **uthern Africa** we have a role to play working for democratic change in th Africa. We are also key to efforts elp create a climate of regional urity that will enable and encourage ntries to get on with the priority of lding decent and prosperous societies. short, U.S. policy must pursue the l objectives of racial justice and ional security. These two goals are in conflict; they reinforce each other. achieving them requires responsible, dent, and dedicated diplomacy.

These twin challenges call for ous analysis and sober thinking, not tional responses. We have already mplished much, but our influence is infinite. Today, there is less cross- der violence in southern Africa than ny time in more than a decade. gress is being made toward a ibia settlement. We have strengthened ties with Mozambique and other onal states. And South Africa itself developed cooperative relations with y of its neighbors.

President Reagan has made clear we regard South African apartheid pugnant. He spoke loud and clear ecember 10 when he said:

> We . . . call upon the Government of n Africa to reach out to its black majority ending the forced removal of blacks their communities and the detention, ut trial, and lengthy imprisonment of leaders. . . . [W]e ask that the constive changes of recent years be broadened to address the aspirations of all South ans. . . . We urge both the Government he people of South Africa to move rd a more just society.

Within South Africa, a dynamic of ge is already at work: more positive ge is occurring now than in the s or 1960s or 1950s. The positive ince of our relationship—our diplo-, our companies, our assistance rams for black South Africans—is ng to build the basis for further ge. Apartheid must go. But the only se consistent with American values engage ourselves as a force for constive, peaceful change while there is chance. It cannot be our choice to on, from the sidelines, the forces larization that could erupt in a race it is not our job to exacerbate hard- which could lead to the same t.

nother region of change is the **le East.** Recent events have ded us that the Arab-Israeli con- s far from the only source of ten- n that part of the world. There are other deep-seated national, ethnic, and religious conflicts like the Iran-Iraq war; there are diverse sources of radical extremism ranging from Marxist-Leninist ideology, to Islamic fundamentalism, to Qadhafi's bizarre personal brand of fanaticism; the Soviets seek to reinforce rejectionist elements and to exploit regional tensions for their own advantage.

The United States will continue its efforts to promote peaceful solutions in this vital area. This mediation is, of course, a traditional American role, but new conditions always call for new ways of thinking about how to pursue it. We are committed to the support of diplomatic efforts to end the conflicts in the gulf, in Lebanon, and in the Sahara. We are committed to the President's September 1 initiative as the most promising route to a solution of the Palestinian problem. We will be intensively engaged this year in consultations with our Arab and Israeli friends to explore opportunities for progress.

Apartheid must go. But the only course consistent with American values is to engage ourselves as a force for constructive, peaceful change while there is still a chance.

In the **global economy,** an important shift of another kind is taking place—an intellectual shift, reflecting some lessons from experience. Lord Keynes's point about practical men being in thrall to some defunct economist may be less true now than in the past. Or perhaps the views first expressed by Adam Smith over two centuries ago on the creation of the "wealth of nations" are once again gaining practical prominence. At any rate, reality is intruding on some long-held notions about economic policy.

In both industrialized and developing countries, the economic difficulties of recent years are reminding us of some old truths about the real sources of economic progress. Some of us never forgot those truths. But recent experience has fueled a broad and long-overdue skepticism about statist solutions, central planning, and government direction.

This intellectual shift is partly the product of the extraordinary vigor of the American recovery. The United States has revised its tax system to provide real incentives to work, to save, to invest, to take risks, to be efficient. We have reduced government regulation, intervention, and control. We have opened opportunities for freer competition in transportation, finance, communication, manufacturing, and distribution. Last year's real growth in GNP [gross national product] was the sharpest increase since 1951; inflation was the lowest since 1967. The overall result has been the extraordinary creation of over 7 million new jobs in 2 years.

Success inspires emulation. Not only in East Asia, as I noted, but on every continent—Europe, Latin America, Africa, and elsewhere in Asia—we see movement to decentralize, to deregulate, to denationalize, to reduce rigidity, and to enlarge the scope for individual producers and consumers to cooperate freely through markets. In Africa, for example, if there is to be a long-term solution to the problem of hunger, it will have to come not just from relief efforts but from training, productive investment, and liberalizing reforms in agriculture; our aid policy is encouraging the efforts of African countries to move further in this direction.

A worldwide revolution in economic thought and economic policy is underway. And it is coming just in time, because it coincides with yet another revolution—a revolution in the technological base of the global economy. This is what Walter Wriston has called "the onrushing age of information technology"—the combination of microchip computers, advanced telecommunications, and continuing innovation that is transforming almost every aspect of human endeavor.

The implications of this revolution are not only economic. First of all, the very existence of these technologies is yet another testimony to the crucial importance of entrepreneurship—and government policies that give free rein to entrepreneurship—as the wellspring of technological creativity and economic growth. The closed societies of the East are likely to fall far behind in these

areas—and Western societies that maintain too many restrictions on economic activity run the same risk.

Second, any government that resorts to heavyhanded measures to control or regulate or tax the flow of electronic information will find itself stifling growth of the world economy as well as its own progress. This is one of the reasons why the United States is pressing for a new round of trade negotiations in these service fields of data processing and transfer of information.

Third, the advance of technology in this dimension is bound to challenge many cherished notions of sovereignty. But here, too, the West has the advantage, because the free flow of information is inherently compatible with our political system and values. The communist states, in contrast, fear this information revolution perhaps even more than they fear Western military strength. If knowledge is power, then the communications revolution threatens to undermine their most important monopoly—their effort to stifle their people's information, thought, and independence of judgment. We all remember the power of the Ayatollah's message disseminated on tape cassettes in Iran; what could have a more profound impact in the Soviet bloc than similar cassettes, outside radio broadcasting, direct broadcast satellites, personal computers, or Xerox machines?

Totalitarian societies face a dilemma: either they try to stifle these technologies and thereby fall further behind in the new industrial revolution, or else they permit these technologies and see their totalitarian control inevitably eroded. In fact, they do not have a choice, because they will never be able entirely to block the tide of technological advance however hard they try.

The march of technology also compels us to continue our efforts to prevent **the spread of nuclear weapons.** The United States has long been the leader of an international effort to establish a regime of institutional arrangements, legal commitments, and technological safeguards to control the proliferation of nuclear weapons capabilities. This program has, in fact, had considerable success, in that the number of states that have acquired the means to produce nuclear explosives is far lower than doomsayers predicted 20 years ago. At the same time, the potential dangers of nuclear weapons proliferation remain as serious and menacing to international stability as has long been predicted.

The Reagan Administration will pursue this essential endeavor with a realistic appreciation of its complexities. Our thinking on this issue takes account of the growing international reliance on peaceful nuclear energy, the security concerns that give rise to the incentive to seek nuclear weapons, and the need for broad multilateral collaboration among nuclear suppliers if a nonproliferation regime is to be effective. We have made progress in restoring a relationship of confidence and a reputation for reliability with our nuclear trading partners. We have had fruitful talks with the Soviet Union on this subject; we have worked to promote comprehensive safeguards and stricter export controls.

New Challenges to Our Ways of Thinking

These broad trends I have described are mostly positive trends, but not all. We see social dislocation arising from economic change; we see urban alienation, political turbulence, and the many potential sources and forms of disorder I have mentioned. The changes in the international system will follow the positive trends only if we—the United States and the free world—meet our responsibility to defend our interests and seek to shape events in accordance with our own ideals and goals.

In at least one respect, the modern world—with its spreading technology and prosperity and democratic aspirations—is ironically becoming also more and more vulnerable. I am thinking, of course, about **terrorism.** Even as the world becomes more secure from the danger of major war, paradoxically the democratic world now faces an increasing threat from this new form of warfare.

Terrorism these days is becoming less an isolated phenomenon of local fanatics and increasingly part of a new international strategy resorted to by the enemies of freedom. It is a vicious weapon used deliberately against democracies; against the interests, policies, and friends of the democracies; and against completely innocent people. There are disturbing links, as well, to international drug trafficking. Terrorism is a problem that, more than many others, is forcing us into new ways of thinking about how to safeguard our future. During the year ahead we must be prepared for serious terrorist threats in Western Europe, in the Middle East, and in Latin America, much of it supported by or encouraged by a handful of ruthless governments.

As you know, I have been speaking out frequently on this subject, to stimulate public consideration and discussion of the complex issues involved. A counterstrategy for combating terrorism, in my view, must encompass many things.

- We and our allies must work still harder to improve security, share information, coordinate police efforts, and collaborate in other ways to defeat international terrorism. Much has been done in the past year, but much more remains to be done.
- We in this country must think hard about the moral stakes involved. If we truly believe in our democratic values and our way of life, we must be willing to defend them. Passive measures are unlikely to suffice; means of more active defense and deterrence must be considered and given the necessary political support.
- Finally, while working tirelessly to deny terrorists their opportunities and their means, we can—and must—be absolutely firm in denying them their goals. They seek to blackmail us into changing our foreign policies or to drive us out of countries and regions where we have important interests. This we *cannot* permit; we cannot yield position or abandon friends or responsibilities under this kind of pressure. If we allow terrorists even one such victory, we embolden them further; we demoralize all who rely on us, and we make the world an even more dangerous place.

. . . on every continent . . . we see movement to decentralize, to deregulate, to denationalize, to reduce rigidity, and to enlarge the scope for individual producers and consumers to cooperate freely through markets.

There is, of course, a broader issue re, which I have also been discussing several public statements. This is the sic question of the use of American wer in the defense of our interests d the relevance of our power as the ckstop to our diplomacy. It is re-ected, for example, in what are often lled "gray-area challenges"—namely, te kind of regional or local conflicts and ises that are likely to persist in a tur-lent world, below the threshold of ma-j war but nonetheless affecting portant Western interests. Most of te major conflicts since 1945, indeed, ve originated in such conflicts in the veloping world. The end of the co-nial order has not brought universal ace and justice; much of the develop-ig world is torn by the continuing uggle between the forces of modera-n and the forces of radicalism—a uggle actively exploited and exacer-ted by the Soviet Union.

It is absurd to think that America n walk away from such challenges. his is a world of great potential in-sibility and many potential dangers. W live, as is commonly said, on a inking planet and in a world of in-asing interdependence. We have an portant stake in the health of the rld economy and in the overall condi-ns of global security; the freedom and ety of our fellow human beings will ays impinge on our moral conscious-ns. Not all these challenges threaten ital interests, but at the same time an umulation of successful challenges can add up to a major adverse change in the geopolitical balance.

We must be wise and prudent in deciding how and where to use our power. Economic and security assistance to allies and friends is clearly the pre-ferred course—and is of crucial impor-tance to our foreign policy; the direct American use of force must always be a last resort. The United States will always seek political solutions to problems, but such solutions will never succeed unless aggression is resisted and diplomacy is backed by strength. We are reasonably well prepared to deter all-out Soviet nuclear aggression—provided we continue with our strategic moderniza-tion—but we must be sure we are as well prepared, physically and psychologically, for this intermediate range of challenges.

Peace, Progress, and Freedom

I have touched on a wide variety of topics, but two very important, and very basic, conclusions can be drawn from them.

First, the agenda for the immediate future seems to me to be an agenda on which the American people are essentially united. These are goals that are widely shared and tasks that are likely to reinforce another important trend: namely, the reemergence of a national consensus on the main elements of our foreign policy. This, indeed, may be the most important positive trend of all, because so many of our difficulties in recent decades have been very much the product of our own domestic divisions. I hope that our two parties and our two branches of government will find ways to cooperate in this spirit, which would enormously strengthen our country in the face of the new opportunities and challenges I have described.

Second, all the diverse topics I have touched upon are, in the end, closely interrelated. President Reagan made this point in his speech to the United Nations last September. The United States seeks peace and security; we seek economic progress; we seek to promote freedom, democracy, and human rights. The conventional way of thinking is to treat these as discrete categories of activity. In fact, as we have seen, it is now more and more widely recognized that there is a truly profound connection among them. And this has important implications for the future.

During the year ahead we must be prepared for serious terrorist threats in Western Europe, in the Middle East, and in Latin America, most of it supported by or encouraged by a handful of ruthless governments.

It is no accident, for example, that America's closest and most lasting international relationships are its alliances with its fellow democracies. These ties with the Atlantic community, Japan, and other democratic friends have an enduring quality precisely because they rest on a moral base, not only a base of strategic interest. When George Washington advised his countrymen to steer clear of permanent alliances, his attitude was colored by the fact that there were hardly any other fellow democracies in those days. We were among the first, and we had good reason to be wary of entanglements with countries that did not share our democratic principles. In any case, we now *define* our strategic interests in terms that embrace the safety and well-being of the democratic world.

Similarly, as I have already discussed, it is more and more understood that economic progress is related to a political environment of openness and freedom. It used to be thought in some quarters that socialism was the appropriate model for developing countries because central planning was better able to mobilize and allocate resources in conditions of scarcity. The historical experience of Western Europe and North America, which industrialized in an era of limited government, was not thought to be relevant.

Yet the more recent experience of the Third World shows that a dominant government role in developing economies has done more to stifle the natural forces of production and productivity and to distort the efficient allocation of resources. The real engine of growth, in developing as well as industrialized countries, turns out to be the natural dynamism of societies that minimize central planning, open themselves to trade with the world, and give free rein to the talents and efforts and risk-taking and investment decisions of individuals.

Finally, there is almost certainly also a relationship between economic progress, freedom, and world peace. Andrei Sakharov has written:

> I am convinced that international trust, mutual understanding, disarmament, and international security are inconceivable without an open society with freedom of information, freedom of conscience, the right to publish, and the right to travel and choose the country in which one wishes to live. I am also convinced that freedom of conscience, together with other civic rights, provides both the basis for scientific progress and a guarantee against its misuse to harm mankind.

The implication of all this is profound: it is that the Western values of liberty and democracy—which some have been quick to write off as culture bound or irrelevant or passe—are not to

be so easily dismissed. Their obituary is premature. These values are the source of our strength, economic as well as moral, and they turn out to be more central to the world's future than many may have realized.

After more than a century of fashionable Marxist mythology about economic determinism and the "crisis of capitalism," the key to human progress turns out to be those very Western concepts of political and economic freedom that Marxists claimed were obsolete. They were wrong. Today—the supreme irony—it is the communist system that looks bankrupt, morally as well as economically. The West is resilient and resurgent.

And so, in the end, the most important new way of thinking that is called for in this decade is our way of thinking about ourselves. Civilizations thrive when they believe in themselves; they decline when they lose this faith. All civilizations confront massive problems—but a society is more likely to master its challenges, rather than be overwhelmed by them, if it retains this bedrock self-confidence that its values are worth defending. This is the essence of the Reagan revolution and of the leadership the President has sought to provide in America.

The West has been through a difficult period in the last decade or more. But now we see a new turn. The next phase of the industrial revolution—like all previous phases—comes from the democratic world, where innovation and creativity are allowed to spring from the unfettered human spirit. By working together, we can spread the benefit of the technological revolution to all. And on every continent—from Nicaragua to Cambodia, from Poland to South Africa to Afghanistan—we see that the yearning for freedom is the most powerful political force all across the planet.

So, as we head toward the 21st century, it is time for the democracies to celebrate their system, their beliefs, and their success. We face challenges, but we are well poised to master them. Opinions are being revised about which system is the wave of the future. The free nations, if they maintain their unity and their faith in themselves, have the advantage—economically, technologically, morally.

History is on freedom's side.

[1]Press release 12. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Secretary's Interview on "Meet the Press"

Secretary Shultz was interviewed on NBC-TV's "Meet the Press" on January 13, 1985, by Marvin Kalb and Roger Mudd, NBC News.[1]

Mr. Kalb. A rather extraordinary diplomatic coincidence today, 5 days after Secretary of State Shultz and the Soviet Foreign Minister Gromyko agreed in Geneva on a new framework for arms control negotiations. Secretary Shultz is our guest today on "Meet the Press," an appearance arranged several weeks ago. Given the questions about Soviet-American relations growing out of Geneva, we are delighted to see you here, Mr. Secretary. But interestingly, Foreign Minister Gromyko just finished a 2-hour appearance on Soviet television giving his side of the story.

Mr. Mudd. The Soviet television broadcast that press conference throughout the whole Soviet Union and the Eastern bloc countries, and I must say when I first saw the feed come in from Moscow, I thought Soviet television had bought up the rights to our old "Meet the Press" format, the desks and the walls. The Foreign Minister was questioned today by four Soviet journalists for 2 hours, and he claimed that U.S. negotiators in Geneva had tried very hard to exclude space weapons from the new arms talks. He also repeated over and over that there could be no progress in reducing medium-range and long-range nuclear missiles unless there is also progress in controling space weapons.

Foreign Minister Gromyko (voice of interpreter). Do you really believe one can assume a situation when progress is made and success is reached in strategic arms and medium-range arms questions that a success has been reached? And as to space, there exists an arms race and space is stuffed in this case with ever newer systems of weapons. This situation will only bring to naught what has been done on Earth. It would also block the success and as a result the bellows would be a negative one for peace.

Mr. Mudd. You have heard Foreign Minister Gromyko's remarks a minute ago. Do you think those remarks today on Soviet television doom any chance of progress in arms control, or is he simply embarking on a propaganda war?

Secretary Shultz. They certainly don't doom any chance at all, and I think the fact that there is a relationship among the different kinds of arms that we'll be talking about is something that we believe and we have advocated, and the Soviet Union does too. So there isn't a difference of opinion about the fact that there are relationships here.

I think there may be a difference of opinion emerge if something is agreed to in one of the three groups we've agreed to talk in, and we want to go ahead or they want to go ahead and the other side doesn't want to until something is agreed on in another. That remains to be seen. And it may or may not be a controling element here.

Mr. Mudd. But Mr. Gromkyo made it very clear that there could be no progress on reducing medium-range and long-range missiles unless there was progress on what we call "Star Wars."

Secretary Shultz. We'll have to see what emerges from the discussions. But let me remind you that the President has been emphasizing for quite a long time now that here in this country we must look to defense as well as offense that these two things are related. And you recall back to the early 1970s when the ABM [Antiballistic Missile] Treaty and the SALT I [Strategic Arms Limitation Treaty] agreements were reached, they were reached in the context of the relationship between defense and offense, and the President has sought to bring that back to our consciousness, and very successfully, and I think it's an important point. Let me also recall to your mind that when the Soviets proposed last June, I think it was, that we start in discussions on space, we agreed quickly, and we said that we will also bring up matters of offensive arms, because anything that you do on defense or do in space is related to the offense. So there's no argument about the fact that there's a relationship; we advocate that.

Mr. Kalb. You use the word "relationship," but the Russians are, in effect, using the old American terminology of "linkage," which is something we taught them in the early 1970s. They're throwing it back at us right now. There may be a relationship between the two, but can you envisage an agreement on intermediate forces

Europe or long-range missiles, and n have it blocked because of an ence of agreement on "Star Wars"?

Secretary Shultz. Of course, we y seek to link things ourselves, and it kes sense to look at the relationship ong the different things that you're king about. It also makes sense to k at anything you might agree to in area and say, independent of these tionships, if it is important enough in our mutual interests, we should forward with them, and exactly what happen remains to be seen. We k that if we find something that's in mutual interests we ought to go for- d with it.

I should point out also that in our ct discussions in Geneva, Mr. myko made a statement like the one recorded here, and then he pro- ded to list a lot of exceptions that esented areas that he thought would orward if they were agreed to. re were exceptions—

Mr. Kalb. Could you tell us about e?

Secretary Shultz. There were ex- ions of things that the Soviet Union wanted, and at the same time I k it very much remains to be seen. relationships between these areas is much something that the President been putting forward for some time, I think he's right about it.

Mr. Kalb. You seem to be sug- ing though that within this con- of linkage, there are exceptions the Russians have set forward, it is possible, therefore, to get ements in limited areas, that you get agreements in limited areas. at correct?

Secretary Shultz. I'm just saying in our discussions after making a ment on linkage, Mr. Gromyko a set of exceptions. But my only nent is that it remains to be seen will happen if we agree on thing in one area but not in some areas. It may or may not go for- . And as to the importance of look- pon these different arms as related ch other, that's something we think ry important, and we're glad that think so, too.

Mr. Mudd. So in other words, the yko comments this morning were nexpected and did not really take y surprise?

Secretary Shultz. We spent the bet- art of 2 days talking with each about these matters, and I think we understand our differences as as things we agree on.

Mr. Mudd. So this has not added a new element of uncertainty as you plan for your next round?

Secretary Shultz. Not a bit. We have some differences of view. The differences we had were very frank, candid, businesslike discussions. We mentioned a lot of things that we don't agree on, and we struggled to set the subjects and objectives of these talks and successfully did so.

Mr. Kalb. One of the things that Soviet Foreign Minister Gromyko says he said to you in Geneva is that if the United States continues to put Euromissiles into central Europe, it would radically, seriously complicate the entire process of negotiation. Is that rhetoric?

Secretary Shultz. He knows that we intend, and our allies intend, to carry out our decisions on deployment, unless there is an agreement reached that arranges it in some other way. So we will carry forward, and he knows that very well. He made lots of statements about what the Soviet position is on intermediate-range, strategic, space, and so forth, and we disagree with him on many things, but we're starting these discussions without any preconditions, and we'll struggle with these issues head on.

Mr. Kalb. Has he set forth at any point threats of a pull-out unless the United States does this or that?

Secretary Shultz. No.

Mr. Mudd. Can I ask some little quick nitty-gritty questions about the arms talks?

Secretary Shultz. Sure.

Mr. Mudd. When will the next ones be?

Secretary Shultz. The discussions will probably start maybe next week to determine the place and the time when these talks will start.

Mr. Mudd. At what level would that be, next week?

Secretary Shultz. Probably with our Ambassador in Moscow and theirs here.

Mr. Mudd. And do you favor a particular place?

Secretary Shultz. We have our ideas on what's a good place, but I'm not going to start our negotiations with them over television.

Mr. Mudd. You have one large delegation, and it will be divided in three parts. Who's going to head the delegation?

Secretary Shultz. The President has not addressed the question yet of who should be the leaders of the three groups and how we'll structure ourselves, but he'll be doing that promptly, I'm sure. So I don't have any answer for your question yet.

Mr. Mudd. Would you lead the main delegation, as you did to Geneva?

Secretary Shultz. No. The Geneva meeting was a meeting, let's say, at the political level of their Foreign Minister and our Secretary of State, and then the arms negotiations will go forward with an explicit arms control—two delegations and three groups, and those people will spend full time on arms control, and I feel as though I've been spending full time on it lately, but I do have other things I have to do.

Mr. Mudd. It would be fruitless then to float a bunch of names by you and ask you for comments on whether Max Kampelman will become a negotiator, whether Nitze will continue, whether Rowny will continue? I'm going to strike out on that, am I?

Secretary Shultz. You're basically going to strike out, although all the people you named are terrific people. In the case of Paul Nitze, I think what he will do, I hope, is stay very close to the President and me and make available the benefit of his wisdom and advice to us. He does not want to take up residence somewhere as a negotiator and one of these talks would do.

Mr. Kalb. Max Kampelman spent a lot of time in Madrid. I wonder if he's prepared, do you think, to spend a lot of time in Geneva.

Secretary Shultz. I don't know. Max did a terrific job in the negotiations in Madrid, and he's a great patriot and a wonderful person. But I just have to go back to my statement; the President hasn't addressed this question yet, and so there's no real point in speculating about it. It just hasn't been reached.

Mr. Mudd. Would you go to Moscow and see Gromyko before the next major round of negotiations get started? Is that in the cards?

Secretary Shultz. My expectation is that we'll dicker back and forth on dates and places, and I should think we'll be able to agree on that, and then that will probably take place. I imagine that will be the next event.

Mr. Mudd. That you would go to Moscow?

Secretary Shultz. No, that the negotiations would start. But, Mr. Gromyko spent considerable time here in

the United States—in Washington—and I think for these matters to go forward and for that matter, the broad agenda of U.S.-Soviet relations to go forward, there need to be periodic discussions at the foreign ministry level, and the idea of doing them alternately in Washington-Moscow-Washington-Moscow is a sensible way to do it.

Mr. Kalb. Aside from human rights, arms control was the major issue. Was anything else raised?

Secretary Shultz. There were fleeting references to things, but basically we had a big agenda discussion on arms control, and it started in on, you might say, a conceptual level, a philosophic level, and it worked through some of the substantive matters just on an illustrative basis, and then we spent a lot of time in working out these procedural arrangements. So we really didn't have time to address other things very much, and, in fact, we agreed to come there to talk about arms control, and we did.

Mr. Kalb. It took 3 years for the United States and the Soviet Union to agree on SALT I, something like 6 years to agree on SALT II. The Senate did not ratify that even after the agreement. Please understand the spirit in which I ask this question, but is it responsible really for you or Gromyko to tell the world that you're both now aiming at radical cuts when it is so difficult to get even the most minute cuts?

Secretary Shultz. It's irresponsible not to tell the world what you're driving for, and, of course, I can't speak for them, but I can speak for the President on this. The President is dedicated to the idea of radical reductions. He has been before he took office and since, and he's consistently said the problems with arms control is that it sets limits on how much you're going to increase, and what it should be doing is reducing. That's been his point of view right all along that I can remember. He has also been advocating that what we should aspire to do in the end is to eliminate nuclear weapons entirely, and those ideas of the President's are very much present in the joint statement that we made with the Soviet Union.

Mr. Kalb. The Soviet Union came forth as far back as 1936 with proposals for complete disarmament, and obviously we're building up radically in the other direction. What I'm trying to get at is, for example, at the beginning of START I, the Russians said we would reduce to 1,800. Would you accept that 1,800 figure on strategic weapons systems as a radical cut?

Secretary Shultz. The launchers are one question. One of the things that I think we've learned in the arms control process is that if you limit one thing like launchers, what you tend to get out of it is putting a lot more warheads on the launchers. We have to remember that what potentially hits somebody is not a launcher; it's a warhead. So in our proposals in START, we have focused not simply on launchers but on warheads and also on the amount of thrust and power or throwweight that comes out of the launcher. I think those are very relevant considerations, and you have to look at them together.

Mr. Kalb. That's kind of a definition of the sort of complexity you will both face.

Secretary Shultz. Yes, the issues are tough. Don't mistake that.

Mr. Mudd. If the negotiations on arms control don't go well—if you can assume that for a moment—are there other openings you can use to keep the dialogue going with the Soviet Union, other subjects?

Secretary Shultz. I'm not going to make that assumption. I'm going to make the assumption that as we go there in a constructive and positive frame of mind, and we hope they will, and we're going to try to achieve something. However, I think your question is very much to the point that there are a lot of other things in this relationship beyond arms control, and in fact, the behavior of the Soviet Union in other areas has derailed arms control in the past. Remember that President Carter withdrew the SALT II Treaty from the Senate when the Soviets invaded Afghanistan. So there is a big broad relationship here, and we need to talk about all aspects of it together.

Mr. Kalb. You mentioned Afghanistan. There's a story in today's *Washington Post* that the United States is giving approximately $250 million in covert assistance to the rebels in Afghanistan. Is that correct?

Secretary Shultz. I have nothing to say in any way about covert assistance. We do sympathize very much with the freedom fighters in Afghanistan, and we provide humanitarian aid, and we're very much in support of what kind of resistance they're putting up. The point is, there is a potential solution to Afghanistan, and it is that the Soviet Union withdraw its forces, that a government get established there that represents the people of Afghanistan, and that provisions be made so that the large number of refugees come back without prejudice to their condition. These are things that we have pointed out and in the UN negotiations have been brought up very strongly.

Mr. Kalb. Isn't the United States providing more than just humanitaria assistance, as you put it?

Secretary Shultz. As you know, I will not comment on questions involvin covert assistance to anything.

Mr. Mudd. What about aid to Nicaragua? It's now published that Honduras and El Salvador have increased their aid to the Nicaraguan Contras, and Congressman Addabbo has asked the State Department for clarification as to whether El Salvad and Honduras is truly diverting the aid they get from us and then sendin it on to Nicaragua. The State Department says, well, we can't comment o that. Would you comment on that?

Secretary Shultz. As far as we're concerned, under the appropriations process in the Congress, we are sendin no money into Nicaragua, and as far a we're able to tell—and we do trace through where our aid goes when we give it to some country, trace it throug to see that it's used for the purposes it was given for—and as far as we're knowledgeable, that is the case. In the case of an individual country, it's a sovereign country, and if they have things they want to do with their own funds, that's up to them. But in our case, according to our law, we are pro viding funds to Honduras, to El Salvador, and they're using for the pur poses it was given for.

Mr. Mudd. You've left the door open a little, haven't you, on that question?

Secretary Shultz. I've only left th door open to the extent of recognizing that sovereign countries are sovereign countries, and I don't know everything that everybody does.

Mr. Kalb. On V–E Day—Victory Europe Day—there'll be a 40th anniversary celebration in the spring. I'm told that you and the Russians have had at least preliminary negotiations or talks on what the two sides may do. Is that correct?

Secretary Shultz. We've had a ver brief interchange, and from our stand-

int we think that the themes that ould come forward on the recognition V-E Day are peace, reconciliation, at the date marked a new beginning, d people who were our enemies then ve now—are ruling themselves rough a democratic process, they have uilt, and they are strong partners. at's what we want to see come out of t.

Mr. Kalb. Do you see the possibility of a get-acquainted session between the Presidents of the Soviet Union and the United States in honor of that event?

Secretary Shultz. There's no plan or particular discussion of that at all.

Mr. Mudd. Do you think Senator Kennedy's visit to South Africa is contributing to the easing of racial tensions?

Secretary Shultz. It's hard to see t it is, and he's run into a lot of static m the blacks in South Africa, so far a can see from the reports. But let r say that as far as the President is cerned and our Administration cy, apartheid is a horror. We have ning but opposition to it. We seek to k with South Africa, to do everyg we can to bring it to an end. In meantime, I think American investt and businesses in South Africa are viding jobs for blacks, as many of the ks have pointed out to Senator nedy. It would be a great mistake to at a problem and say it's horrible then just walk away from it. You've to engage yourself and try to help t, and help in the turmoil and conin southern Africa generally, which diplomacy has been doing, and lually moving away from military to omatic means of dealing with those es.

Press release 9 of Jan. 14, 1985. ■

U.S. Assistance and Africa's Economic Crisis

by Chester A. Crocker

Statement before the Senate Foreign Relations Committee on January 17, 1985. Mr. Crocker is Assistant Secretary for African Affairs.[1]

During the past few months, the American people have been exposed to the current human tragedy unfolding in Africa. From their own living rooms, Americans have watched with horror images of emaciated men, women, and children in the feeding camps—many of them survivors of the long journeys on foot through mountains and other rough terrain. Many others did not manage to survive the arduous journey to reach the camps, dying along the way. Of the survivors, many still will die of malnutrition and diseases which find easy prey in such weakened humanity; others, especially children, will suffer permanent brain damage. Literally thousands have perished—we do not know how many. We estimate that some 14 million Africans remain at risk from the current drought and need urgent assistance in terms of food, medical care, and shelter if they are to survive.

My testimony before you today focuses primarily on Africa's economic problems, short and long term. This may surprise some who do not expect senior State Department officials to be so involved in humanitarian and development assistance. In fact, economics is a major—in some cases *the* major—part of our relationship with African governments.

U.S. Response to Africa's Needs

African governments are struggling with basic issues of survival and, then, of development. They, and we, recognize that there is an inseparable relationship between economics and politics and that the United States and the West are uniquely qualified to respond to Africa's needs.

The United States has mounted an unprecedented campaign to provide assistance to Africa in its current hour of need. Since October of last year, we have committed more than a quarter of a billion dollars to send over 600,000 tons of emergency food and other types of assistance to Africa. If we add our regular AID [Agency for International Development] food programs, then our total food assistance for Africa is even larger—almost $600 million thus far this fiscal year. I think we can be justifiably proud of what we have been able to accomplish in such a short period of time.

Equally impressive has been the direct response of the American people and the private sector. Through generous contributions to private voluntary agencies, many thousands of additional lives have been and continue to be saved. Volunteers for these agencies are directly involved in distributing food, medicines, clothing, and shelter and in caring for drought victims in the most remote parts of Africa, enduring extreme hardships and even risking their own lives. Such humanitarian assistance is in the best tradition of America and the values for which America stands. And when I say values, I mean basic human values of respect for one's fellow man, for the individual, and, ultimately, for life. We have not allowed political or ideological differences with any government to weaken our determination to have assistance reach those in need.

The Ethiopian Situation

The Ethiopian situation is the most vivid illustration of this policy and of its importance to our objectives in Africa. Fully half of the emergency assistance we have provided to Africa since this fiscal year began has been to Ethiopia. We are the largest donor to the emergency there. We have also been at the forefront in galvanizing international coordination and additional contributions to deal with what is one of the greatest human tragedies of our time. We have done this in a country whose government over several years has been openly hostile to us and which has not only contributed to the problem with poor agricultural policies, influenced by failed Soviet collectivist practices, but which, until recently, sought to hide the magnitude of this disaster from its own people. Nevertheless, the United States has steadily expanded emergency aid to Ethiopia; and, as the situation worsened and the emergency turned into a more massive disaster, we told the Ethiopian Government that we were prepared to provide truly massive assistance without regard to politics. What we do insist upon is direct and thorough monitoring

of that aid. Likewise, we and the other members of the international community insist that relief assistance be allowed to reach all those who are at risk.

I believe that the U.S. response says volumes to the Ethiopian people and to all of Africa. It speaks to our humanitarianism, to our direct relevance to Africa's most pressing problems, and to the failures of collectivist strategies and reliance on Soviet military aid when it is the economy and the poor who need help. Everywhere in Ethiopia, regardless of the government's failure to publicize the full magnitude of our aid, people at all levels—officials, people on the street, people in the camps—are coming up to Americans and saying: "Thank you for what you are doing." It is a strong and powerful message. We think it is the best of America and the strongest and most telling response we could make to the years of Soviet arms, Soviet ideology, and Soviet indifference to poverty that have dominated Ethiopia. The message must be obvious to the Ethiopian leadership.

I would like to devote the bulk of my presentation to three issues:

- What are the longer term causes of Africa's economic difficulties (the African economic crisis);
- What is and can be done about it and are there any signs of success; and, finally,
- Where do these economic problems fit into overall U.S. foreign policy interests and activities in Africa?

The Causes of the Crisis

Turning to the causes of the crisis—beyond that of the drought—what is remarkable is the degree of consensus which has developed. Before the drought, child mortality in sub-Saharan Africa was double that of all developing countries. More than 20% of Africa's population eats less than the minimum needed to sustain good health. The number of severely hungry and malnourished people exceeds 100 million people—all of this prior to the drought. Why?

Decline in Agricultural Productivity. One reason clearly is the downward trend in per capita food production. Africa is the only region in the world where per capita food production has declined over the past 2 decades—a combination of drop in productivity and rapidly rising population. Africa's food dependency on outside sources has been growing at an alarming pace, with African commercial imports of grain increasing at a rate of 9% per year during the past 20 years. Africa currently imports over 10 million tons of cereals (leaving aside drought emergency needs), and if current trends continue, this deficit will increase markedly.

Agriculture is the major factor in most African countries' economies, and in 1981, 1982, and 1983, per capita GDP [gross domestic product] in African countries declined by 4%, 3.3%, and 3.8% respectively. Data for 1984 are not available, but they are certain to be sharply negative as well.

Debt Problems. Over recent years, as African economies declined, these governments turned increasingly to borrowing. From 1972 to 1982, medium- and long-term debt increased by an annual average rate of 22%. Debt service ratios (the relationship between debt payments due and exports of goods and services) worsened as well, with ratios of anywhere from 30% to 80% or more prevailing in some countries. There are very few countries left in Africa which do not have debt problems of a major magnitude. This is reflected in the activities of the Paris and London Clubs—the international forums where public and private debts are rescheduled. In 1984, 10 of the 14 Paris Club reschedulings were for African countries.

Again, one must ask why. Why have economic conditions deteriorated as far as they have? There is, of course, no single cause. Drought, poor world commodity prices, and a host of other factors which cannot be "blamed" on anyone have played major roles. Nor is the issue one of "blame" but rather of analysis so that we can jointly work toward "solutions."

Inefficient Use of Resources. I believe that a consensus—in Africa, Europe, and North America, in international institutions, and even, at last, in academia—has developed that the roots of Africa's problems continue to be inefficient use of resources. By this, I do not mean only inefficient African policies but also inefficient policies of donors. Donors have insisted on imposing their own requirements on recipients which, however well-intentioned, cause major problems of absorption and efficient administration—a few examples: in Malawi, 50 donors have contributed to 188 projects; in Lesotho, 61 donors to 321 projects; and in Zambia, 69 donors to 614 projects. This strains the absorptive capacity of recipient countries.

I could spend considerable time reviewing the mistakes of past African policies—the development of massive bureaucracies, the construction of industries which did not produce or produced only at absurdly high costs, the showy status symbols, the deterioration of physical infrastructure, and, most important, the deliberate reduction of price incentives to the backbone of Africa—the farmer. It is, perhaps, understandable that prices have been restricted for domestic consumption to favor the urban populations which largely determine the continuation of a regime or that export earnings have not been returned to those who created them—understandable in political terms but disastrous economically.

Positive Developments

What is far more important is the growing recognition of these errors and the policy changes which are now occurring throughout Africa. In the past 2–3 years, we have seen a dramatic shift in attitudes on such issues as exchange rates, on measures to rehabilitate infrastructure and export industries, on reducing government regulation and bureaucracy, and on assuring that farmers are rewarded through pricing and marketing reform.

We are so used to hearing about negative African events that I would like to take a moment to cite some positive developments—and they are widespread. In Zambia, a combination of foreign exchange rate flexibility and wage controls has improved the position of the mining industry. Considerable increases in agricultural prices have stimulated production. In Madagascar, liberalization of rice marketing and price increases have boosted production. In Somalia, Sudan, Zimbabwe, Malawi, Ghana, Mali, Senegal, and Rwanda, just to mention a few, similar developments have taken place.

I would like to stress two aspects of these developments.

First, they are the product of Africans who made the decision that these policy changes are in their own interest. In some cases they involved negotiations with bilateral and multilateral donors. In others there was no such involvement.

Second, these changes do not reduce the need for foreign assistance. In fact, they necessitate and warrant our support, which can increasingly be used to good effect.

A good example is Zaire. Zaire has made massive adjustments in its foreign exchange system, including a huge devaluation of 80% in September 1983. It has eliminated price controls on

(UNHCR photo)

i-threatening food emergencies continue to be a major concern throughout Africa as r ate and international organizations provide assistance such as distributing food, n icines, clothing, and shelter. Here refugees in Sudan receive food supplies from a V ld Food Program worker.

g cultural production, reduced the rernment's budget deficit in 1983 by 0 , and initiated reform of Zaire's a statals. It has taken action to ti ulate domestic and foreign invest- n t, including the signing of a bilateral n stment treaty with us—and, indeed, h e has been a response. However, v half of Zaire's budget must be p t on debt repayments, despite e rous debt rescheduling. We must s t Africans to demonstrate that o y reform leads to real economic r th.

The United States has been in the o front of those seeking to support u African developments. Not only a U.S. assistance levels—leaving s e generous emergency assistance to n drought and famine—increased r u $787 million in 1981 to more than $1 illion in 1985, but we also have in- r uced innovations in policy. Despite u get stringency, they will increase u ner in the FY 1986 budget proposals v h will come to the Congress next n th.

Equally important, we have been ac- v y promoting new and imaginative e onses to Africa's needs. To assist e m-minded governments to under- a desirable reforms, the Administra- i came up with two programs.

The African Economic Policy Reform Program is an initiative funded with $75 million in economic support funds in FY 1985 which has the following main objectives:

- First, to provide additional support for those African countries which are in the process of implementing policy changes or have indicated a willingness and ability to establish a growth-oriented policy framework; and
- Second, to strengthen the international assistance framework for Africa by improved multilateral and bilateral donor coordination at the country level.

Although this policy reform program is still in its initial stages, preliminary international reaction to this new initiative has been extremely favorable. We are in the process of identifying African countries for this initiative as well as donors or international financial institutions which may wish to provide cofinancing for appropriate policy reform programs.

The "Food for Progress" initiative recently announced by the President is also designed to achieve policy reform but using other means. In essence, this initiative would use food aid to support African countries which have made commitments to reform in the key agricultural sector, stressing market approaches in agricultural pricing, marketing, and input supply and distribution. The necessary legislative framework and funding sources for this latter program are in the process of being developed.

U.S. Policy and Africa's Economic Development

I noted earlier that economic issues are at the core of our Africa policy. Africa's principal goal is development. The leaders of the continent are obliged by both interest and necessity to focus on the challenge of economic survival and economic progress. We are pleased to cooperate with them in this effort, not only because Africa's economic well-being is important to us in human terms but also because that well-being is directly related to Africa's security. And Africa's security and political stability are important factors in our foreign policy because our own national interests are affected by them. For example, Africa's economic crisis has had a negative impact on U.S. trade. Between 1981 and 1983, U.S. exports to Africa declined by one-third. In addition, there are larger political issues which also affect us.

Africa is both participant in and recipient of pressures and dynamics of central importance to the global balance. We are fundamentally wrong if we presume that African conflicts and problems can be expressed primarily in East-West terms, but we would be foolhardy to ignore the reality of international competition.

In Africa, we are dealing with governments which in many ways are vulnerable and fragile. Two decades after independence, these governments are confronted with difficult policy choices and almost overwhelming economic obstacles which would try the patience and administrative capacity of more experienced, better established governments elsewhere in the world. Africa is fortunate in that it has many leaders who are truly dedicated to the task of helping their people. But many of these leaders must operate in highly charged political, social, and economic environments which, if not handled correctly, can serve as tinder for those who wish to take advantage of the situation for their own geopolitical or ideological advantage.

It is this connection between the economic crisis—the decisions that must be made to address it, the political vulnerability occasioned by the hard decisions, and the self-serving intrusion of those who wish us and our friends in

Africa ill will—that mandates our continued concern and help to struggling African states. It is this twisted knot of economic and political issues that gives Africa's economic malaise a political saliency which we must address, just as we are called upon, because of our humanitarian instincts, to speak to the drama of human suffering.

For example, in the Sahel, we must deal with a number of desperately poor states which have been reeling under the effect of contrary climatic conditions for a decade or more. In addition, these countries must confront an unpredictable and hostile Libyan Government which has already occupied half of Chad and has made clear that it has disruptive designs for other Sahelian countries.

The desperate poverty of the Horn of Africa, confronted today with a major drought, is made even more complicated by regional political tensions which add to the flow of refugees and divert resources which the countries of the region could be better utilizing if they felt more secure with their neighbors. Here again, there is an inextricable link between political and economic issues, which requires the attention of our diplomacy.

The nations of southern Africa are confronted with a combination of interrelated challenges: the imperative of Namibian independence; the need for secure borders free from attacks mounted in neighboring states; and the requirement for a more humane and equitable political and social system in South Africa. Our policy of constructive engagement mandates that we work with the parties of the region toward these goals.

In our effort we deal with the reality of states which are economically interdependent and which must confront the challenge of economic growth. That interdependence has political implications as well. Economically viable and progressing southern African states will be better able to influence the course of events in their own region toward negotiated solutions and peaceful change. Economic growth can lead, in southern Africa as elsewhere, to a reduction of regional tensions, increased focus on pressing domestic issues, and peace rather than violence. This applies as much to South Africa as to its neighbors, since that relatively rich country is most likely to address the imperatives of change toward a just society at a time of growth and expanded economic opportunity for all. On the other hand, a climate of polarization and violence will only inhibit economic growth through the region.

Conclusion

In sum, in many parts of Africa we are confronted by interrelated sets of economic and political problems which require that we devote our attention and concern to the economic issues as a way of furthering our own national interests.

There can be no doubt that these interests are threatened by a wide variety of factors, ranging from economic disasters to political weaknesses and rivalries to outside interference by countries unfriendly to us and our concerns. Our strength, however, lies in the fact that our goals of economic development, fostered by peace and political stability, are shared by the great majority of Africans and their leaders, regardless c ideology or relations with the United States. It is this congruence of basic ideas—supported by the West's clear capability and willingness to aid Africa economically and enable it to develop and the East's unwillingness or incapability to do so—which provides adc tional opportunities and challenges for us to contemplate.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Food Assistance to Africa

PRESIDENT'S REMARKS, DEC. 5, 1984[1]

I'm happy to announce that the United States is taking additional actions today to provide increased assistance to the victims of the terrible drought which affects major parts of Africa.

Three hundred thousand metric tons of wheat from our government reserve is being made immediately available for emergency food programs. In addition, $50 million from other accounts is being transferred for emergency food use. Finally, additional requirements are under review and, if necessary, we will seek additional resources from the Congress.

These actions are in addition to unprecedented American efforts which have been underway for many months. During the last fiscal year, we provided 500,000 tons of emergency food to Africa. This $170-million grant was more than in any previous year. On July 10th of this year, I announced a five-point initiative to speed up U.S. delivery of emergency food aid. And in the past 2 months, we surpassed all of last year's levels—600,000 tons of food with a value of more than $250 million.

The people of Africa continue to be in desperate need, and the cost in human lives, as Jack [Secretary of Agriculture John R. Block] has told us, is horrible. The United States will continue to uphold our humanitarian tradition. While our emergency aid seeks to help remedy today's suffering, our regular programs of development and assistance will continue to work to eliminate the root cause of famine. These programs will help Africa grow more food in the years to come.

And beyond any governmental program, however, I want to pay tribute t the outpouring of support which the African crisis has produced in the private community. Organizations such as CARE [Cooperative for American Relief Everywhere Inc.], Catholic Relie Lutheran World Service, AFRICARE, the Red Cross, the International Resc Committee, Save the Children Fund, and many others have provided the m power on the ground which has permitted programs to reach those most needing assistance. The contributions and support of millions of caring individuals have been absolutely stunnin and are essential. And this is America its very best.

We in the government and those i the private sector recognize that much more needs to be done. And in the weeks and months ahead, we'll do everything possible to assist in this im portant, life-saving work.

Thank you, and God bless you all. And I will now sign.

PRESIDENT'S STATEMENT, DEC. 5, 1984

A major disaster exists in the developing countries of Africa and South Asia. Therefore, today I am directing the Secretary of Agriculture to release up to 300,000 tons o wheat from the Food Security Wheat Reserve for use to provide urgent humanitarian relief to those suffering from widespread hunger and malnutrition. I am also directing the Food Aid Subcommittee the Development Coordination Committee determine and act upon the specific needs

at can be met through release of this serve.

I am taking this extraordinary action to- y because relief cannot be programmed for is purpose in a sufficiently timely manner der the normal means of obtaining com- odities for food assistance due to the unan- ipated and exceptional needs currently ex- ing. This action will help maintain our nerous response to the suffering of needy ople and keep the pipeline supplied as we ntinue to assess needs and other possible sponses.

This wheat will be provided under the auspices of the Public Law 480 title II donations program. This program distributes food to needy people through both private voluntary agencies and recipient governments.

RONALD REAGAN

[1]Made in the Roosevelt Room of the White House at a meeting with Members of Congress (text from Weekly Compilation of Presidential Documents of Dec. 10, 1984). ■

frican Hunger Relief nitiative Announced

RESIDENT'S STATEMENT, .N. 3, 1985[1]

nger and extreme malnutrition now t eaten over 14 million people in Africa t ough the end of 1985. In response to t s human catastrophe, America has r sponded as a government and as a p ple in a tremendous outpouring of a . This fiscal year, the United States h s already committed to Africa over 6),000 tons of emergency food, worth $ 50 million—this is in addition to our r ular food aid program of about 1 r lion tons. The U.S. response has been f larger and faster than that of any o er donor nation or institution.

The American people have also r ponded selflessly to this crisis, from t U.S. grain company that recently d ated enough food to provide over 1 n lion meals to Ethiopian children to an e erly woman who sent the Agency for I ernational Development (AID) $2.00. Y t, even with all our country has a eady done to feed the starving, m re—much more—must be ac- c plished by our nation in the months a ead to meet this challenge.

I am thus announcing today a com- p hensive African hunger relief ini- t ive. It addresses Africa's immediate e ergency food needs, its pressing r ugee problems, and its need to s mulate agricultural development on t t continent.

Based on my discussions with A ican officials, congressional and p vate sector leaders, heads of volun- t y organizations, and members of my A ministration, I am today directing t t the U.S. Government's total com- m ment to Africa for FY 1985 for e ergency and regular food aid and d aster relief programs exceed $1 billion. This aid will provide over 1.5 million tons of emergency food. This overall $1 billion program will include resources already committed to Africa for the coming year, other AID resources, and a supplemental request on which I will ask the 99th Congress to take immediate action.

I have also today approved a $25 million drawdown from the U.S. Emergency Refugee and Migration Assistance Fund to finance urgent humanitarian assistance needs in Africa. This action is in response to appeals by the UN High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC). This money will go to victims of the crisis in Ethiopia, the Sudan, and other countries.

On the economic development side, efforts will continue on three fronts: policy reform, agricultural research, and human resource development.

This past March, I directed a study to be undertaken to produce new, effective initiatives to address Third World hunger problems—emergency situations, such as the Ethiopian tragedy, and longer term problems. In July this food aid task force completed its work on emergency food crises. On July 10, the anniversary of the Food for Peace (PL 480) program, I announced an initiative to help cut down the response time to Third World life-threatening food emergencies. This is being done by the creation of a central forecasting capability for impending food emergencies; by prepositioning food for quick response; by helping poor countries pay for the sea and inland transportation of food; by increasing coordination among the donor countries; and by seeking increased private sector participation.

Today's food emergency in Africa reemphasizes the need to tackle the underlying structural problems of agricultural stagnation in the Third World. Poor countries must become more productive in agriculture if they are to grow the food so needed to feed their people.

Socialist economic systems, prevalent in underdeveloped countries, have failed to achieve economic growth and have weakened agricultural production by not paying farmers a living wage. As a result of this, coupled with the failure of the Soviet Union to fulfill its promises of economic assistance, an increasing number of Third World countries once dominated by the socialist model are experimenting with free market approaches.

The U.S. Government will thus implement a new food aid policy to be called "Food for Progress." This policy will emphasize use of America's agricultural abundance to support countries which have made commitments to agricultural policy reform during a period of economic hardship, including: (1) adequate price levels for agricultural production, based on market principles and (2) improved rural infrastructure and private sector involvement.

Provisions of "Food for Progress" will be presented to Congress this year. We hope that this approach holds the promise to help prevent tragedies like Ethiopia from reoccurring in future years.

Last year, the Administration initiated a 5-year program intended to support economic reform and agricultural production. Important work in agricultural research is also going forward, research that shows great promise of breakthroughs in seed varieties that can usher in a new era of productivity for rain-short regions of Africa.

The underlying structures of policies, institutions, appropriate technology, and human knowledge are being built. Progress is being made. We will not lose sight of the ultimate goal of strengthened economies, food self-sufficiency, and human enlightenment for Africa. But for the present, much of sub-Saharan Africa suffers increasingly from severe hunger, malnutrition, and starvation. A timely American response can save many lives. This is what the African hunger relief initiative is designed to do.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 7, 1985. ■

Ethiopian Famine

Background

The United States is providing unprecedented levels of relief assistance to counter the worst drought since the mid-1970s in more than two dozen countries in sub-Saharan Africa. The crisis has resulted in food shortages of emergency proportions.

A significant part of the U.S. relief effort involves Ethiopia. Despite adequate rains in late 1983, the food situation there is serious, affecting several million people, many of them severely. Weather surveys and reports from observers in the field indicate that the drought will continue and that the total area affected is expanding steadily in both northern and southern Ethiopia.

Affected Areas

The majority of those affected by drought in Ethiopia live in the northern area of Eritrea, Tigray, and Welo. Food distribution and relief efforts are hindered by poor transportation systems and continued fighting in the 20-year civil war. The insurgency also has exacerbated the overall effect of the natural disaster.

Latest reports indicate that the drought has begun to have a dramatic impact in the southern and eastern Ethiopian Provinces of Bale, Sidamo, Gama Gofa, and Harerge, resulting in serious malnutrition of both adults and children and depletion of seed and livestock.

U.S. Response

The U.S. Government is paying careful attention to the situation and has responded with exceptional levels of emergency food assistance. Following appeals from the UN Disaster Relief Organization (UNDRO) and other agencies in May 1983, the United States, along with other donors, increased relief efforts to provide food to people at risk. In FY 1984, the United States approved for all of Africa a record 505,000 metric tons of emergency food, plus medical supplies and transport assistance valued at over $200 million. So far in FY 1985 (since October 1, 1984), the U.S. Government has already approved over 613,000 metric tons of emergency food that, combined with transport and medical supplies, is valued at over $266 million. The United States is the largest food aid donor to Africa, although Canada and the European Community also have given generously.

For Ethiopia alone, in FY 1984, the U.S. Government's total humanitarian assistance program totaled 41,488 metric tons valued at $22.7 million, including transportation costs and medical supplies. So far this fiscal year, the U.S. Government has obligated more than $127 million in humanitarian assistance to cover almost 223,000 metric tons of food, transportation costs, and medical supplies. Our food relief effort is being channeled through private voluntary agencies and the Ethiopia Relief and Rehabilitation Commission (RRC).

On November 2, 1984, the United States and Ethiopia agreed to a government-to-government humanitarian assistance program under which the United States is providing 50,000 metric tons of food directly to the Ethiopian Government. The United States also is considering requests for medical supplies, deep-water drilling rigs, and mobile port equipment to expedite the offloading of emergency food from ships.

The Agency for International Development (AID) has dispatched personnel to Ethiopia to manage our humanitarian relief efforts. These employees will maintain close contact with government, private, and international organization officials to ensure effective coordination of relief activities and will monitor the distribution of our assistance.

The United States also is encouraging other countries and international organizations to coordinate more closely their individual humanitarian assistance programs. We strongly endorse the UN Secretary General's recent naming of a coordinator for African relief within the UN system and his efforts to coordinate both contributions and distribution in all the affected countries.

Assistance to Ethiopian Refugees

The drought in northern Ethiopia continues to compel thousands to seek assistance across the border in Sudan, increasing daily the size of refugee camps. The United States is contributin generously to the budgets of international refugee programs in eastern Sudan for the care and maintenance of more than 450,000 Ethiopians seeking shelter there. So far this fiscal year, we have allocated more than $50 million fo these programs, plus food contributions

Our contributions also are assisting a comparable number of Ethiopians in Somalia and some 14,000 in Djibouti. Many American private organizations assist in this effort, such as the Interna tional Rescue Committee, Save the Children Fund, Oxfam, and others.

Ethiopian Government Action

Ethiopian Government relief activities have been organized by its RRC, which aid donors consider a relatively well-organized and well-run operation. The Ethiopian Government recently has displayed a willingness and capability to play a more effective role in facilitating distribution of relief to drought victims by allocating two of its own aircraft to the RRC, creating a high-level ministerial task force to focus on the problem of famine, and making available additional trucks to move food out of the port of Assab. This, in addition to U.S. and other donor airlifts, has resulted in much greater food movement out of the port. We hope recent Ethiopian Goverr ment initiatives are indicative of future trends.

The Ethiopian Government can continue to play a more effective role in facilitating distribution of relief, particularly in the northern region, by providing donors with regular and more comprehensive reports on overall needs and the specific government relief actions to which donors could key their efforts and by providing donors access to all drought-stricken areas. We hope tha all parties to the conflict in the north will agree to safe passage of food.

Taken from the GIST series of January 198 published by the Bureau of Public Affairs, Department of State. Editor: Harriet Culley. ■

Secretary Shultz and Foreign Minister Gromyko Agree on New Arms Control Negotiations

Secretary Shultz and Soviet Foreign Minister Andrei Gromyko met in Geneva January 7–8, 1985, to discuss the future course of U.S.-Soviet arms control negotiations.

Following are a statement by Robert C. McFarlane, Assistant to the President for National Security Affairs; Secretary Shultz's arrival statement in Geneva; the text of the joint U.S.-U.S.S.R. statement; Secretary Shultz's news conference in Geneva; and a statement by the President.

AMBASSADOR McFARLANE'S STATEMENT, JAN. 3, 1985[1]

In the course of the past year, the President has directed and managed a review of the full family of U.S. arms control positions, covering the spectrum of separate negotiations which have gone on in the past and presumptively will be resumed in the future. More recently, he has chaired and now completed a review of preparations for the opening of talks with the Soviet Union to take place next Monday in Geneva.

The United States approaches the January 7th and 8th meetings with the Soviet Foreign Minister with a sense of determination and patience and with hope for a productive outcome. We fully recognize that this is the beginning of a long and complicated process. The issues involved go to the very heart of national security interests of both countries.

They're extremely complex from a technological standpoint. Furthermore, these talks are only a part, although a vital part, of the broader relationship between our two countries, a relationship involving regional issues, human rights, bilateral issues, as well.

While considerable time, therefore, may be needed to reach agreement on arms control outcomes, the United States is hopeful that the Geneva meetings will facilitate progress toward addressing the difficult arms control issues before us. We are realistic concerning the obstacles we face, but we are determined at the same time to do our part to make these efforts succeed and to establish a framework and a process for resuming the bilateral arms control and dialogue.

Both the United States and the Soviet Union have a special responsibility to the international community to make these efforts succeed. The United States, for its part, has constructive ideas to present in Geneva, and we will listen carefully to the Soviet presentations. Our negotiators will be flexible and patient.

With equal commitment and flexibility on the part of the Soviet Union, we are hopeful that these meetings will provide a start down the long road toward achieving equitable and verifiable reductions in nuclear forces, toward enhancing deterrence and ensuring the peace.

SECRETARY'S ARRIVAL STATEMENT, GENEVA, JAN. 6, 1985[2]

President Reagan has sent us here on a mission for peace. Let me express my thanks to the Government of Switzerland and the Canton of Geneva for making Geneva available as the site for these meetings.

We will meet the Soviet delegation with a constructive and positive attitude. We are prepared for serious discussion. Our delegation is strong and gives us access to a vast range of experience and expertise.

The senior officials and experts with me will provide invaluable advice during the course of the meetings. It is a mark of President Reagan's serious approach to these discussions that he has dispatched such a high-powered team.

I look forward to discussing the important arms control issues with Mr. Gromyko, and I hope our meetings will set our countries on a path toward new negotiations and equitable and verifiable agreements.

The President has made very clear that the United States will work hard to achieve agreements that will contribute to the security not only of the United States and the Soviet Union but of the rest of the world as well.

That is why we are here. We have no illusions that progress will be easy to achieve, but we in the U.S. delegation will all work as hard as we can to achieve a positive outcome from these discussions.

(White House photo by Jack Kightlinger)

President Reagan met with Secretary Shultz and Ambassador McFarlane in the Oval Office before their departure for Geneva.

JOINT STATEMENT, GENEVA, JAN. 8, 1985

As previously agreed, a meeting was held on January 7 and 8, 1985, in Geneva between George P. Shultz, U.S. Secretary of State, and Andrei A. Gromyko, Member of the Politburo of the Central Committee of the CPSU, First Deputy Chairman of the Council of Ministers of the USSR and Minister of Foreign Affairs of the USSR.

During the meeting they discussed the subject and objectives of the forthcoming U.S.-Soviet negotiations on nuclear and space arms. The sides agreed that the subject of the negotiations will be a complex of questions concerning space and nuclear arms, both strategic and intermediate-range, with all the questions considered and resolved in their interrelationship. The objective of the negotiations will be to work out effective agreements aimed at preventing an arms race in space and terminating it on Earth, at limiting and reducing nuclear arms and at strengthening strategic stability.

The negotiations will be conducted by a delegation from each side, divided into three groups. The sides believe that ultimately the forthcoming negotiations, just as efforts in general to limit and reduce arms, should lead to the complete elimination of nuclear arms everywhere.

The date of the beginning of the new negotiations and the site of these negotiations will be agreed through diplomatic channels within one month.

SECRETARY'S NEWS CONFERENCE, GENEVA, JAN. 8, 1985[3]

I have just spoken with President Reagan, and he has received with satisfaction the news of the agreement to begin new negotiations that has been reached between Mr. Gromyko and myself, the text of which I am going to read to you.

[The Secretary read the joint statement, printed above.]

While the statement speaks for itself, I would like to give you my own views on what has been accomplished during these 2 days of meetings.

From our perspective, these meetings represent an important beginning. We can't be sure where these negotiations will lead and, clearly, we have a long road ahead of us. There are many tough and complicated issues still to be resolved. But we have here in Geneva agreed on the objectives for new negotiations on nuclear and space arms. We have also agreed that these negotiations will be conducted by a delegation from each side divided into three groups.

We came to Geneva with high hopes but realistic expectations. Our previous exchanges had confirmed that we were in general agreement that the problems of nuclear and space arms are interrelated and that both sides attach priority to achieving radical reductions in nuclear weapons as a first step toward their complete elimination.

But we also knew that we had our differences on how to go about achieving these goals. That we were able to reach agreement today on new negotiations signifies, we hope, a shared interest in moving forward in the necessary give-and-take required to reach agreement that satisfies both sides' concerns.

An important element of my presentation to Mr. Gromyko concerned our views on the nature of the strategic relationship and our goals for the future. For the near term, in addition to seeking radical reductions in nuclear weapons, I stated that we should reverse the erosion of the ABM [Antiballistic Missile] Treaty that has occurred over the last decade.

On the subject of the Strategic Defense Initiative, I explained to Mr. Gromyko that SDI is a research program intended to determine whether it would be possible to shift to a more stable relationship involving a greater reliance on defensive systems. I noted that it is fully consistent with the ABM Treaty and that no decisions to go beyond research have been made nor could they be made for several years.

While the issues posed by SDI are for the future, I told Mr. Gromyko that we were now, nonetheless, prepared to discuss the question of strategic defense. Our views differ on the question, but we now have agreed on a form for tackling the issues head-on with the objectives of seeking reductions in nuclear arms and strengthening strategic stability.

In addition to a group in which we intended to address space arms, whether based or targeted on Earth or in space, we have agreed with the Soviets to establish two other new negotiating groups to address limitations and reductions in strategic and intermediate-range nuclear arms. I told Mr. Gromyko that we have constructive new ideas to explore in all of these areas and that we hope for an equally constructive approach on the part of the Soviet Union.

In sum, as I agreed with Mr. Gromyko, our exchanges were frank, businesslike, and useful. We are addressing the substance of the most serious issues between our two countries.

It is a task worthy of our best efforts. Both sides will be giving these exchanges careful consideration and will be following up through contacts and diplomatic channels as we prepare for the new negotiations.

The success of our meeting here is due in no small part to the advice and support of the strong delegation that accompanied me here. Everybody really helped and contributed. And I especially thank national security adviser Bud McFarlane.

Members of our delegation will be briefing our allies and friends in the next few days. And we will, of course, be giving a thorough read-out to the Congress. I will be reporting personally to the President tomorrow, as I did briefly over the phone tonight, the results of this meeting. I know that he intends to pursue these negotiations with persistence and determination.

Q. Will strategic weapons and space weapons be addressed at the same time and with the same vigor?

A. The answer to the question is that we envisage two delegations. Each of the delegations will be divided into three groups. One group will address strategic nuclear arms. Another group will address intermediate-range nuclear arms. Another group will address space arms, whether based on Earth or in space.

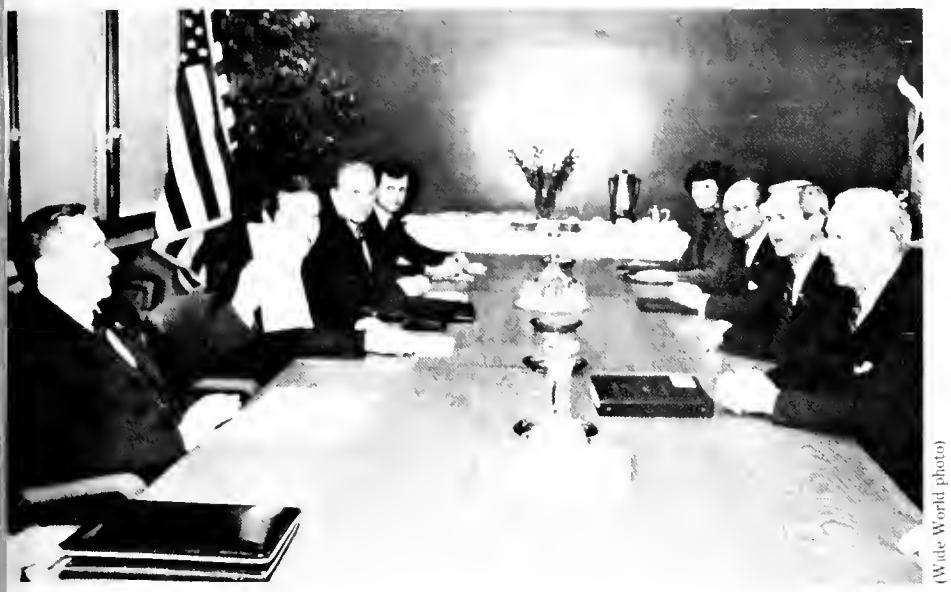
As the statement says and as I emphasized, and as we have been saying for some time, these issues are clearly interrelated. That's why the concept of one delegation but with three parts—because they have to be seen in their relationship to one another.

Q. Your Administration is completing 4 years without an arms control agreement. All your immediate predecessors have had some success, at least. What expectation is there that the Administration will succeed the second time around when it didn't the first? What basis is there for expecting a curbing of the nuclear arms race?

A. The basis, of course, is that we have agreed on what you have seen here. However, I think anyone who participated in the meetings that we have had—let alone the negotiations whom we have had in this Administration or earlier—no one could fail but to see the great difficulties involved.

We will pursue these efforts as we have in the past, with constructive and positive spirit, just as we brought that spirit to Geneva. But we will also be realistic, and we will be looking to the interests of the United States, just as we expect the Soviet Union to look to its interests.

The main point is that we hope we will identify important and significant



(Wide World photo)

Soviet Foreign Minister Gromyko (left foreground) and Secretary of State Shultz (right foreground) led delegations at the second session of talks on the resumption of U.S.-Soviet disarmament negotiations in Geneva, Switzerland, on January 7, 1985. Other Soviet delegates (left) included Viktor Sukhodrev, interpreter; Ambassador Viktor Karpov; and Aleksandr Bratchikov, note taker. Other U.S. delegates (right) included Ambassador Robert McFarlane; Ambassador Jack Matlock; and Carolyn Smith, interpreter.

areas where the interests of both sides will dictate major reductions and eventually the elimination of nuclear arms.

Q. Would it be fair to say tonight that you and Mr. Gromyko have agreed to resume serious arms control talks?

A. Yes.

Q. There was a good deal of speculation coming into this meeting that you would merge, if you got an agreement, the strategic and intermediate-range missiles into one set of negotiations. That hasn't happened. Was there anything that occurred during your long talks with the Soviet Foreign Minister that indicated progress may be possible on reducing the number of Soviet SS-20s and cruise and Pershing missiles?

A. I can't speak for the speculation, and we didn't discuss the speculation. I can only refer to the statement—that we have agreed to start new negotiations, addressing the subject you raise on intermediate-range nuclear weapons, and we discussed the subject to some degree. It's clear there are major differences. Nevertheless, we'll have new negotiations, and we will be trying to resolve the differences.

Q. You are going to have three groups—space, strategic, and intermediate-range weapons. Is progress in one area going to depend on progress in another, or can each go at its own pace, regardless of what happens in the other groups?

A. As I said and as the statement said, we view the subjects as being related, so it will have to be seen, when something emerges from one of the groups or on a related subject, the extent to which the relationship would have an effect on whether that agreement would be brought forward and finalized. So we will just have to see, but the relationship is there, and it will be observed by both sides.

On the other hand, I would say from the U.S. standpoint, if we find an area of importance in which we think it is in the interests of both sides to make an agreement, we will be in favor of making that agreement. But it takes two to make an agreement.

Q. Did you find in your discussions with Mr. Gromyko flexibility sufficient to give you hope that an agreement in one of these three areas can be reached, say, within the next year?

A. We have just concluded 2 very full days of discussions that, as I said, were businesslike and frank, and I think useful. They were good, tough discussions all the way. There was enough flexibility on both sides to reach the agreement that has been read to you.

Whether there will be substantive agreements following on simply remains to be seen, but certainly we do share the objective of drastic reductions in nuclear arms. And if you share that objective, I hope we can find a way to implement it.

Q. You are supposedly sending your emissaries from this delegation out around the world to tell the allies. Can you tell us who's going where?

A. I am not supposedly sending them; I am sending them, and they are going to key places all over the world. I don't know that I can reel off accurately exactly who is going where. I probably could, but I might skip something, so I don't think I'll try. But it's not a secret; Mr. Kalb [Department of State spokesman Bernard Kalb] can provide that to you.

Q. Can you tell us if the United States has given Foreign Minister Gromyko any indication that during the period of these talks the United States will refrain from the testing of any antisatellite or antimissile weapon?

A. There are no preconditions or prior understandings to this agreement.

Q. Do you expect that President Reagan at his press conference in Washington tomorrow will say something in addition to what you have said tonight? [Laughter.]

A. You know the President gets asked all kinds of questions, on this subject and many other subjects, so I'm sure he'll say things in addition. But basically the joint statement says the essence of what there is to be said, Foreign Minister Gromyko and I have agreed on it, and there it is. Basically, it gets added to, you might say, as negotiations proceed, when they do, and as results are forthcoming from them.

Q. Given the experience of SALT II [Strategic Arms Reduction Talks], did you give any indication that the United States would ratify any agreement you might sign?

A. That subject wasn't discussed as such. But certainly President Reagan will look carefully, throughout the negotiating process, as I assume the Soviet leaders will too, at the relationship of what's being discussed and any agreement that's reached, to the interests of our country. The President will only agree to something if he feels it is in our interests; and if it's in our interests, he will advocate it. And I think his track record of getting support for things that he advocates strongly is pretty good. So I think that's the answer I would give.

Q. Did you discuss with Mr. Gromyko the possibility or any plans

for you to go to Moscow in the next couple of months? Was there any discussion of a summit meeting at this time? And did you discuss other subjects than arms control during these 2 days of talks?

A. There's no plan, in the sense of a date or so forth, for a subsequent meeting between me and Mr. Gromyko, although we talked about that subject. I feel sure that whenever one is deemed appropriate, we won't have any trouble arranging the time and place for it. We didn't have any discussion of a summit meeting. We did have some brief discussion of some other issues, and I might say that, as I always do in such meetings, I raised issues that go under the general heading of human rights issues about which we in the United States feel so strongly.

Q. [Inaudible] are you surprised the Soviets went along so readily with what you had in mind and that there were only 14½ hours of talks instead of, say, 25?

A. We had a schedule, and talked somewhat longer than the schedule. But I have dealt with the Soviet leaders before, including in my prior time in government, so that didn't surprise me.

But I think, more generally, the subjects involved were tough, and there are lots of differences of opinion. We took the time to explore—you might say, philosophically, conceptually—some of these issues and didn't just start talking about the wording of a statement or something of that kind. It was thorough in that sense and, I think, very useful and worthwhile because of that kind of exploration. And I think that is the way in which we should continue to go about things.

Q. Do you think the constructive spirit in your talks will set a precedent for and have an effect on other areas of Soviet-American relations?

A. Of course, it remains to be seen. The fact of the matter is that we have worked along on a number of issues reasonably well over the past year or so. For example, we reached an agreement on upgrading the "Hot Line." Perhaps not a big deal, but it's something. I think, myself, of great significance is the constructive work that we have done together on nonproliferation; and obviously, if you have the aspiration of eliminating nuclear weapons, then the subject of nonproliferation has got to be right up on the front burner. So there are a number of things of that kind that have been working along, and no doubt there is a kind of interplay between one area and another in this regard.

Q. In the negotiations, will the Strategic Defense Initiative of the Reagan Administration be a bargaining chip?

A. We really don't believe in bargaining chips. We think—the President believes—that we should seek from the Congress the authority and the appropriations to carry out programs that we think are in the interests of the United States, and that's what we have been doing.

The President believes very deeply that the Strategic Defense Initiative is designed to answer the question of whether—and it's a research program; we don't know the answer—it is possible to find a way so that the strategic stability and deterrence can move more in the direction of defense. That's an important goal, and he will pursue it.

Q. Did you have any luck in persuading the Russians of that point of view?

A. I don't speak for them; I can only speak for myself, but I would guess that the answer is that we didn't have much luck in persuading them of that point of view. But they will speak about that. The main point is that we will be discussing all of these issues, and it is a fact that everything will be open for discussion. They can raise any question they wish, and we'll take it up. We expect to do the same.

Q. I wonder if you could cite for us any single specific change in the positions of either side on any of the three categories you have mentioned which might have led us to conclude that these negotiations might lead somewhere other than a repetition of previous stalemates?

A. We didn't try to get into negotiations on the substance of particular areas. That wasn't the objective of this meeting. The objective of the meeting was to see whether we could agree on the subjects and objectives for new negotiations, and the result of our discussions was this joint statement.

Whether we will get anywhere in the negotiations that start remains to be seen. I don't know the answer to that. What I can say is that we will bring to those negotiations an attitude of positive and constructive spirit, of realism, of concern for our interests and of our allies. We expect the Soviets to do the same, and we will see whether we can get anywhere. I do point out to you that both sides agree on the importance of radical reductions in nuclear arms and their eventual elimination.

Q. Who will be the head of the U.S. negotiating delegation, and who will be the heads of the three subgroups?

A. The structure of this forthcoming negotiation evolved out of our discussions, and we didn't come here, obviously, knowing just how this would come out. So we haven't felt that it was appropriate to try to prejudge. Now that we see the basic structure of what is emerging, we will have to then see how to staff and who to try to get to head these various delegations. So the answer is, I can't tell you who will be the various delegation heads, because we don't know. We haven't addressed that question yet.

Q. What were the factors that made agreement possible here?

A. I don't know. We had lots of discussions. We had extensive discussions with Mr. Gromyko when he was in the United States last September; the president spent quite a little time with him. They obviously have had discussions in the Soviet Union about all these developments. I just don't know how to speculate about that except to say that we have had, and continue to have and we will have in the future, a positive attitude toward this negotiation process, and I hope that we'll get some constructive results from it.

PRESIDENT'S STATEMENT, JAN. 16, 1985[4]

Today I met with the Vice President, Secretaries Shultz and Weinberger, and the members of the U.S. delegation which recently conducted the 2 days of tough but successful talks with their Soviet counterparts in Geneva. I invited our team members to the White House so that I could personally express to them my recognitions of their extremely hard work and my gratitude for the successful outcome.

I also expressed my appreciation to our team for the unity and the discipline they demonstrated in Geneva and in the deliberative process leading up to the talks. As I indicated in my report to the nation at the beginning of last week's press conference, the work performed by the delegation and its staff members represents an example of American diplomacy at its finest.

I took this occasion to emphasize my satisfaction that we have succeeded in getting the U.S.-Soviet arms control process back on track. I emphasized my

determination to reach agreements which bring about deep and verifiable reductions in nuclear forces and which enhance strategic stability.

I am keenly aware of the hard work and long hours ahead for these dedicated people in carrying out the analyses needed to support American negotiating positions. But I am confident that with the expertise and dedication each member of our team brings to this work, the United States will do its part to make the coming negotiations succeed.

[1]Read to reporters assembled in the Old Executive Office Building (text from Weekly Compilation of Presidential Documents of Jan. 7, 1985).

[2]Press release 1 of Jan. 7.

[3]Press release 2 of Jan. 9.

[4]Text from Weekly Compilation of Presidential Documents of Jan. 21, 1985. ■

U.S. Announces Arms Control Negotiators

PRESIDENT'S STATEMENT, JAN. 18, 1985[1]

Today I have asked three highly capable Americans to be the head negotiators of each of the three groups making up the U.S. delegation to the negotiations on nuclear and space arms.

These negotiations will take place in accordance with the agreement reached at Geneva on January 8th between Secretary of State George P. Shultz and Foreign Minister Andrei A. Gromyko of the Soviet Union.

Senator John Tower of Texas will be nominated to serve as U.S. negotiator on strategic nuclear arms. Ambassador Maynard W. Glitman, a Minister-Counsellor of the Foreign Service of the United States, will be nominated as U.S. negotiator on intermediate-range nuclear arms. Ambassador Max M. Kampelman will be nominated as U.S. negotiator on space and defense arms. Ambassador Kampelman will also serve as head of the U.S. delegation.

Ambassador Paul H. Nitze and Ambassador Edward L. Rowny will serve as special advisers to the President and to the Secretary of State on arms reduction negotiations.

I am pleased that these distinguished Americans have agreed to serve in these positions of great importance to the United States.

SECRETARY'S NEWS BRIEFING, JAN. 18, 1985[2]

[The Secretary opened the news briefing by reading the President's statement, printed above.]

Q. When is the meeting? When does it start and where?

A. That hasn't been determined yet. It is being worked out through diplomatic channels.

Q. What does it mean that Mr. Rowny is not going to be at the START talks anymore?

A. He will be involved as a special adviser, not only on those talks but on others. So I think one can say that his responsibilities have been enlarged and broadened.

Q. Broadened to be an equal with Ambassador Nitze?

A. He and Ambassador Nitze are both special advisers to the President and me and, for that matter, to the arms control community.

Q. Can you explain how you happened to reach the choice of Mr. Kampelman who, among the three, has obviously the least experience in the field of strategic or nuclear arms or space weapons or even defensive—

A. He's smart. [Laughter.] And he's a good negotiator. And he's experienced. He did an outstanding job in his work in Madrid. So he is really first class, as are the other two.

Q. How do you and Bud McFarlane [Assistant to the President for National Security Affairs], and Ken Adelman, Director of the Arms Control and Disarmament Agency (ACDA), fit in this fairly complicated process so far as decisionmaking and direction? We're not going to bring up the word, "czar," but there are a lot of people now involved in the process. Can you set yourself, McFarlane, and Adelman into this picture for us?

A. We will, all three of us, worm our way into the picture.

Q. At the bottom or the top?

A. We'll be part of it. I think the process is working very well. The President, who gave a lot of thought to these names over a period of time and just really decided on them early this morning, has been heavily involved in this whole process, and everything is basically revolving around him.

Q. Do you envision, or does the President envision, these as full-time jobs for these people? And how long do you see them—how long—have they agreed to a certain term of service, or period of time, to act in this post?

A. I think they'll be about triple-time jobs, not just full-time jobs, as most of these jobs are. And we all recognize that we're starting a process here that is going to be a difficult process and probably a long process. And what I can say is they all are experienced people, and they recognize that. No, we didn't try to say, "We're going to get this done by a certain time and that's it."

We're starting in with very positive and constructive attitudes in the hope

Arms Control Negotiators

	U.S.	U.S.S.R.
Defense and Space Arms	Max M. Kampelman (delegation head)	Yuli A. Kvitsinskiy
Strategic Nuclear Arms	John Tower	Viktor P. Karpov (delegation head)
Intermediate-Range Nuclear Arms	Maynard W. Glitman	Aleksei A. Obukhov

Special advisers to the President and the Secretary of State on arms control matters: Paul H. Nitze and Edward L. Rowny. ■

The U.S. Negotiators

Max M. Kampelman
Head, U.S. Delegation on Arms Control Negotiations
U.S. Negotiator on Defense and Space Arms

Max M. Kampelman was born Nov. 7, 1920, in New York City. He received a J.D. degree from New York University (1945) and a Ph.D. in political science from the University of Minnesota (1951), where he taught from 1946 to 1948.

He has served on the faculties of Bennington College, Claremont College, the University of Wisconsin, and Howard University, and the governing boards of Georgetown University, the Hebrew University of Jerusalem, Haifa University, the University of Tel Aviv, New York University School of Law, Mt. Vernon College, and the College of the Virgin Islands.

Ambassador Kampelman was the founder and moderator of the public television program "Washington Week in Review" and from 1963 to 1970 served as chairman of the Washington public broadcasting radio and television stations.

He was legislative counsel to Senator Hubert H. Humphrey (1949–55) and was a senior adviser to the U.S. delegation to the U.N. General Assembly (1966–67).

In 1980 President Carter appointed Ambassador Kampelman as head of the U.S. delegation to the Madrid followup meeting on the Conference on Security and Cooperation in Europe (CSCE); he was reappointed to this position by President Reagan and served until 1983.

He is a partner in the law firm of Fried, Frank, Harris, Shriver and Kampelman, with offices in New York, Washington, and London. He is Chairman of Freedom House, Vice Chairman of the Coalition for a Democratic Majority, a member of the Executive Committee of the Committee on the Present Danger, Honorary Vice Chairman of the Anti-Defamation League, Chairman of the National Advisory Committee of the American Jewish Committee, and Vice President of the Jewish Publication Society. He has received honorary doctorate degrees from Georgetown University, the Hebrew University of Jerusalem, and Hebrew Union College.

On Jan. 18, 1985, President Reagan appointed Ambassador Kampelman as head of the U.S. delegation on arms control negotiations and to be the U.S. negotiator on defense and space arms. ■

John Tower
U.S. Negotiator on Strategic Nuclear Arms

John Tower was born Sept. 29, 1925, in Houston, Texas. Shortly after the outbreak of World War II, he enlisted in the U.S. Navy, at the age of 17, and saw combat on a gunboat in the western Pacific. He is a Master Chief Petty Officer in the naval reserve.

Ambassador Tower received a bachelor's degree in political science from Southwestern University (1948), Georgetown, Tex., a master's degree in political science from Southern Methodist University (1953), and did graduate work at the London School of Economics and Political Science. He was a professor of government at Midwestern University (Wichita Falls, Tex.) from 1951 to 1960.

In 1961 he won a special election for the Senate seat vacated by Lyndon B. Johnson and was reelected U.S. Senator from Texas in 1966, 1972, and 1978. As a Senator, he served as chairman of the Senate Armed Services Committee and the Senate Republican Policy Committee. He also served on the Banking, Housing and Urban Affairs Committee and the Budget Committee. He retired from the Senate Jan. 3, 1985.

Ambassador Tower is a 33rd-degree Mason and Shriner and is a member of the American Association of University Professors, the American Legion, the Texas Historical Society, the Texas Philosophical Society, and the Methodist Church. He is also a trustee of Southwestern University and SMU and a past Worthy Grand Master of Kappa Sigma fraternity.

On Jan. 18, 1985, President Reagan appointed Ambassador Tower to be the U.S. negotiator on strategic nuclear arms. ■

Maynard W. Glitman
U.S. Negotiator on Intermediate-Range Nuclear Arms

Maynard W. Glitman was born Dec. 8, 1933, in Chicago. He received a bachelor's degree from the University of Illinois (1955), where he was named to Phi Beta Kappa, and a master's degree from the Fletcher School of Law and Diplomacy (1956). He served with the U.S. Army in 1957.

He joined the Foreign Service in 1956 and was first assigned as an economic officer in the Department of State. From 1959 to 1961, he was consular and economic officer in Nassau and from 1961 to 1965 served as economic officer in Ottawa. After taking Atlantic affairs studies at the University of California (1965–66), he was senior economic officer in the Bureau of European and Canadian Affairs. Successive assignments were adviser on European affairs at the U.S. Mission to the United Nations (1967–68); staff officer at the National Security Council (1968); political officer in Paris (1968–73); Director, Office of International Trade, Bureau of Economic and Business Affairs (1973–74); and Deputy Assistant Secretary for International Trade Policy (1974–76).

In 1976–77, Ambassador Glitman was detailed to the Department of Defense as Deputy Assistant Secretary for International Security Affairs. He was then assigned as Deputy Chief of Mission to the U.S. Mission to NATO in Brussels (1977–81).

In 1981 he was named the State Department's representative and deputy head of the U.S. delegation to the intermediate-range nuclear force negotiations in Geneva, with the rank of Ambassador. In 1984 he was selected as the U.S. representative for the mutual and balanced force reductions (MBFR) negotiations in Vienna, also with the rank of Ambassador.

On Jan. 18, 1985, President Reagan appointed Ambassador Glitman to be the U.S. negotiator on intermediate-range nuclear arms. ■

(White House photo by Bill Fitz-Patrick)

Standing between President Reagan and Vice President Bush from left to right are Ambassadors Kampelman, Tower, and Glitman, the new arms control negotiators for the United States.

and expectation that we'll get something done.

Q. None of these people have ever engaged in arms negotiations. They're plunging in cold, and—

A. You are wrong. I hate to say this, but you are wrong—

Q. How—who?

A. Mike Glitman was Paul Nitze's deputy in the intermediate-range negotiations, and he's presently serving as MBFR [mutual and balanced force reductions] negotiator. It'll be in the handout.

Senator John Tower has spent his Senate career on matters dealing with defense and security and knows the subject inside out. And my impression is that Senators spend a good part of their lives negotiating, and he's a very good negotiator.

And I've already commented on the extraordinary abilities of Max Kampelman. So I think this is an absolutely terrific slate.

Q. Would you say then that Senator Tower and Mr. Glitman will report to Mr. Kampelman who, in turn, will report to you, who will report to the President? Is that the chain of command?

A. The chain of command is that each one of these heads of delegation, or heads of these groups, will get their instructions directly from the President. The process of developing the instructions for each session is obviously something that we will all participate in. So we have tried to give thought to having a strong sort of Washington organization to go with the strong organization at wherever the talks are located. But in the end, there will be instructions for each one of these three talks, and those instructions will be the President's instructions.

Now I think that it has been very clear to us for some time—and the Soviets have put a lot of emphasis on this point too—that there are very clear relationships among these different sets of issues. So we expect that it will be important in their conduct that there'll be a lot of comparing notes across the different groups.

And Ambassador Kampelman on the spot will be the person whose responsibility it is to coordinate that and be sort of the convener.

Q. You've described their experience briefly. Would you please describe how they feel about arms control? Would you call Senator Tower, for instance, an enthusiastic supporter of arms control, or can you characterize their positions on arms control?

A. I think all three are people who, first and foremost, will be looking out for the interests of the United States and of our allies. And any agreement that is reached will be one that is good for us.

Everyone recognizes that you don't make an agreement with somebody unless it is mutually agreeable. And, so, all three, I think, are people who are accustomed to the give-and-take of negotiations. But you can be sure that each one of these individuals is a tough-minded patriot, and the outcome of anything that they put forward will be in our interest.

Q. Are you at all concerned by what some would see as a somewhat hawkish cast to the delegation, or is that a plus?

A. I don't think of it as hawkish or whatever. I think it's a strong—very strong—group with a very strong Washington backup that will have the benefit of the experience of both Ambassadors Nitze and Rowny. And, so, I think it's a very powerful group, just as the group that accompanied me to Geneva was a very strong and powerful group.

What this reflects is the President's determination to do everything possible to have these talks succeed. Succeed means a good agreement, an agreement in the interest of the United States, not just any agreement. So, we won't be looking for any agreement, but it is a determination to get something that's in our interest.

Q. And you don't believe that it is hawkish?

A. It's pro-American and pro our allies.

Q. [Inaudible] thinking on why not to have a single head of the delegation and three sub-heads? And why did you combine Mr. Kampelman in two jobs rather than have either he or somebody else as above the whole group?

A. Because we think it probably will work better this way. And I think the convening role is something that can well be done by the head of one of the groups. We discussed that, and it seemed to us to make sense and to save another position, in effect.

Q. Do you anticipate that you and Gromyko will get together before the talks get underway?

A. There's no plan for that. And I would hope the talks could get underway reasonably promptly; at least, that's our intent. And the fact that the President has picked out and named his negotiating team is by way of moving forward ourselves to be well prepared to get going.

Q. Who will Kampelman report to, in terms of organization? Will he report back to Nitze and Rowny together, and then they report to you, or—I mean, I'm still a little confused about the organization.

A. I think it is more or less up to me to help the President manage all of this. But in the end, we're all reporting to the President, and the President has been very much involved in all of this. And I don't mean that on a day-to-day basis, obviously, he's going to be looking at it, but I think it's very much a Presidential operation. And we all are sort of oriented that way.

Q. But in the middle of negotiations, if there needs to be something checked, or some further question about the flexibility on instructions, who will they—

A. I think they are part of ACDA, and that kind of tactical consideration comes back that way. But it's looked at by all of us who are concerned. And I think, also, the senior arms control group that Bud McFarlane has chaired undoubtedly will continue and play a very important role in coordinating these activities. We have evolved a structure that's coming into place here, and it's working quite well.

Q. Since you left Geneva, has anything occurred in diplomatic channels—behind the scenes—that makes you more or less optimistic that this will actually be going to work? Have there been any signals that you can tell us about?

A. I think that the statements made subsequent to Geneva have been, basically, supportive of the Geneva result. And both sides have expressed their readiness to get on with the negotiating process. And we'll just have to see. But as far as the United States is concerned, the President has moved rapidly to assemble his delegation and to make it known. And we are prepared to move foward in a positive and constructive way. And so I just hope that the Soviet Union is likewise disposed.

PRESIDENT'S STATEMENT, JAN. 22, 1985[3]

I have just met with Secretaries Shultz and Weinberger, Gen. Vassey [Chairman, Joint Chiefs of Staff], Bud McFarlane, Ken Adelman, and our new arms control negotiators. I am very pleased that the three distinguished Americans who will be our representatives have agreed to serve our country in these important new arms control negotiations.

Max Kampelman, John Tower, and Mike Glitman bring together to their new assignments broad experience and deep knowledge. With the strong support of Paul Nitze and Ed Rowny, I am confident that our new team will represent the United States very effectively.

I view the negotiating commitments we undertook 2 weeks ago with the Soviets in Geneva with the utmost seriousness. I have no more important goal than reducing, and ultimately eliminating, nuclear weapons. The United States will have concrete ideas t put on the negotiating table. We hope the Soviet Union will follow a similarly constructive approach.

I also want to emphasize that we ar determined to achieve a good agreement—an agreement which meets the interests of both countries, which increases the security of our allies, and which enhances international stability. Our new negotiators share this important goal. I look forward to working closely with our negotiating team in the months ahead. In this effort, I have charged Max and his colleagues with th responsibility of keeping appropriate members of the Congress fully informe With the patience and support of the American people, Congress, and our allies, I am confident that we will succeed.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 21, 1985.
[2]Press release 11 of Jan. 22.
[3]Text from Weekly Compilation of Presidential Documents of Jan. 28, 1985. ■

U.S.-U.S.S.R. Negotiations on Nuclear and Space Arms

WHITE HOUSE ANNOUNCEMENT, JAN. 26, 1985[1]

The United States and the Soviet Union have agreed to begin negotiations on nuclear and space arms on March 12, 1985, in Geneva, Switzerland.

The U.S. delegation will be headed by Ambassador Max Kampelman, who at the same time will represent the United States in one of the groups at the negotiations; in the two other groups, the American side will be represented by Senator John Tower an Ambassador Maynard Glitman. The U.S.S.R. delegation will be headed by Ambassador V.P. Karpov; in the two other groups, the Soviet side will be represented by Ambassador Y.A. Kvitsinskiy and Ambassador A.A. Obukhov.

[1]Text from Weekly Compilation of Presidential Documents of Feb. 4, 1985. ■

Geneva and Beyond: New Arms Control Negotiations

y Kenneth W. Dam

Address before the Foreign Policy ssociation in New York on January 14, 985. Mr. Dam is Deputy Secretary of tate.

he new year began on a positive note, ith agreement last week between ecretary Shultz and Foreign Minister romyko to commence new arms control egotiations. The President has set as ir immediate objective the reduction of uclear arms and the strengthening of ability, with the ultimate goal the com- ete elimination of nuclear weapons. hile the agreement in Geneva is only a st step, the groundwork has now been id to make 1985 a year of intense alogue and negotiation.

The differences between the United ates and the Soviet Union are many d profound. One of the most impor- nt differences is the way policy is ade. Policymaking in the Soviet Union the exclusive domain of a self- rpetuating ruling elite.

In the United States, of course, licies are the product of open debate d political competition. In this spirit I all today discuss our approach to the w arms control negotiations, with par- ular attention to the interrelationships tween offense and defense, between apons on Earth and weapons in ace, and between forces that exist day and those that may emerge in the ture.

eping the Peace

ir fundamental objective is to avoid ar while preserving our freedom and at of our allies. Keeping the peace re- ires a strategy with many facets.

First, we must have a strong fense. An equitable balance of forces oth nuclear and conventional) reduces e likelihood of conflict. The United ates does not seek superiority over the viet Union, but we will do whatever is cessary to deny the Soviets superiori- . We are modernizing both our nuclear d conventional forces to correct im- lances and give us the strength to ter aggression against the West.

Second, we are working closely with th our Atlantic and Pacific allies to engthen our collective defenses. Last ar NATO began deployment of U.S. intermediate-range nuclear missiles in response to the Soviet buildup of SS-20s. This year, special attention is being devoted to enhancing allied conventional defenses.

Third, we seek to negotiate equitable and verifiable agreements to reduce nuclear and conventional forces, to ban chemical weapons, and to enhance stability and reduce the risk of war.

These three efforts are mutually reinforcing. Our modernization program offers the Soviets an incentive to join us in negotiating significant reductions in nuclear arsenals. While all three must be pursued in a balanced way, today I shall focus on arms reduction negotiations. It is vital to the success of these negotiations that the Congress continue to support the modernization program, including the MX missile, and that the alliance remain strong and united.

We will maintain a stable balance of forces with or without arms control. But our strong preference is for reductions to much lower, equal levels of forces.

Nuclear arms reductions can make a contribution to enhanced stability. While stability requires our own efforts to deploy survivable forces, arms reductions can provide incentives for an evolution of forces in stabilizing directions, such as toward small, single-warhead missiles. Agreements can place special restrictions on destabilizing systems and limit the threat to our forces. Agreements can also stabilize the transition from the current offense dominance to a new relationship in which defenses play a major role.

By any measure, our experience in arms control negotiations to date has fallen far short of these realistic possibilities, not to mention the exaggerated hopes that some have held. Fifteen years of arms negotiations have not resulted in significant constraints on Soviet offensive forces. On the contrary, the number of Soviet missile warheads has grown by a factor of four over this period.

We can and we must do better. One of the priority objectives of this Administration is to negotiate equitable agreements that will reduce nuclear arsenals and reduce the risk of war. This has been the principal subject in exchanges between President Reagan and Chairman Chernenko. It was the dominant subject in the President's meeting last October with Foreign Minister Gromyko. The ideas that Secretary Shultz presented to Gromyko in Geneva last week reflected considerable time and attention by the President and his principal advisers.

U.S. Approach to Arms Control

Four principles underlie our arms control proposals.

Substantial Reductions. That is, reductions to equal levels well below current levels. To repeat, the eventual goal is zero.

Equality. Agreements must result in overall equality between the United States and the Soviet Union in measures of military capability.

Stability. Special emphasis must be given to the most destabilizing systems, such as large, land-based MIRV [multiple independently-targetable reentry vehicles] missiles that threaten the forces of the other side.

Verification. Given the asymmetries between our two societies, agreements that cannot be verified can easily turn into unilateral constraints on ourselves. The United States would comply—with the Congress and the press monitoring closely—but we could not be certain about Soviet performance. Verification is intrinsically difficult, the more so as

We will maintain a stable balance of forces with or without arms control. But our strong preference is for reductions to much lower, equal levels of forces.

agreements become more ambitious and technology permits smaller, more mobile forces. A major obstacle is the Soviet record; they have not lived up to the terms of past agreements. There are serious problems with Soviet compliance with the ABM [Anti-Ballistic Missile] Treaty, with SALT II [strategic arms limitation talks], and with other agreements. We have discussed these problems at some length with the Soviets but have been unable to resolve them. This experience obliges us to redouble our efforts to make agreements that are verifiable. But verification can never be perfect, and we must not put ourselves in a situation in which the Soviets can gain a decisive advantage through violation or circumvention of agreements.

Soviet Approach

The Soviets have a different approach and different priorities. The Soviets acknowledge the need for reductions but give top priority to constraining weapons in space, which for the most part do not yet exist and will not for many years. The United States seeks to reduce offensive nuclear forces, which exist today in great numbers right here on Earth.

There is no little irony here. For example, the only operational "space weapons" today are the Soviet anti-satellite system and the Soviet ABM system, which have been deployed for many years. And just a few years ago, in talks on antisatellite systems held at the initiative of the United States, the Soviets exhibited great skepticism about space arms control.

No point would be served by speculation about the motivations for this change in the Soviet approach or for the Soviet agreement last week to resume formal negotiations. But the priority subject the Soviets want to address in the new negotiations is the President's Strategic Defense Initiative (SDI).

One of the priority objectives of this Administration is to negotiate equitable agreements that will reduce nuclear arsenals and reduce the risk of war.

We had previously made specific proposals consistent with these four principles. We proposed to cut strategic missile warheads by a third and to take other steps that would substantially reduce the destructive capability of missile forces. Such deep cuts would help to restore the situation we envisioned in the 1970s, when we sought a balance of comprehensive constraints on both offense and defense. We also offered to consider any equal number of intermediate-range missile warheads between 0 and 572 (our planned deployment), as an interim step toward our goal of eliminating such missiles. We demonstrated our flexibility by adjusting our proposals a number of times to address Soviet concerns.

In the new talks announced last week, we have no intention of compromising our basic principles. We do recognize that there is more than one way to meet these criteria, and the President made clear again last week that the United States will continue to be flexible in the negotiations. We envision tradeoffs that balance U.S. and Soviet advantages to achieve overall equality despite the asymmetries in forces.

Strategic Defense Initiative

You have heard a great deal recently about that initiative. It is worthwhile to establish a few basic facts.

- The SDI is a research program. Its purpose is to explore new technologies that may lead to a reliable defense of the United States and our allies from ballistic missile attack. This program is completely consistent with the ABM Treaty and other agreements.
- The SDI puts primary emphasis on technologies that do not use nuclear weapons. This approach contrasts with the present Soviet ABM system, which relies on nuclear-armed interceptors.
- The SDI is a long-term program. No decisions on deployment of new defenses are expected for a number of years. If, in the future, we decide to pursue such defenses, this should be a matter for prior discussion with our allies and between the United States and the Soviet Union. If such defenses appear feasible and beneficial, we will want to discuss with them how these defenses can be fitted into a stable relationship between offense and defense.
- In the near term, the SDI program directly responds to the ongoing and extensive Soviet missile defense effort. The Soviets are expanding their ABM system to include all the actual deployments permitted under the ABM Treaty. They also have a major program to explore new defensive technologies, including technologies like those being pursued in our SDI program. The effort the Soviets devote to strategic defense is vastly greater than the relatively small U.S. program and even approximates the massive effort the Soviets devote to strategic offense. The SDI represents a prudent hedge against any Soviet decision to expand rapidly its ballistic missile defense capability beyond the bounds of the ABM Treaty.
- In the longer term, SDI offers the possibility of shifting away from total reliance on the threat of retaliation and toward greater reliance on defensive systems. As the President has said, "The human spirit must be capable of rising above dealing with other nations and human beings by threatening their existence."

We do not now know whether the technologies we are exploring will result in defensive systems that are effective, survivable, and cost effective. There have been major advances in recent years, and we are trying hard to push the state of the art further. It would be irresponsible not to invest in the research that can determine whether future strategy can be based less on threatening other countries and more on defending our own, especially if that defense can be non-nuclear. We will have to live for some time with uncertainty as to the outcome of SDI. If and when we do decide that defenses can contribute to our security, we will not proceed unilaterally: This will be a matter for discussion with the Soviets and with our allies.

The SDI research program—the object of much Soviet criticism—is being conducted strictly within the limits of the ABM Treaty. The Soviet defense program, by contrast, includes a large radar in the central Soviet Union near Krasnoyarsk which is identical in appearance to other Soviet radars for detecting and tracking ballistic missiles. The location and orientation of this

adar almost certainly violate both the etter and spirit of the treaty. This is a erious concern and causes us to ques- ion the Soviet Union's long-term inten- ions in missile defense. It is important hat the integrity of the ABM Treaty be eestablished and its terms be fully com- lied with.

eneva Meeting

o this is the situation Secretary Shultz nd Foreign Minister Gromyko faced in eneva:

The United States seeks nego- ations where we can pursue equitable nd verifiable agreements leading to eep reductions in offensive nuclear eapons, both strategic and in- rmediate range. We are prepared to scuss defenses, both space based and arth based, but will protect our right pursue research on defensive chnologies that may provide a basis r a more stable relationship in the ture. We do not believe there should constraints on research that has such sitive potential; and, in any event, nstraints on research would not be rifiable. We also intend to protect our ght to continue our modernization pro- am to maintain deterrence, restore e balance of offensive forces, and pro- le incentives for the Soviets to agree reductions.

The Soviets profess an interest in adical" reductions but in the past have sisted any meaningful program to ling about such reductions. They are essing primarily for a ban on space apons. By focusing on space, the viets are trying to establish a forum which to discuss a ban on many of the ncepts being pursued in our SDI search program. The Soviets them- lves have an extensive ground-based ssile defense program, a deployed tisatellite system, and their own rategic defense research program; and will be discussing these subjects in e negotiations. We anticipate that the viets will seek to protect their pro- ams for both offensive and defensive rces. Certainly this has been an over- ling Soviet goal in previous negotia- ons.

At Geneva, Secretary Shultz and reign Minister Gromyko laid out their eas in some detail. Then they went to rk on a negotiating structure that uld allow each side to discuss the sitions it considers important. Given e relationship the United States sees tween offense and defense, and the lationship the Soviets see between weapons in space and weapons on the ground, they agreed on a new complex of negotiations to consider the entire range of questions concerning nuclear and space arms. Each delegation will be divided into three groups—one for reductions in strategic forces, one for reductions in intermediate-range forces, and one new group. In this new forum the United States plans to discuss space-based systems, and ground-based systems that can attack targets in space. We will address as well the potential benefits of moving in the future toward a defense-oriented deterrence. Agreement was thus reached on a structure that permits each side to pursue its objectives without prejudice in formal negotiations.

The underlying notion that offensive and defensive systems are closely related and cannot be considered in isolation from each other is hardly revolutionary. Offense and defense were considered together in SALT I. The subsequent inability to conclude a comprehensive agreement on reductions of offensive arms, as called for in the ABM Treaty, is one of the main reasons that it is necessary to reexamine the question of defenses. While the issues posed by the SDI are for the future, we are prepared now to discuss space arms and the broader question of defenses, including existing Soviet defensive weapons. In parallel we will press for reductions in offensive nuclear forces, which should be mankind's highest priority.

The agreement with the Soviets at Geneva to begin new negotiations is a useful first step. But to consider the outcome in Geneva as simply a resumption of formal dialogue misses the real significance of the process we are now embarking upon. We have established a forum where we can address the full spectrum of means for enhancing stability and reducing the risk of war. Our strategic concept can be summarized in the following single paragraph:

> For the next 10 years, we should seek a radical reduction in the number and power of existing and planned offensive and defensive nuclear arms, whether land based, space based, or otherwise. We should even now be looking forward to a period of transition, beginning possibly 10 years from now, to effective non-nuclear defensive forces, including defenses against offensive nuclear arms. This period of transition should lead to the eventual elimination of nuclear arms, both offensive and defensive. A nuclear-free world is an ultimate objective to which we, the Soviet Union, and all other nations can agree.

The accord reached in Geneva is, of course, only a beginning. While Secretary Shultz and Foreign Minister Gromyko were successful in working out a basis for new negotiations, their discussions made clear that there are major differences of substance between us. There is a long road ahead. With patience, determination, and flexibility on both sides, the process set in motion last week in Geneva can successfully lead to a more stable peace. ■

CDE to Reconvene in Stockholm

PRESIDENT'S STATEMENT, JAN. 17, 1985[1]

I met today with Ambassador James E. Goodby, the U.S. representative to the Conference on Confidence- and Security-Building Measures and Disarmament in Europe—commonly known as CDE or the Stockholm conference. The Ambassador briefed me on the recently concluded fourth round of this conference, involving the United States, Canada, and 33 European nations, and on the prospects for the fifth round beginning on January 29.

I took this occasion to assure Ambassador Goodby of my continuing strong support for the efforts of the U.S. delegation, working with our NATO allies, to search for an outcome in Stockholm which will enhance confidence and reduce the risk of war in Europe. Earlier in the conference, the West put forward a package of concrete proposals designed to achieve these goals.

As it enters its second year, the Stockholm conference is entering a new phase of its work. During the previous round, the conference finally succeeded in adopting a new working structure which should encourage more detailed discussions and comparison of the proposals before it. We hope that this new arrangement will foster the beginning of productive negotiations on the substance of a final agreement.

The Stockholm conference has a unique role to play in East-West relations. Its resumption comes shortly after

the agreement reached in Geneva between Secretary of State Shultz and Soviet Foreign Minister Gromyko calling for renewed U.S.-Soviet negotiations. Complementing those arms control efforts which seek to reduce force levels, the Stockholm conference addresses the proximate causes of war—miscalculation and misinterpretation—and seeks to ensure that those forces are never used.

One year ago, I said that in dealing with the Soviet Union: "We're prepared to discuss the problems that divide us and to work for practical, fair solutions on the basis of mutual compromise." We have brought this spirit of practicality, fairness, and compromise to the Stockholm conference. It was in this spirit that I addressed the Irish Parliament last June and offered to meet the Soviets' concerns in Stockholm halfway. We agreed to discuss their declared interest in the principle of renunciation of force if this would lead them to negotiate seriously on concrete measures to give effect to that principle.

The Soviet response to our invitation to negotiate has not been forthcoming. The Soviets have yet to demonstrate a willingness to put aside those ideas which are more rhetorical than substantive; they have yet to join the majority of participants who favor a serious, practical approach to developing meaningful confidence-building measures.

At Stockholm, 35 nations are being offered the opportunity to seek solutions to security problems through cooperation rather than confrontation. The United States and our allies look for a successful outcome to this conference, one which will further the goals of the Helsinki process to which it belongs, by lowering the artificial barriers which divide Europe and encouraging more constructive, cooperative relationships among individuals as well as among nations.

Even with good will on all sides, the Stockholm conference faces a difficult task. The issues are complex and important, touching the vital interests of the participants. Nonetheless, meaningful progress can be achieved this year in Stockholm if all participants work seriously and in a constructive spirit.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 21, 1985. ■

President Reagan Meets With Japanese Prime Minister

Prime Minister Yasuhiro Nakasone of Japan made an official working visit to Los Angeles January 1–2, 1985, to meet with President Reagan and other government officials.

Following are remarks made by the President and the Prime Minister after their meeting on January 2.[1]

President Reagan

I was very pleased to welcome Prime Minister Nakasone and Foreign Minister Abe to Los Angeles for an official working visit at the start of both this new year and, I'm pleased to say, the second terms in office for two of us.

This visit has reconfirmed and strengthened the vital relationship between the United States and Japan. When I visited Japan in November a year ago, I told Prime Minister Nakasone that there's no relationship that is more important to peace and prosperity in the world than that between the United States and Japan. The discussions that we've had today have convinced me once again of the truth of that statement.

The Prime Minister and I have discussed a number of key regional and international issues, with a special focu on our relations with the Soviet Union and the upcoming arms reduction talks in Geneva. I informed the Prime Minister of my intention to pursue effe tive arms reduction agreements with th Soviets seriously and zealously, while pointing out that we believe that some hard bargaining lies ahead.

I promised the Prime Minister that as we pursue these talks, we'll keep ver much in mind the interests of our friends and allies in both Europe and Asia. I told Prime Minister Nakasone that if the Soviets are prepared to cooperate, then we will make progress. I'm grateful that the Prime Minister supported our approach to these negotiations.

We have reaffirmed the importance that our own defense efforts make to regional peace and stability, and we vowed to work together to strengthen our mutual security cooperation within the framework of the Treaty of Mutual Cooperation and Security.

Our economic relations, particularly ur trading relations, have been at the op of the agenda today, and we've iscussed very candidly those areas here we have problems. We agreed to ork strenuously in the months ahead to pen our markets fully and to resist pro-ectionist pressures in both countries.

I believe that we both agree that ere is an urgent need to work together resolve the problems in our trade elationship. We both recognize, I elieve, that failure to overcome these stacles in trade will complicate our ility to fulfill the vision of inter-ational partnership between Japan and e United States that we both share.

I have also reiterated our view that e capital markets measures that Japan nounced last May should be fully and romptly implemented. I outlined my lief that implementation of the agree-ent on energy cooperation should be celerated. And I also indicated that e're pleased to welcome increased panese investment in the United ates, which already is providing over 0,000 jobs to American workers.

In their effort to strengthen our erall relations, we have agreed to put cretary Shultz and Foreign Minister e in charge of overseeing an inten-ied cooperative effort to make prog-ss in our economic relations, including ecial, urgent efforts in key sectors.

Underlying today's meeting is a reaf-mation of the close and friendly ties tween our two great peoples and our ared democratic values. Prime inister Nakasone and I have pledged at we shall work to strengthen further r relations and cooperation as lateral, Pacific, and international part-rs. And with this in mind, we've reed that the recent report of the S.-Japan advisory commission is an cellent starting point for charting the ture course of our relationship. Of-ials of our two governments will come gether soon to review the report and many excellent recommendations.

And finally, Mr. Prime Minister, it's en an immense personal pleasure to e you again. In five meetings, we have lped strengthen the powerful partner-ip for good between the United States d Japan of which I spoke before your stinguished *Diet*.

We value deeply our close friendship with Japan. As economic powers and as democratic nations, we're committed to the search for peace and prosperity for our own people and for all people. As leaders of two great nations, we have the mutual responsibility to work together in partnership to help people throughout the world secure the blessings of freedom and prosperity that we enjoy.

Prime Minister Nakasone[2]

President Reagan and I have just completed a very fruitful discussion.

I believe that there are three distinctive elements in the current Japan-U.S. relationship. They are trust, responsibility, and friendship. At the beginning of the new year, the President and I have set a framework for our two countries to work together, based on these three elements, for promoting dynamic cooperation in quest of the peace and prosperity of the world.

The President and I exchanged views on the issue of peace and arms control. The negotiation on arms control will start next week in Geneva between Secretary Shultz and Foreign Minister Gromyko. I expressed my respect to the President's firm determination in pursuit of peace. I fully support his endeavor in launching this important negotiation.

The President and I reaffirmed the importance of maintaining close contact and unity among the industrial democracies on this issue. I earnestly hope that the historians of the future will mark 1985 as the year in which a great step forward was taken toward the consolidation of the world peace.

The President and I reconfirmed that the United States and Japan share heavy responsibilities for the sustained, noninflationary growth of the world economy and for the maintenance and development of the open and multilateral economic and trading system of the world. For this purpose, it is important to implement appropriate economic policies in our respective countries and to endeavor to maintain and expand the open market.

We also confirmed that Japan and the United States will cooperate even closer for launching the preparations for a new round of multilateral trade negotiations this year.

The President and I welcomed the advent of a new era characterized by the active cooperation in high technology, investment in capital exchanges, services, and other areas. We shared the determination of making serious efforts for a more balanced development of our trade and economic relations. To this end, Japan will promote economic policies that will enhance growth led by domestic private demand and will make further market-opening efforts.

To secure effectiveness of such mutual efforts, we will be engaged in an active joint followup effort and have designated Secretary Shultz and Foreign Minister Abe to oversee this cooperative process. Such work, needless to say, should be conducted with a view to strengthening our overall bilateral relationship.

The President and I shared the view that the report of the Japan-U.S. advisory commission was a valuable contribution and would merit a serious study by both sides. I expressed to the President that Japan intends to proceed further with its efforts at its own initiative to improve its self-defense capabilities, together with further strengthening the credibility of the Japan-U.S. security arrangements.

Mr. President, California has been a major gateway in the history of our transpacific exchanges, and of course, California means a great deal for you, Mr. President. It was a great pleasure for me to meet with you here in California and to exchange views on our precious bilateral relationship in order to set the direction toward the 21st century. And there is no better place than California to talk about the importance of further promoting the dynamic development of the Asia and Pacific region.

It is indeed encouraging that I can continue to work with you as close partners in pursuit of our common objectives. Thank you very much for your kind hospitality.

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[1]Made to reporters in the Century Ballroom at the Century Plaza Hotel (text from Weekly Compilation of Presidential Documents of Jan. 7, 1985).

[2]Prime Minister Nakasone spoke in Japanese, and his remarks were translated by an interpreter. ■

Visit of Belgian Prime Minister Martens

(White House photo by Pete Souza)

Prime Minister Wilfried Martens of the Kingdom of Belgium made an official working visit to Washington, D.C., January 13–15, 1985, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Martens after their meeting on January 14.[1]

President Reagan

It was a great pleasure to meet Prime Minister Martens today and to discuss with him a number of matters of mutual concern. As befitting the traditionally close relations between our two free countries, our talks were both friendly and productive.

Belgium is one of our oldest, closest, and most valuable allies. The Prime Minister and I devoted considerable attention to the current state of East-West relations, focusing on the importance of continued allied solidarity and resolve. We agreed on the value of improving East-West relations and achieving meaningful arms reductions. In this regard, I was pleased to review with the Prime Minister the results of the recent Geneva talks and to discuss the prospects for future progress.

We recognize that the progress that we're now enjoying in arms control discussions is linked to the alliance's commitment to modernize our defenses and the steps we've taken to maintain a balance of nuclear forces in Europe. And that's why we give special emphasis to an issue of central concern to the NATO alliance—the deployment of intermediate-range nuclear forces in Western Europe to counter Soviet SS-20 deployments. At the same time, we both place a high priority on finding a responsible means of reducing the arsenals of nuclear weapons that now threaten humankind.

In a related question, the Prime Minister and I examined the problem of transfer of technology from the West to potential adversaries. We reaffirmed our willingness to work closely together and with our other allies to establish guidelines consistent with our security interests in this vital area.

And finally, I'd like to note the high level of respect and affection that is apparent in our meetings today. The Prime Minister and the people of Belgium are good friends and solid allies, and we're grateful for this chance to exchange ideas. It was a pleasure to have Prime Minister Martens, Foreign Minister Tindemans, and all the official party here.

Belgium—A Profile

People

Noun and adjective: Belgian(s). **Population** (1982 est.): 9.9 million. **Annual growth rate**: 0.25%. **Linguistic groups**: Dutch 57%, French 33%, legally bilingual (Brussels) 10%, German 0.7%. **Religion**: Roman Catholic 75%. **Education**: *Years compulsory*—to age 16. *Literacy*—98%. **Health**: *Infant mortality rate* (1979)—11.15/1,000. *Life expectancy* (1976)—women 75.1 yrs., men 68.6 yrs. **Work force** (4 million): *Agriculture*—3%. *Industry and commerce*—33%. *Services and transportation*—36%. *Public service*—21%. *Unemployment*—11%.

Economy

GNP (1981): $97 billion. **Annual growth rate**: (1981): 3.4%. **Per capita income** (1981): $9,827. **Avg. inflation rate last 3 yrs.**: 6.8%.

Natural resource: Coal.

Agriculture: (2.3% of GNP): Livestock, poultry, grain, sugar beets, flax, tobacco, potatoes, other vegetables, fruits.

Industries: (31% of GNP): Machinery, iron and steel, coal, textiles, chemicals, glass.

Trade (1981): *Exports*—$56 billion: machinery (22%), chemicals (12%), food and livestock (10%), iron and steel (9%). *Imports*—$62 billion: machinery (22%), fuels (20%), chemical products (8%), food (13%). *Major trade partners*—FRG, France, Netherlands.

Official exchange rate (November 1982): About 49 Belgian francs = US$1.

Economic aid budgeted (1982): $497 million.

Taken from the *Background Notes* of June 1983, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

The Prime Minister and Mrs. artens will be visiting Boston and New ork prior to returning to Belgium, and would like to wish them a pleasant ay for the remainder of their visit to e United States and a smooth journey me.

rime Minister Martens

lm very happy to have the opportunity t meet once again with President eagan, and I am most satisfied with te talks that Foreign Minister ndemans and myself had here in ashington. Our talks were based on te common values we share and in vich we believe, and they were held in a atmosphere of frankness and friendsp.

For my part, I want to stress five ints. First, the outcome of the recent ks in Geneva is a first, positive step tvard arms reduction negotiations, aing at establishing a balance of fces at the lowest possible level. I ecially value the fact that according t the preoccupations we expressed, the IF [intermediate-range nuclear forces] oblem was given full consideration d ring these negotiations.

Second, in the course of the negotiats, which may be lengthy, it is impor t t that the allies will be kept fully inf med and consulted whenever their s urity interests are at stake.

Three, I reaffirmed our commitment t the objectives of the alliance. The s urity of Western Europe depends e entially on the solidarity and the joint e orts of the American and European a es. Concerning INF, I confirmed our a achment to the dual-track decision vich is an expression of firmness in d ense and of openness for dialogue.

Four, the smaller NATO countries c ntribute in an important way to our c mmon defense. I feel that Belgium n de the substantial effort in order to b ng about the resumption of the G neva dialogue. In this regard, I refer t Mr. Tindemans' and my own contacts w h East European countries and to the e ly suggestions we made there on how t restart negotiations on arms control a l disarmament.

Five, in the economic field, the cohesn of the alliance would be strengthe d by further eliminating protectnism in our trade relations and by p fecting the procedures of our comn approach toward East-West trade.

[1]Made to reporters assembled at the uth Portico of the White House (text from Weekly Compilation of Presidential cuments of Jan. 21, 1985). ■

Berlin

PRESIDENT'S MESSAGE, JAN. 1, 1985[1]

Berlin is a place and a people close to the American heart. It is a pleasure for me to write for the people of Berlin about this special city.

With the coming of the new year, it will be forty years since Berlin as a city under four-power administration was created. This special status has made Berlin the free and prosperous city we see today. This status and the determination of the Allies to insist on their rights and to fulfill their responsibilities is why Berlin stands today in such contrast to its surroundings.

Even today, the Western Allies are Berlin's trustees. They are also, in an important sense, the trustees of the German nation. They are in Berlin as sentinels and as reminders that the tragic division of Germany and Europe is not immutable.

Berliners can be confident that the Allied role in Berlin, with its roots in history long past, with its present complexities, is still the guarantor of Berlin's liberty. Building on this solid foundation, it has been possible to construct East-West arrangements to benefit the people of Berlin.

The close partnership that has grown up between the Western Allies and the Berliners, based on mutual respect and sensitivity, is also vital. We have been together through the Berlin airlift. Together we have celebrated successes such as the Quadripartite Agreement. These shared experiences have forged an unbreakable bond. Together we will work to create a bright future for Berlin. For the new year, I would like to renew to every Berliner our pledge: the American commitment to Berlin is unshakable.

[1]Sent to the *Berliner Morgenpost* (text from Weekly Compilation of Presidential Documents of Jan. 7, 1985). ■

21st Report on Cyprus

MESSAGE TO THE CONGRESS, JAN. 8, 1985[1]

In accordance with Public Law 95-384, I am submitting herewith a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

Since my last report to you, leaders of the two Cypriot communities have completed a series of proximity talks with United Nations Secretary General Perez de Cuellar in New York. Those talks resulted in the Secretary General's announcement on December 12, 1984, that the differences between the parties' positions have been narrowed sufficiently to permit the scheduling of a summit meeting. President Kyprianou and Turkish Cypriot leader Denktash are now scheduled to meet January 17 in New York. The Secretary General has said he expects the two, at that time, to conclude an agreement containing the elements necessary for a solution to the Cyprus problem. While a great deal remains to be done, we view the staging of the summit as a very positive step, one which can bring closer the day when all Cypriots can live together in a reunified country.

On December 14, 1984, the U.N. Security Council renewed the peacekeeping mandate of the U.N. Forces in Cyprus (UNFICYP) for another six months. The Secretary General's report to the Council on the occasion of that vote includes his description of the progress made under his good office's mandate as well as the status of U.N. forces on the island. I am enclosing with this letter a copy of the Secretary General's informative report.

We have worked closely with the Secretary General and with all parties to the Cyprus question during the period, urging their cooperation and encouraging them to make progress. The Administration is pleased with the statesmanlike approach of both Cypriot parties that led to the announcement of the summit. We will continue to consult closely with Secretary General Perez de Cuellar, offering him any assistance we can to assure a successful meeting in January and continuing progess toward a fair and lasting Cyprus settlement.

Sincerely,

RONALD REAGAN

[1]Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Richard G. Lugar, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Jan. 14, 1985). ■

Atlas of NATO

Introduction

This atlas provides basic information about the North Atlantic Treaty Organization (NATO). NATO is the institutional form, and the common name, of the North Atlantic Alliance established by the treaty signed in 1949. The atlas consists of 19 displays illustrating NATO's membership and structure, military strength, members' role in world affairs, and relations with the Soviet Union and the Warsaw Pact.

NATO was formed in response to growing concern for the security of Western Europe after World War II. By 1948, the Soviet Union—the strongest military power on the continent—had consolidated communist rule throughout Eastern Europe and prevented a peace treaty reestablishing a unified and democratic Germany. Articles 51 and 52 of the United Nations Charter recognized respectively the right of self-defense and the right to form regional security arrangements. The 1948 Brussels Pact established a West European alliance among Belgium, France, Luxembourg, Netherlands, and the United Kingdom, and the 1949 North Atlantic Treaty signed in Washington extended the area of Western collective security to five other European countries and to Canada and the United States.

From the beginning, NATO was intended to promote political and economic collaboration as well as military defense. The permanent representatives on the North Atlantic Council, the organization's principal body, discuss a full range of international issues. NATO supports research programs in science and the physical environment and closely follows international economic developments. Outside the formal organization, legislators from all members have formed the North Atlantic Assembly to confer on common problems and present their findings to the council.

NATO follows a policy of deterrence. Its armed forces must be strong enough to discourage aggression and ward off attack. This policy involves the strategy of resisting invasion as far forward as possible and the doctrine of flexible response, calling for the ability to counter all levels of potential aggression. Flexible response requires conventional (non-nuclear) ground, sea, and air forces; short- and intermediate-range nuclear forces in Europe; and (as the ultimate deterrent) the U.S. strategic nuclear force.

NATO is a vehicle for Western efforts to reduce East-West tensions and the level of armaments. For example, it was a NATO proposal that led in 1973 to the negotiations with the Warsaw Pact on mutual and balanced force reductions (MBFR) concerning conventional strength in Central Europe. And in 1979, while deciding to improve its intermediate-range nuclear forces (INF) in order to balance Warsaw Pact deployments, NATO also called for arms control talks—the U.S.-Soviet INF negotiations—to reduce deployment of these weapons on both sides.

Authored by Harry F. Young

Editing, Design, and Production:
Colleen Sussman

The North Atlantic Treaty was signed by the United States, Canada, and 10 European countries on April 4, 1949. The treaty established the North Atlantic Council as its principal organ, which first met in September 1949 and, setting up subsidiary bodies, launched the North Atlantic Treaty Organization (NATO).

The treaty provided that any other European state could, by unanimous agreement, be invited to join the alliance, and that any member could withdraw upon 1 year's notice after the treaty had been in existence for more than 20 years. Four countries have since joined the alliance, but none has withdrawn.

All members are obliged to come to the assistance of any member under military attack. But membership does not entail uniform participation. Iceland has no armed forces; Denmark and Norway do not permit foreign troops to be stationed on their soil permanently in peacetime (except, as to Denmark, in Greenland); and France (since 1966) and Spain do not take part in the integrated military command structure.

Defense obligations under the treaty extend to members' home territory and to the North Atlantic islands under their jurisdiction north of the Tropic of Cancer. Colonial possessions and other dependencies outside this area are not covered.

Distances:

Earth's circumference at Equator—24,800 miles

Washington, D.C., to Paris—3,800 miles

Arctic Circle to Tropic of Cancer—3,000 miles

North Pole to Tropic of Cancer—4,600 miles

Bonn to Ankara—1,475 miles

The North Atlantic Treaty Organization

Members (with year of accession)	Population (thousands, mid-year 1983)	Armed Forces (thousands total active mid-1983)
Belgium (1949)	9,865	95
Canada (1949)	24,882	83
Denmark (1949)	5,115	31
France (1949)	54,604	493
Germany, Federal Republic of (1955)	61,543	495
Greece (1952)	9,898	185
Iceland (1949)	236	no forces
Italy (1949)	56,345	373
Luxembourg (1949)	366	0.7
Netherlands (1949)	14,374	103
Norway (1949)	4,131	43
Portugal (1949)	10,008	64
Spain (1982)	38,234	347
Turkey (1952)	49,115	569
United Kingdom (1949)	56,006	321
United States (1949)	234,193	2,136

NATO and the Warsaw Pact

NATO was established to provide a system of collective security for European countries outside the area of Soviet control. Italy's charter membership and the admission of Greece and Turkey in 1952 were a natural extension of NATO's scope to the Mediterranean.

In 1950, after South Korea was invaded, NATO adopted the forward strategy of resisting attack as far to the east as possible and decided that the Federal Republic of Germany (F.R.G.) should be included in the Western defensive system. Established in 1949, the F.R.G. was then still under Western military occupation.

Admitted to NATO in 1955, the F.R.G. agreed not to produce or use atomic, bacteriological, or chemical weapons and renounced the use of force to achieve German reunification. France, the United Kingdom, and the United States retained their rights, derived from World War II, relating to Berlin and Germany as a whole.

The Warsaw Pact was concluded in 1955 after the F.R.G. joined NATO. The ostensible purpose was to counter the threat of a remilitarized West Germany. In fact, the parties were already integrated into the Soviet military system through standard treaties of alliance concluded between 1945–48 and reorganization of their armed forces along Soviet lines. The pact has a joint command under Soviet leadership, and all forces come under Soviet command in wartime.

Albania was a charter member of the Warsaw Pact. Geographically separated from the other parties, Albania severed relations with the Soviet Union in 1961 and formally renounced its membership in the pact in 1968 after pact forces had repressed the reform movement in Czechoslovakia. To justify this intervention, the Soviet Union elaborated the Brezhnev doctrine of the limited sovereignty of members of the socialist community.

Warsaw Pact

Members	Population (in thousands, mid-year 1983)	Armed Forces (in thousands, mid-1983)
Bulgaria	8,944	162
Czechoslovakia	15,420	205
German Democratic Republic	16,724	167
Hungary	10,691	105
Poland	36,556	340
Romania	22,649	189
U.S.S.R.	272,308	5,050

Ultimate Authority	Overall Direction		Administration	Military Advice, Planning, and Guidance	Integrated Defense and Military Operations
Member Governments:	***North Atlantic Council:***	***Defense Planning Committee:***	***Secretary General:***	***Military Committee:***	***NATO Commands:***
Belgium Canada Denmark France Germany, Federal Republic of Greece Iceland Italy Luxembourg Netherlands Norway Portugal Spain Turkey United Kingdom United States	Foreign ministers meeting twice a year to consider matters of political and general concern; and	Defense ministers of countries taking part in integrated military structure, meeting twice a year;[1] and	Chairman of *North Atlantic Council* and ***Defense Planning Committee***, and head of ***International Staff***, with assistant secretaries general for: Political Affairs Defense Planning and Policy Defense Support Infrastructure, Logistics, and Council Operations Scientific and Environmental Affairs	Chiefs-of-staff meeting at least twice a year; and Permanent military representatives in permanent session International Military Staff	Allied Command Europe (ACE) Allied Command Atlantic (ACLANT) Allied Command Channel (ACCHAN) Canada-U.S. Regional Planning Group
	Ambassadors as permanent representatives on Council and Defense Planning Committee.[1]				

[1]France and Spain do not take part in NATO's integrated military structure. France does not attend meetings of the Defense Planning Committee but has military missions to the Military Committee and Allied Command Europe. Spain does sit on the Defense Planning Committee and the Military Committee

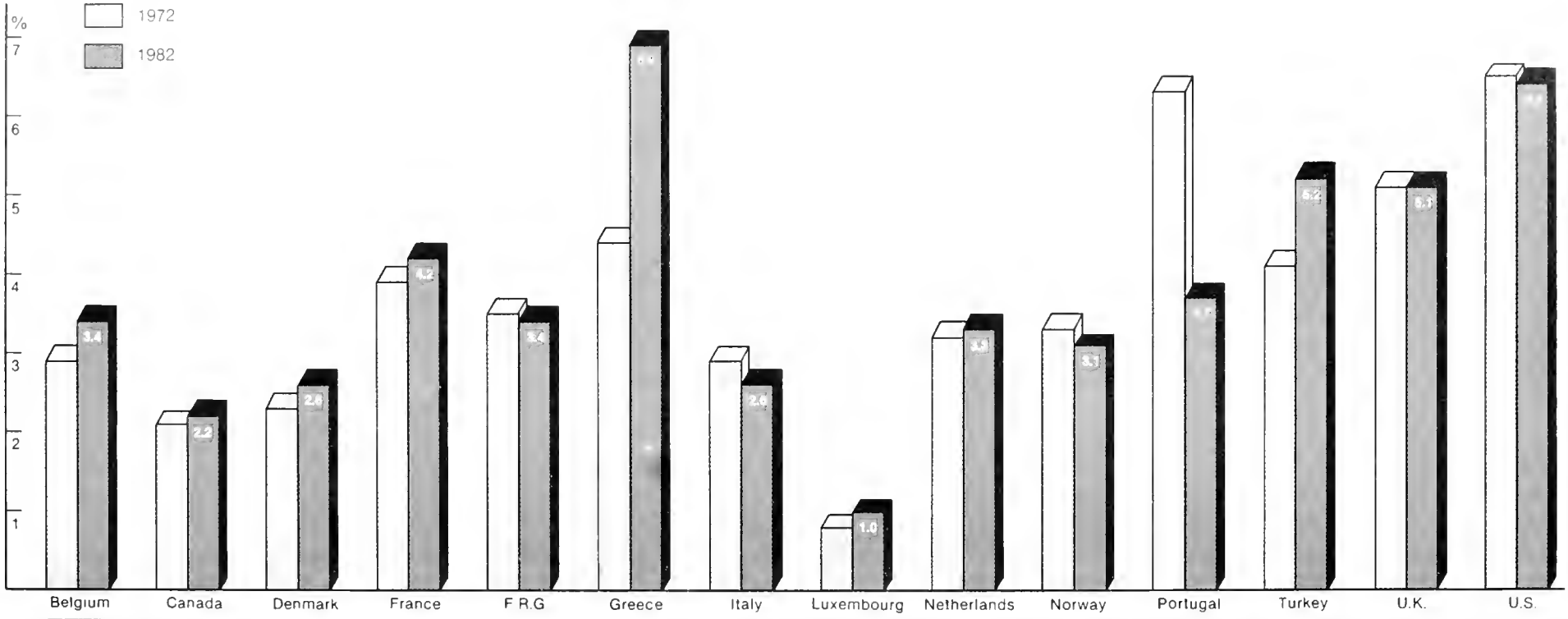
Burdensharing

Although NATO countries, as sovereign states, have full authority to determine their own military budgets, they all accept the principle, known as burdensharing, that each must do its part and assume a fair share of the costs of common defense.

NATO's part in the budget process is to establish overall needs and recommend force goals (level and quality of forces) for each member taking part in the integrated military commands. Contributions for the common infrastructure and other joint projects are established by consultation. These two procedures set a general framework for national defense planning.

NATO recognizes that no single formula can provide an exact measure of each country's contribution. Demands on national resources vary from country to country, and some expenditures not included in the defense budget—foreign aid, for example—may also promote international security.

Defense Expenditures as Percentage of GNP[1]



[1]Spain is excluded because it joined NATO in 1982. Iceland has no armed forces.

Source: ACDA, *World Military Expenditures and Arms Transfers 1972–1982*, 1984

NATO began to establish its integrated military structure in 1950, following the invasion of South Korea.

NATO's military integration is essentially a system of centralized command to be implemented in wartime. The forces each country assigns to NATO remain under national control in peacetime and are transferred to the appropriate allied command only in an emergency.

The allied commanders act under the general direction of NATO's Military Committee; they are responsible for preparing for the most effective coordinated use of the forces in their regions.

In 1950 NATO also resolved to create a common military infrastructure. Construction of common facilities is paid for by the host country with funds contributed by all participating members.

France withdrew from the integrated military structure in 1966 but takes part in NATO defense support and procurement programs. France also joins in infrastructure funding for air defense and warning installations. Spain has never participated in the integrated commands. (Spain joined NATO in 1982.)

Infrastructure: Some Basic Common Facilities

NATO Air Defense Ground Environment (NADGE): Radar system running from North Cape to Turkey's eastern border

Airfields: 220 in European NATO countries (except France, Spain) designed for full, coordinated military use

NATO Integrated Communications System (NICS): Rapid communications for military and political authorities

NATO Pipeline System: Separate networks in Turkey, Greece, Italy, Denmark, and United Kingdom, and Central European Pipeline System in Belgium, France, the Federal Republic of Germany, and the Netherlands

NATO Commands:

- Allied Command Europe—Supreme Allied Commander Europe (SACEUR)
- Allied Command Atlantic—Supreme Allied Commander Atlantic (SACLANT)
- Allied Command Channel—Allied Commander-in-Chief Channel (CINCHAN)
- Canada-U S Regional Planning Group

Note: Allied Command Europe is divided into three regions—the Northern (Norway, Denmark approaches to the Baltic, and the far northern F R G), the Central (Belgium, Luxembourg, the Netherlands, and most of the F R G), and the Southern (Italy, Greece, Portugal, Turkey, and the Mediterranean). U K NATO Air Forces is a fourth regional subordinate command of Allied Command Europe

Standardization of Weapons in NATO

NATO policy is to promote the use of standard and interoperable equipment and standard weaponry. The purpose is to eliminate duplication and permit the different national forces under integrated command to cooperate more closely. Although complicated by the nature of the alliance—a grouping of sovereign states with separate budgets and military establishments—standardization has achieved some notable successes. Some widely adopted weapons were developed by one country (the German *Leopard* tank, for example). Others are the product of joint efforts undertaken with NATO support. Cooperative efforts have greatly expanded since NATO's first joint project, a light jet fighter, in 1954.

Some Arms Widely Used in NATO

Weapons System	Developed by:	Produced by:	Adopted by:
Multiple-launch rocket system—MLRS (non-nuclear tactical rocket)	France F.R.G. United Kingdom United States	France F.R.G. United Kingdom United States	France F.R.G. Italy United Kingdom United States
Leopard 1 (main battle tank)	F.R.G.	F.R.G. Italy	Belgium Canada Denmark Greece Italy Netherlands Norway Turkey
Fighting Falcon—F-16 (multipurpose combat aircraft)	United States	Belgium Denmark Netherlands Norway Turkey United States	Belgium Denmark F.R.G. Netherlands Norway Turkey United States
Seasparrow (shipboard surface missile system)	Belgium Canada Denmark F.R.G. Greece Italy Netherlands Norway United States	Belgium Canada Denmark F.R.G. Greece Italy Netherlands Norway United States	Belgium Canada Denmark F.R.G. Greece Italy Netherlands Norway United States

NATO Airborne Early Warning System

NATO is in the final stages of implementing its integrated airborne early warning and control system (AEW&C). This involves the use of radar-equipped aircraft to detect the approach of hostile planes and missiles and to direct defensive actions. Thirteen countries have contributed funds to procure 18 NATO E-3A aircraft, modified ground environment, and basic facilities. Eleven U.K. *Nimrods* would make up the balance of the mixed force. As members of each E-3A crew are drawn from several participating countries, this is the first instance of collective equipment ownership and operation in NATO's history.

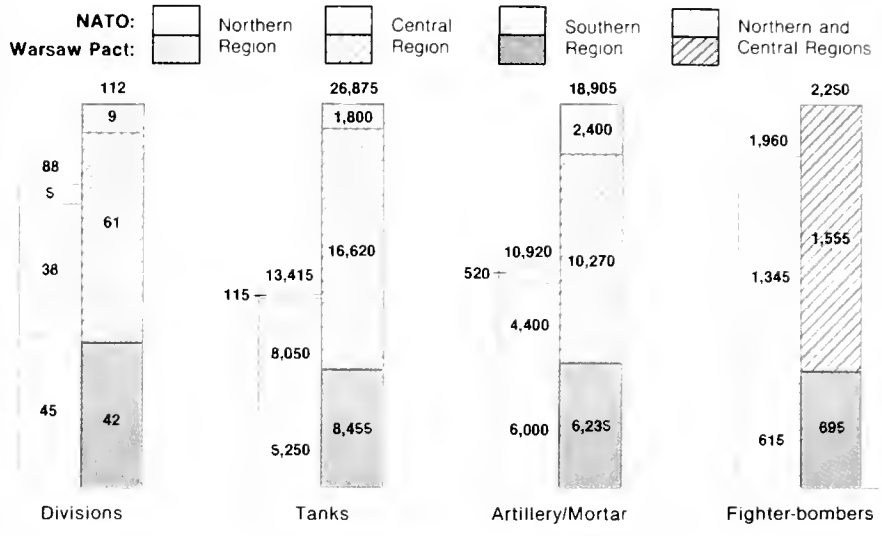
Each NATO member taking part in the integrated military structure allocates a certain portion of its armed forces to NATO, generally reserving some units for purely territorial duty. Almost all national forces remain under national command in peacetime; only in wartime are the NATO-allocated or -earmarked forces transferred to NATO's integrated command. Some air defense units are under NATO operational command in peacetime.

Only in the F.R.G. are there substantial NATO-allocated forces from other countries—Belgium, Canada, Netherlands, the United Kingdom, and the United States. By agreement with the F.R.G., France also maintains combat forces (at present three armored divisions) in Germany. The concentration of forces there reflects NATO's strategy of forward defense.

Warsaw Pact forces facing NATO in the Central Region include the standing armed forces of the German Democratic Republic (G.D.R.), Czechoslovakia, and Poland and the Soviet troops based in these countries. G.D.R. forces are permanently and directly subordinated to the Soviet military command in Germany, whereas other Warsaw Pact forces are ostensibly under joint command. Romania is the only pact member that keeps its forces under tight national control.

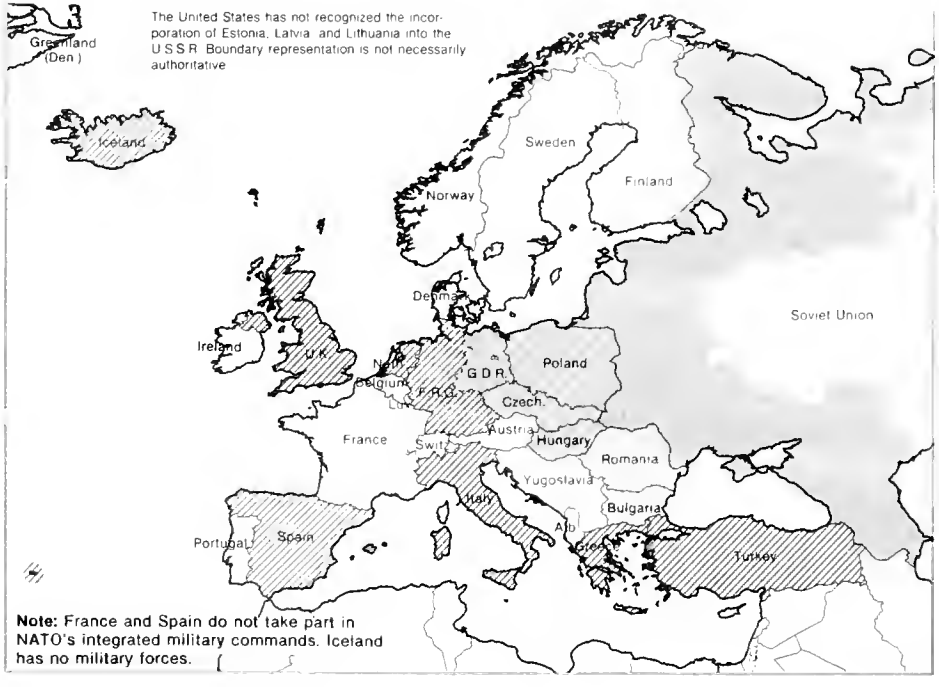
The United States is the only NATO member that has more than liaison forces in NATO countries other than the F.R.G.

Conventional Force Comparisons In Place and Rapidly Deployable[1]



[1]Regions are NATO designations

Source: NATO, *NATO and the Warsaw Pact Force Comparisons*, 1984



U.S. Forces in NATO Europe[1]

Country	Army	Navy	Marine Corps	Air Force	Total
Belgium	1,387	117	29	663	2,196
F.R.G.	212,452	329	84	39,665	252,530
Greece	553	447	14	2,664	3,678
Greenland (Den.)	—	—	—	345	345
Iceland	2	1,879	112	1,206	3,199
Italy	4,325	4,457	271	5,166	14,219
Netherlands	779	16	9	1,917	2,721
Norway	36	40	16	130	222
Portugal	75	387	13	1,191	1,666
Spain	19	4,288	202	5,205	9,714
Turkey	1,326	82	19	3,811	5,238
United Kingdom	220	2,290	369	25,681	28,560
Total	**221,174**	**14,332**	**1,138**	**87,644**	**324,288**

[1]Countries with 100 or more U.S. military members as of March 31, 1984.

Source: Department of Defense, *Defense*, September 1984

Major U.S. and other NATO ground forces in place

NATO: chiefly or exclusively national ground forces

Countries with U.S. air bases

Soviet and other pact forces in place

Soviet forces only (U.S.S.R. western military districts)

Non-Soviet pact forces only

Transatlantic Deployment and Logistics

NATO recognizes that in an emergency its in-place forces in Europe would require rapid reinforcement from North America and the United Kingdom.

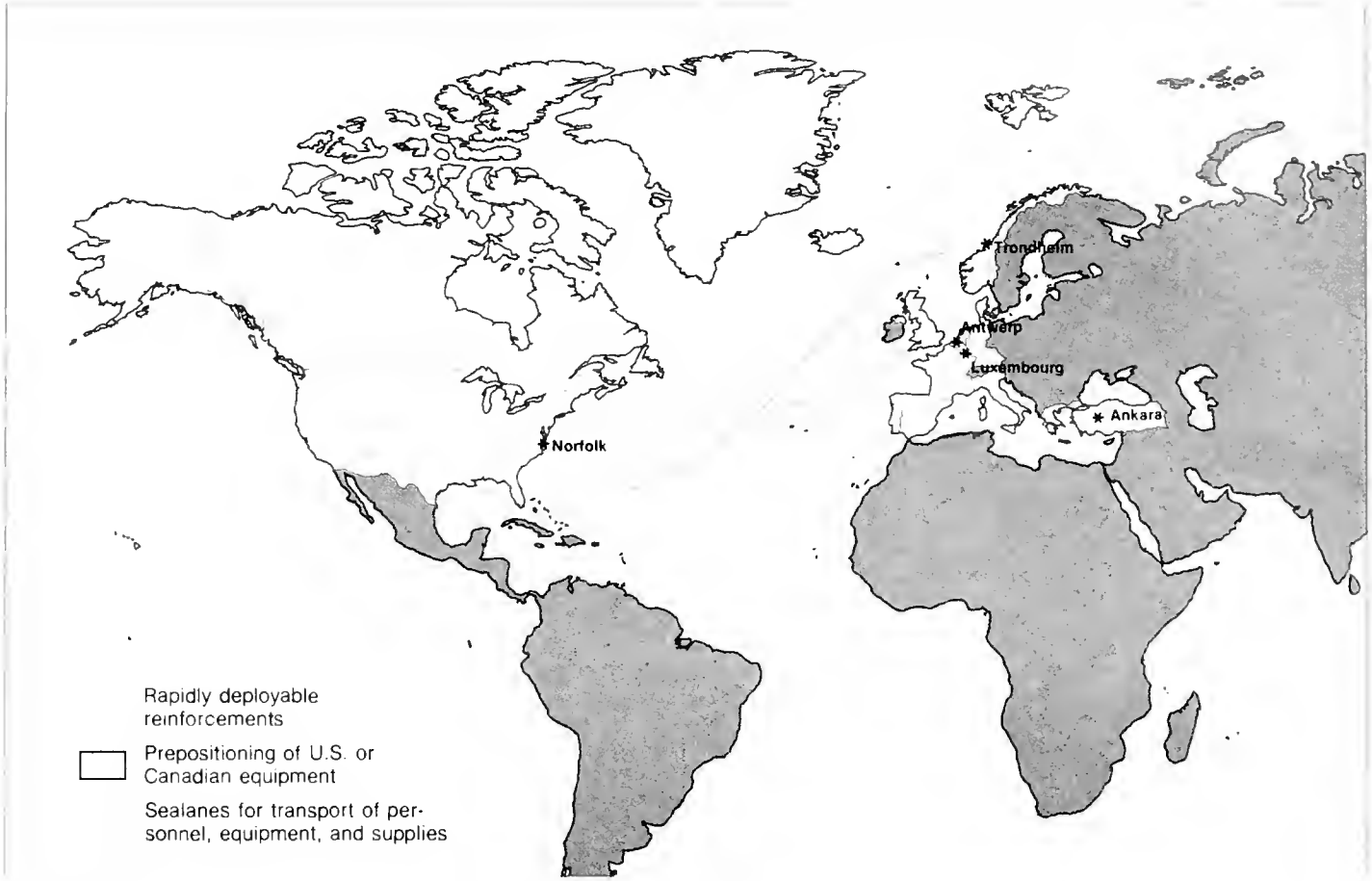
The U.S. goal is to increase U.S. forces in Europe to 10 Army divisions and supporting Air Force squadrons and 1 Marine amphibious brigade within 10 days of a decision to reinforce.

To speed up deployment, the United States has a program, largely completed, for prepositioning supplies and equipment for six divisions in the Northern and Central Regions. The Canadian Air/Sea Transportable Brigade also has prepositioned some equipment in Norway.

The Canadian Air/Sea Transportable Brigade and Canadian aircraft are ready for immediate deployment. The United Kingdom has three brigades within the country ready for rapid deployment to Germany, and Portugal is prepared to send one brigade to northern Italy.

NATO also has established the Allied Command Europe Mobile Force (AMF) for rapid deployment to NATO's European flanks or other exposed areas. AMF is a multinational force consisting of air-transportable battalions and tactical air squadrons provided by several members.

Though not taking part in the integrated command structure, France, in a recent reorganization of its armed forces, is creating a rapid action force of some 47,000 members capable of rapid deployment within Europe as well as overseas.



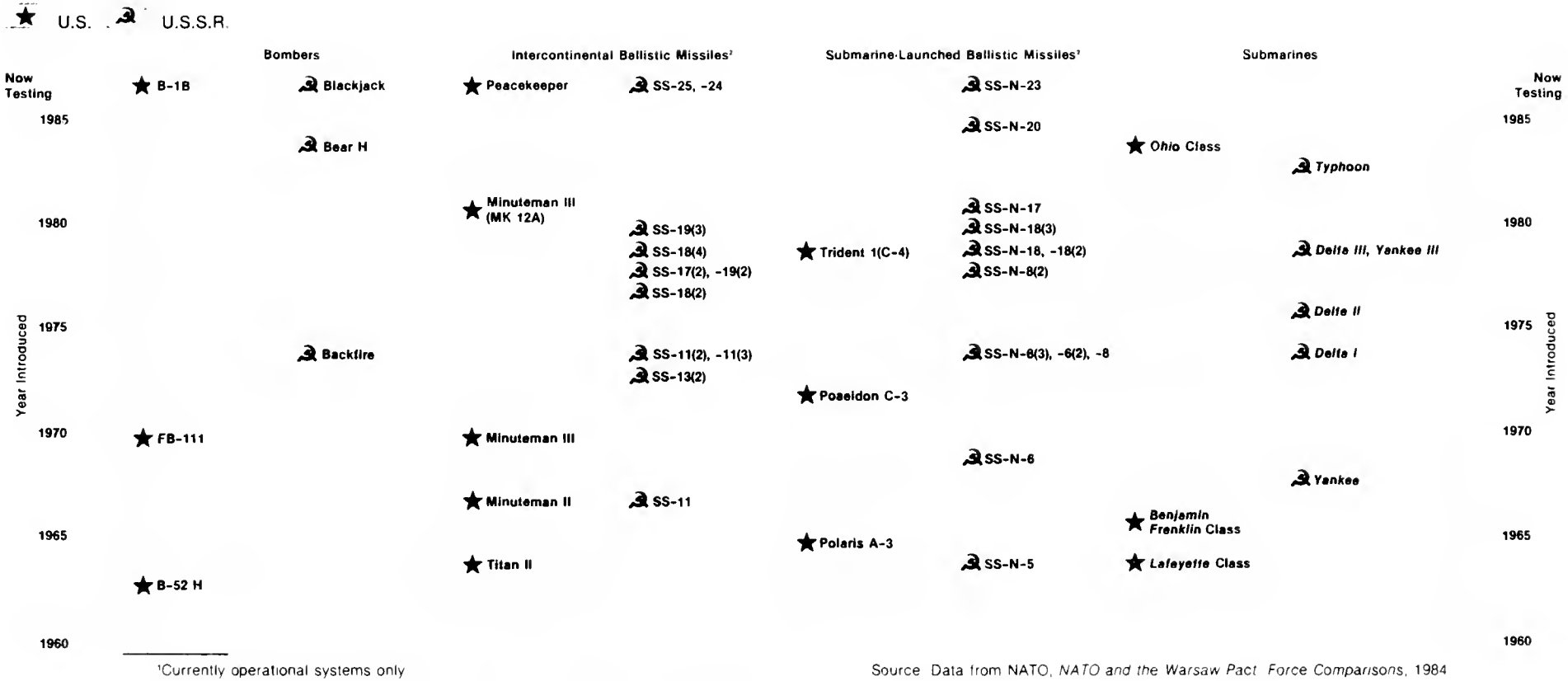
Distances:

Norfolk to Antwerp	3,800 miles
Norfolk to Trondheim	3,800 miles
Luxembourg to Trondheim	900 miles
Luxembourg to Ankara	1,450 miles
U.S.S.R. western border to G.D.R. western border	500 miles

The U.S. strategic nuclear force is NATO's ultimate deterrent and must, therefore, be able to inflict unacceptable damage upon a potential aggressor. To counter Soviet improvements over the last decade, the United States has begun to modernize its strategic forces. The United States consults with the other NATO allies at the highest level on the U.S.-Soviet strategic arms reduction efforts. NATO policy is to encourage verifiable agreements that would maintain the deterrent and reduce the risk of nuclear war.

France and the United Kingdom possess independent nuclear forces capable of retaliation in the event of Soviet attack.

U.S.-Soviet Strategic Arms: Modernity Compared[1]



[1]Currently operational systems only

[2]The modification series for Soviet intercontinental and submarine-launched ballistic missiles is shown in parentheses—for example SS-19(3), SS-N-18(2)

Source: Data from NATO, *NATO and the Warsaw Pact: Force Comparisons*, 1984

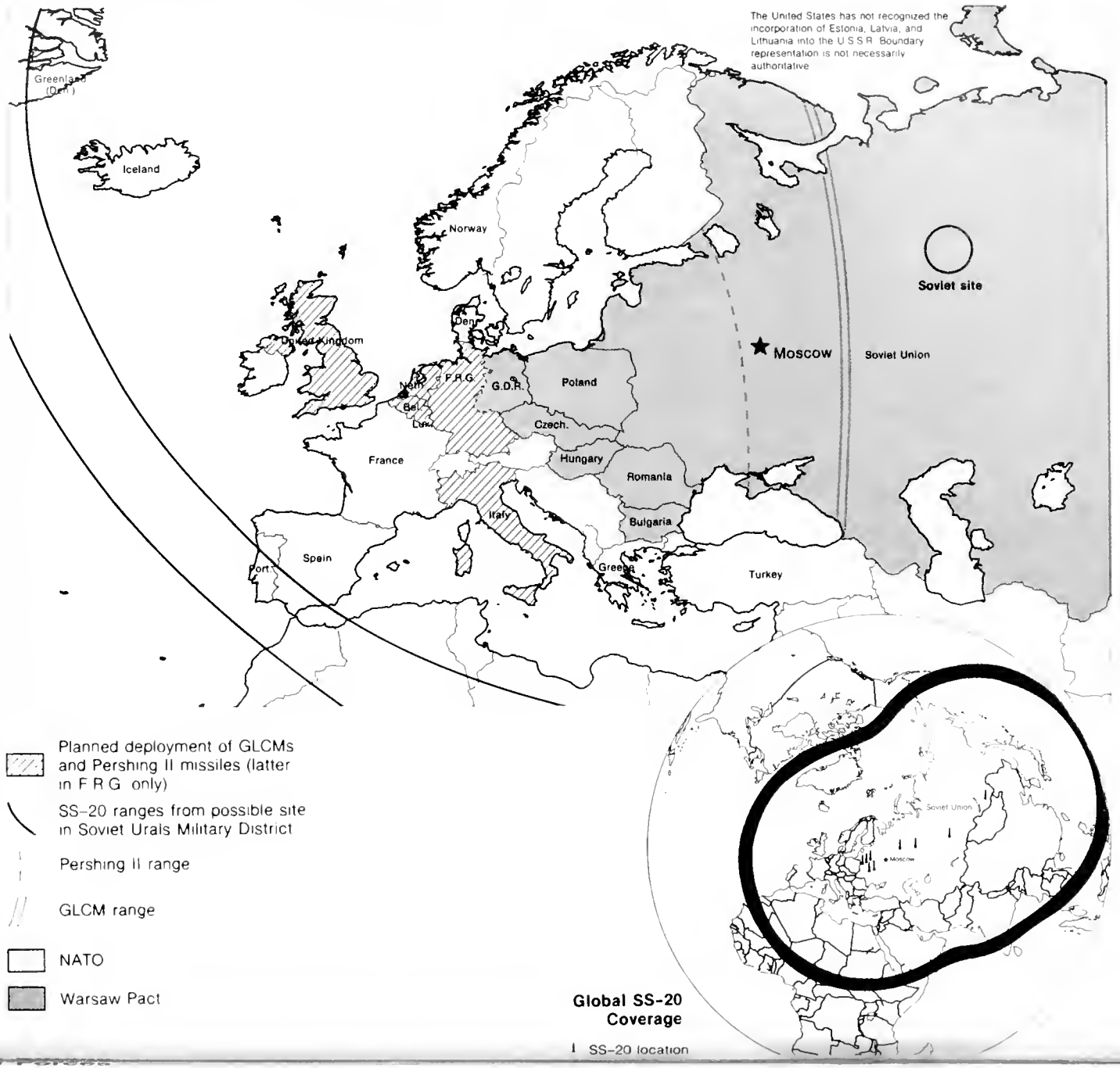
Intermediate-range and Short-range Nuclear Forces

NATO also has intermediate-range nuclear forces (INF) and short-range nuclear forces (SNF), which are deployed in Europe in order to provide an essential link between the alliance's conventional deterrent and the U.S. strategic nuclear deterrent. INF include land-based missile systems of less than intercontinental range and aircraft capable of delivering nuclear warheads. SNF consist of tube artillery and short-range missiles.

In the 1970s the Warsaw Pact modernized its air defenses. At the same time the Soviet Union began to improve its longer range intermediate-range nuclear forces (LRINF) by deploying the SS-20 missile, a highly accurate mobile missile with three independently targetable warheads and a range of 2,730–3,100 miles. NATO's response to this threat was the 1979 dual-track decision calling for deployment of U.S. Pershing II missiles and ground-launched cruise missiles (GLCMs) beginning at the end of 1983 and for U.S.-Soviet negotiations to reduce INF deployment.

The INF talks began in November 1981. The Soviets walked out in November 1983. NATO deployments began at the end of 1983 in accordance with the 1979 decision.

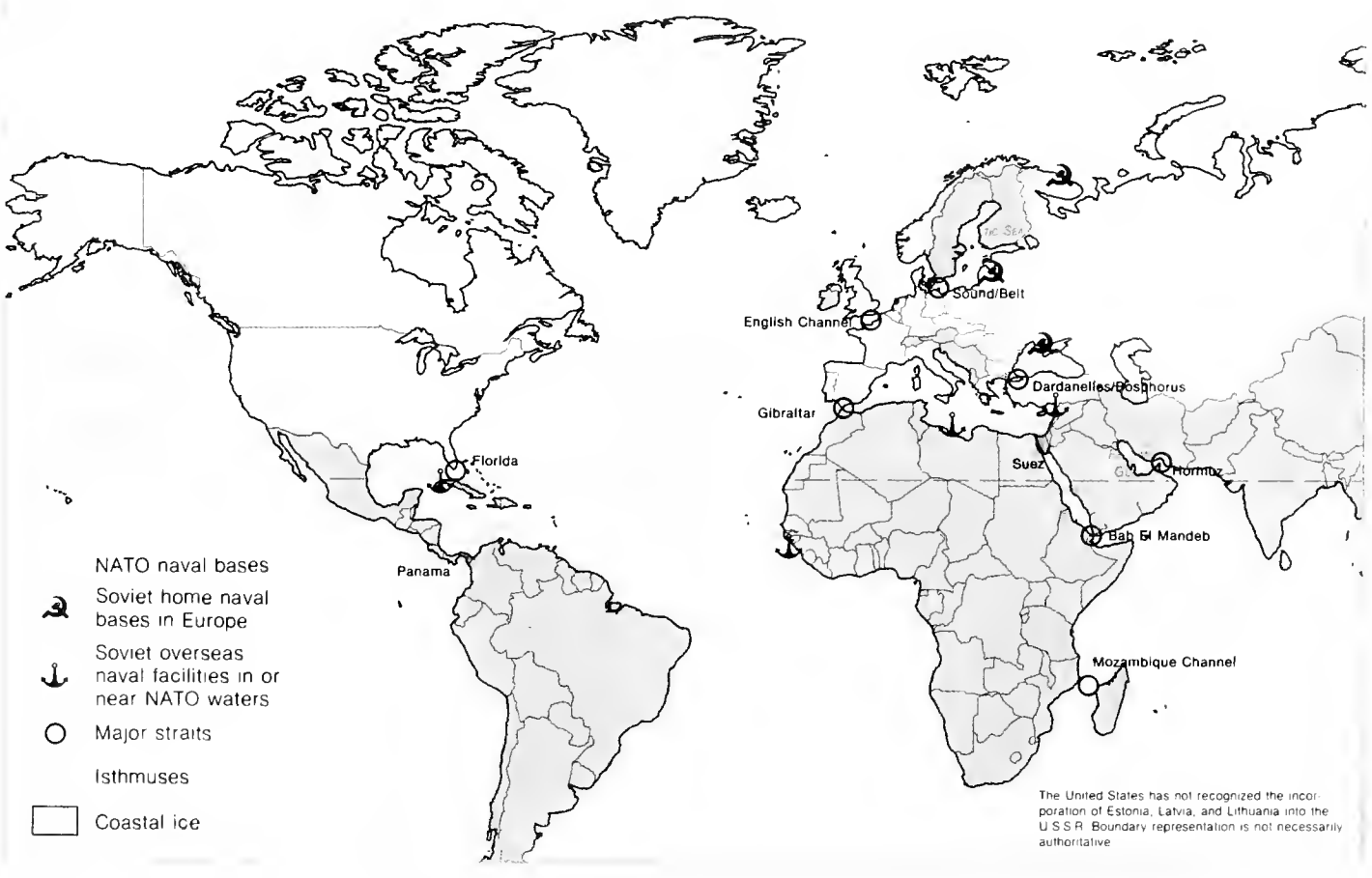
The United States wishes to set global limits on LRINF, as these highly mobile and transportable missiles also pose a threat to U.S. friends and allies in Asia.



NATO's geography—territory divided by the Atlantic Ocean and coasts approachable from ice-free seas—creates the need for durable logistics, land-based air cover, a long-range amphibious landing capability, and a strong defense against submarines.

NATO has larger naval forces than the Warsaw Pact in the North Atlantic and the seas bordering Europe. But in 1983 the Warsaw Pact had a force of 142 long-range submarines and 700 land-based tactical and support aircraft capable of operating over vital NATO sealanes. Warsaw Pact naval forces also can threaten Norway's northern coast, Turkey's Black Sea coast, and NATO's eastern Mediterranean sealanes. The Soviet high seas fleet can operate in sealanes from the South Atlantic, the Persian Gulf, and the China Sea.

The United States and the United Kingdom are the only countries taking part in the integrated military structure that have naval forces outside the NATO area. France has a substantial naval presence in the Indian Ocean.



NATO's Integrated Naval Commands

Area	Command and Base	Participants
North Atlantic	Supreme Allied Commander Atlantic (SACLANT), Norfolk, Virginia	Canada, Norway, Portugal, U K , U S
English Channel	Commander-in-Chief Channel (CINCHAN), Northwood, U K	Belgium, Denmark, F R G , Netherlands and U K , occasionally Norway, U S
European Coastal and Mediterranean	Supreme Allied Commander, Europe (SACEUR), Supreme Headquarters, Allied Powers Europe (SHAPE), Belgium	Denmark, F R G , Turkey, U K , U S

NATO Members' Military Presence Outside the NATO Area

Some NATO members have military forces outside the treaty area (in addition to those serving with UN peacekeeping units). French, Dutch, and U.K. overseas deployments reflect obligations stemming from the colonial era.

French forces overseas are concentrated in the former colony of Djibouti (independent since 1977) and the island of Reunion (a French overseas department). France has small detachments in four of the African countries with which it has bilateral defense agreements.

The United Kingdom withdrew from all military bases east of Suez (except Hong Kong) in 1971 but remains a partner in the Australia, New Zealand, U.K. (ANZUK) arrangement for the defense of Malaysia and Singapore. The Netherlands has token military forces in the Netherlands Antilles (an autonomous part of the Netherlands realm).

U.S. bases overseas, outside the NATO area, are governed by mutual defense treaties with Japan, South Korea, and the Philippines; the 1977 Panama Canal Treaty; the 1903 agreement with Cuba on Guantanamo; and the 1966 agreement with the United Kingdom on Diego Garcia.

NATO recognizes that its vital interests may be served by its members' involvement in other regions. In 1980 the defense ministers agreed to consider special measures to compensate for a possible diversion of NATO-allocated U.S. forces to Southwest Asia.

Soviet-bloc Military Presence in Third World

Soviet deployment outside the Warsaw Pact area began with the dispatch of troops to Cuba in 1962. Soviet-bloc military presence in the Third World now includes substantial combat forces from the Soviet Union, Cuba, and Vietnam. In Afghanistan, Angola, Ethiopia, and Kampuchea these troops are engaged against indigenous forces.

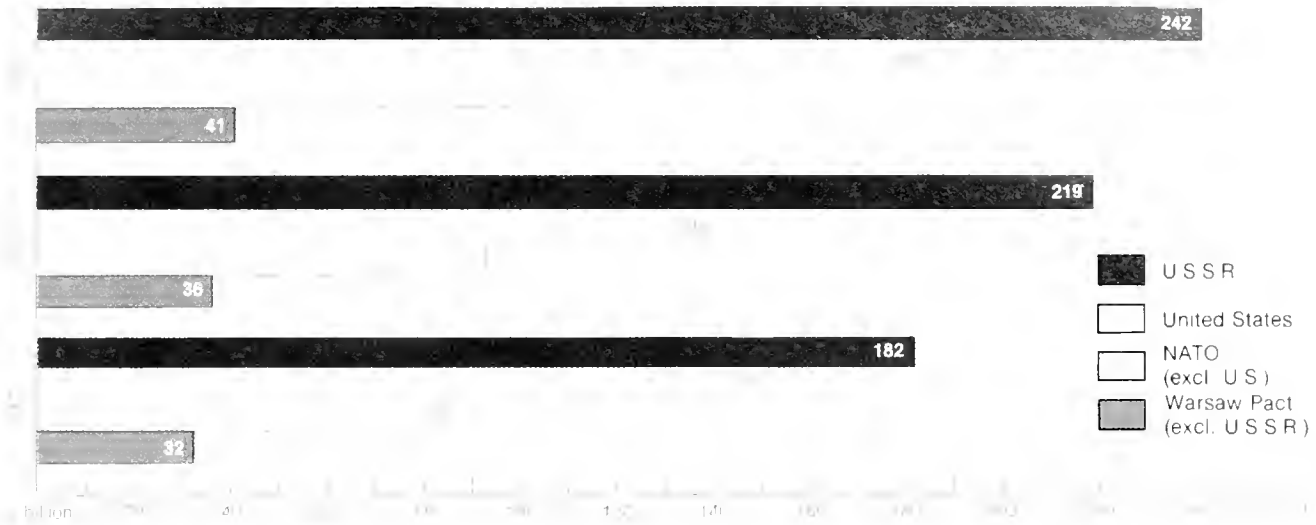
In 1981 Warsaw Pact countries had more than 18,000 military technicians in Third World countries. Cuba had more than 39,000. These technicians service and train local personnel in the use of Soviet-bloc military equipment purchased by these countries; organize and train armed forces; and, in some countries, provide operational guidance against opposition forces.

NATO-Warsaw Pact Military Expenditures

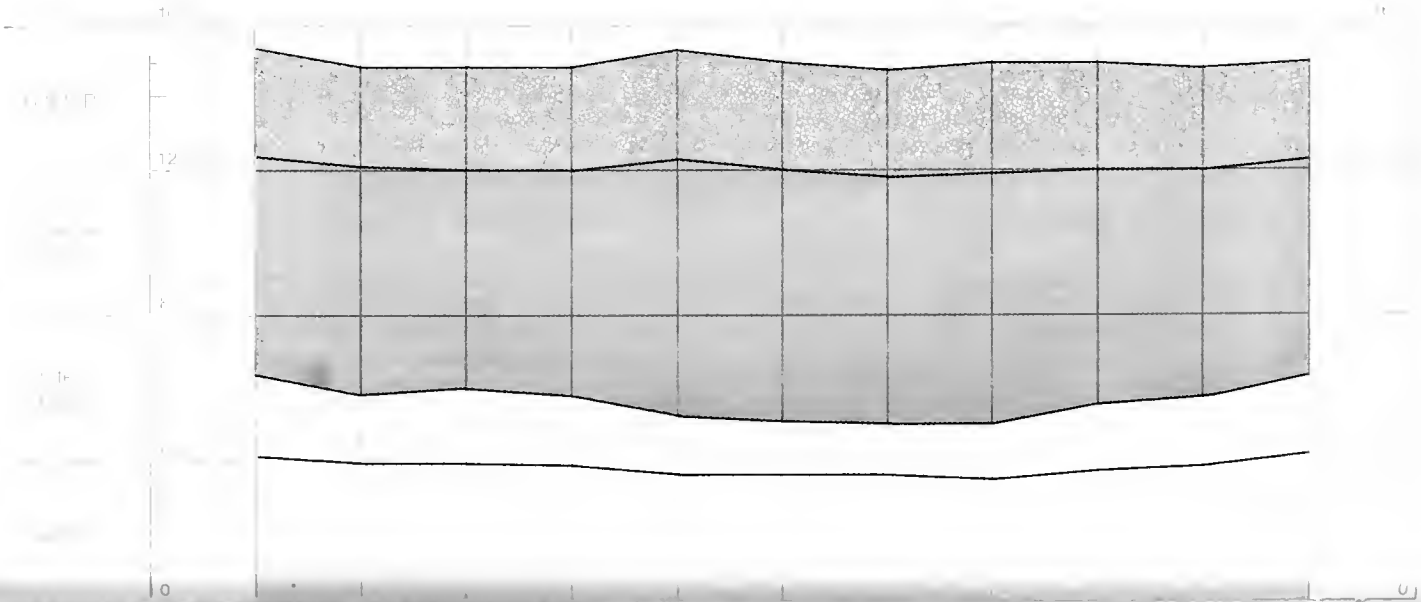
The figures for military expenditures are for all forces and facilities, not only those in or assigned to Europe. The percentage of the gross national product (GNP) that is consumed by military expenditures is one indicator of the military burden on the national economy.

Source: ACDA, *World Military Expenditures and Arms Transfers, 1972–1982*, 1984.

Military Expenditures (constant 1981 dollars)



Military Expenditures, 1972–82 (% of GNP)



Military cooperation was but one part of a general strategy to secure peace and prosperity. Economic cooperation was equally important and was already underway when the North Atlantic Treaty was signed in 1949. Article 2 of the treaty required members to eliminate conflict in their international economic policies and encourage economic collaboration.

The European Recovery Program, or Marshall Plan, was initiated in 1947 to speed up postwar recovery with the help of American aid. (The Soviet Union refused to take part in this program and prevented its extension to Eastern Europe.) The body set up to administer Marshall Plan funds, the Organization for European Economic Cooperation, was replaced in 1960 by the Organization for Economic Cooperation and Development (OECD), which included Canada and the United States. Now encompassing all industrial democracies, the OECD seeks to promote world trade and economic growth and improve economic assistance to the Third World.

The European Communities (EC) is the main achievement of postwar efforts for West European unity. Established in 1967 to combine the coal and steel, atomic, and common market communities set up in the 1950s, the EC has the authority to conclude binding economic agreements. It also provides for regular meetings of its members' foreign ministers.

Since 1975, leaders of the major industrial democracies have held yearly economic summits. Participants now include Japan and six NATO countries—Canada, France, the F.R.G., Italy, the United Kingdom, and the United States. The EC also is represented.

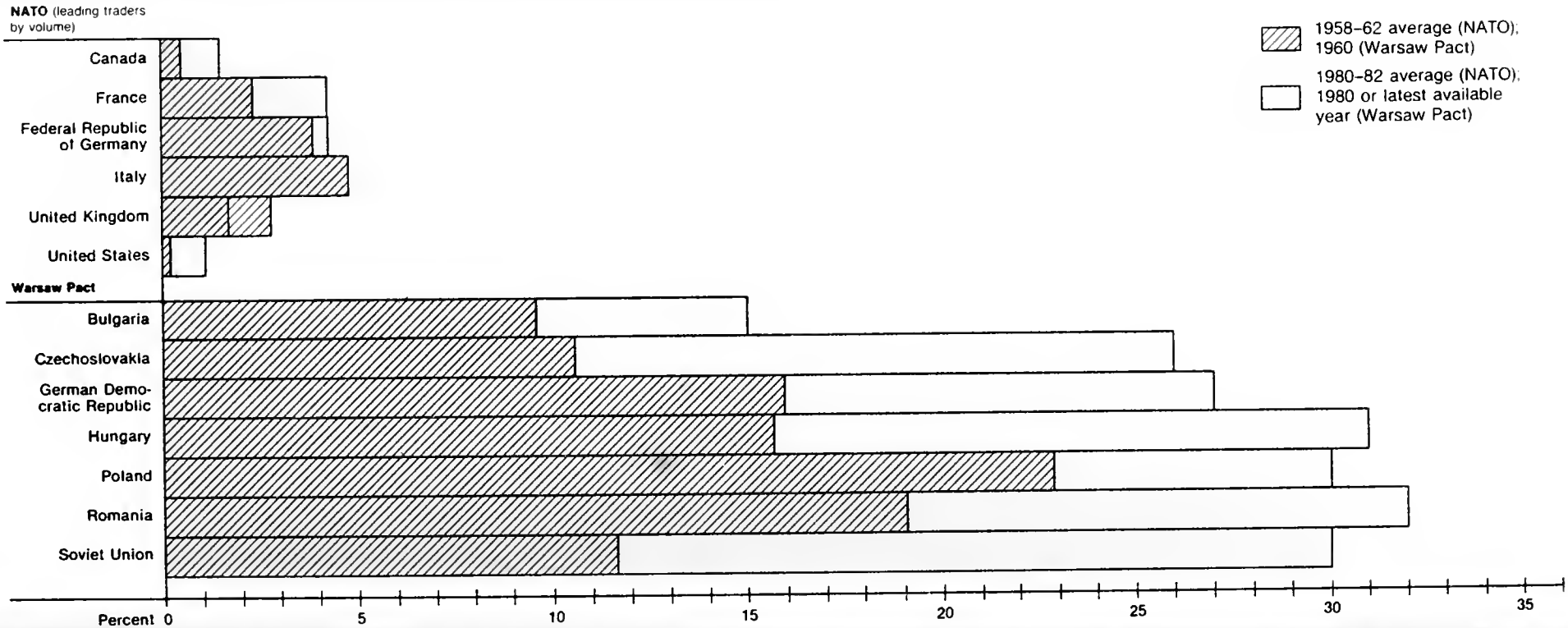
NATO-Warsaw Pact Trade

NATO favors the development of trade with Warsaw Pact countries on commercially sound terms and in items that do not contribute to Soviet military strength. The Coordinating Committee for Export Controls (COCOM), comprising NATO countries (except Iceland and Spain) and Japan, meets periodically to review the list of items embargoed for sale to Warsaw Pact countries because of their military potential.

Neither grouping must import goods from the other in order to subsist. But Warsaw Pact economies have come to rely on NATO countries for foodstuffs and high technology, while NATO countries have found it economical to import fuels, industrial raw materials, and other goods from the Soviet Union and Eastern Europe.

Petroleum and natural gas account for more than half of total Soviet exports to NATO countries, and completion of the Siberian gas pipeline to Western Europe should greatly increase this share. Gold and precious metals are next in importance. Some commodities exported to NATO countries are not truly in surplus but are sold to acquire convertible currencies needed to purchase technology and goods in short supply.

Trade With Members of Other Grouping (percentage of total foreign trade)



Although NATO countries are self-sufficient in coal, iron ore, nickel, and some other minerals, they must import a large share of their current consumption of bauxite and alumina, chromite, copper, phosphates, and tin. Non-NATO sources provide all the needs of NATO countries for industrial diamond and almost all their needs for manganese ores and platinum group metals.

Since the Arab oil embargo of 1973, the larger industrialized members of NATO have greatly reduced their dependency on oil as a source of energy. Gas and oil production within the alliance also has risen substantially, due largely to development of the North Sea fields. But most members still depend on non-NATO sources for a large share of the petroleum they consume.

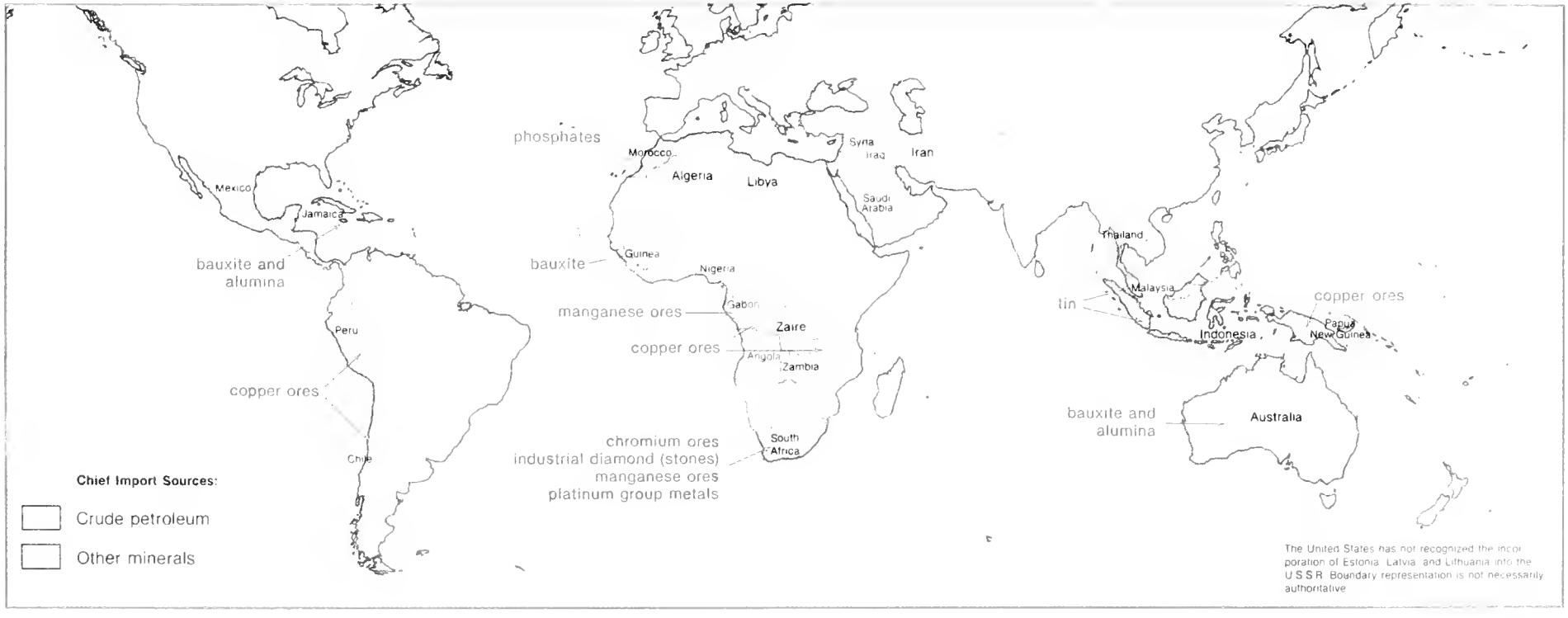
Dependency on Non-NATO Sources of Petroleum

(average 1981–83)

	% of Petroleum Consumption	% of Total Energy Consumption
All NATO countries	46	21
Canada	19	6
France	95	44
Federal Republic of Germany	60	26
Italy	98	61
United Kingdom	38	13
United States	32	11
Other NATO countries	52	50

Note: The United Kingdom is a net oil exporter, but for economic reasons imports lower grade crudes to meet its heavy product demand

Sources for table: Calculations based on OECD, *Quarterly Oil and Gas Statistics*, 1984, and *BP Statistical Review of Energy*, 1984



Warsaw Pact Overseas Import Dependency

The Warsaw Pact is much less dependent than NATO on raw materials from the Third World and other non-NATO countries. The Soviet Union is well endowed with natural resources—including the minor metals important for modern rocketry, aeronautics, and nuclear energy—and supplies most of the industrial raw materials consumed by other Warsaw Pact countries. The share of Third World trade in the total nonbloc trade of individual Warsaw Pact countries ranges from 6% to 15%. (For Romania, the exception, Third World trade is about one-quarter of total foreign trade.)

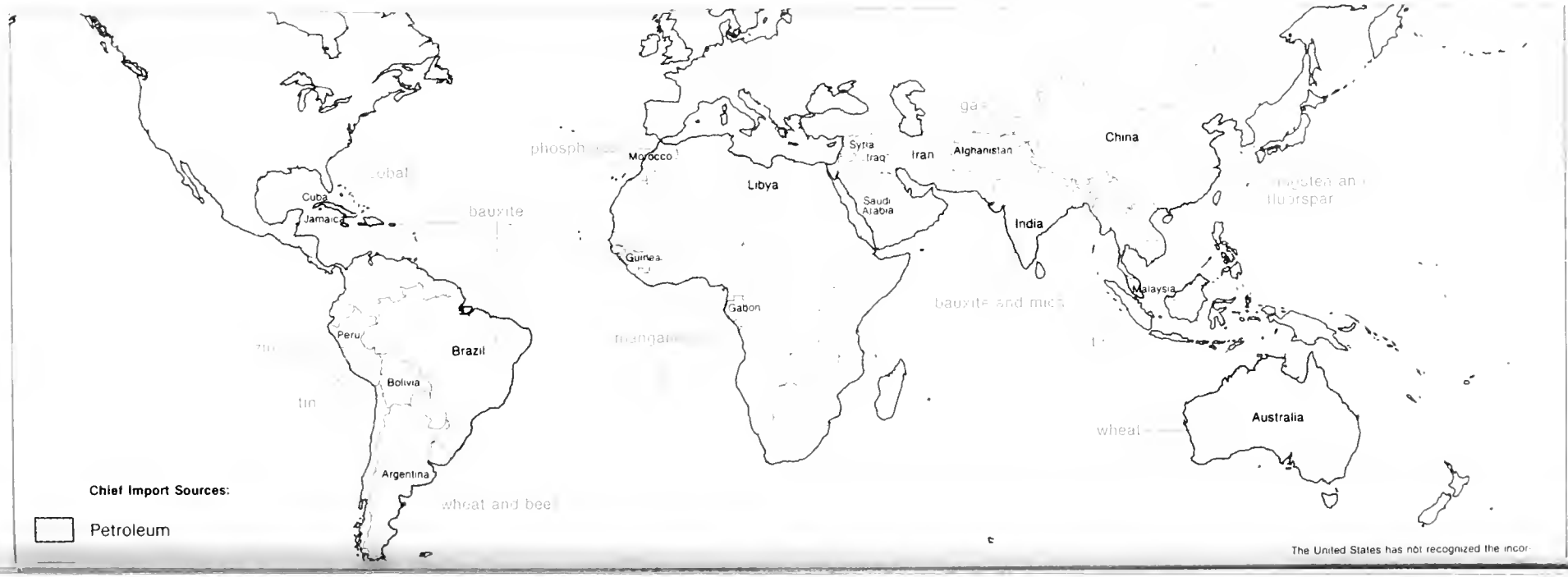
The Soviet Union and its allies are helping to develop mineral industries in some Asian, African, and Latin American countries in exchange for a share of production. But imports from the Third World do not necessarily indicate an absolute deficiency or true import dependency. Middle Eastern and North African oil imported by pact countries in exchange for weapons and other assistance is less than the petroleum the Soviet Union exports to Western Europe.

Weapons are the leading Warsaw Pact export to the Third World, followed by machinery and industrial equipment.

Soviet Import Reliance: Selected Minerals and Metals, From Sources Other Than Warsaw Pact, 1983

Metal/Mineral	% of Consumption	Principal Source(s)
Antimony	12	Yugoslavia
Bauxite and alumina	37	Greece, Guinea, India, Jamaica, Yugoslavia
Bismuth	50	Japan
Cobalt	47	Cuba
Mica	13	India
Tin	27	Malaysia, Singapore, United Kingdom
Tungsten	43	China, Mongolia

Source: R. Levine, *Mining Annual Review*, 1984



France, Turkey, the United Kingdom, and the United States are NATO members that have joined other regional security pacts.

The United States is party to the 1947 Inter-American Treaty of Reciprocal Assistance (Rio Treaty), the first regional security arrangement based on Article 52 of the UN Charter. The United States also belongs to the 1951 Security Treaty Between Australia, New Zealand, and the United States (ANZUS) for the Pacific area.

France, the United Kingdom, and the United States are parties to the 1954 Southeast Asia Collective Defense Treaty (SEATO). Although the treaty organization was disbanded in 1975, treaty obligations are still in effect. Pakistan withdrew in 1973. France maintains an inactive status.

Turkey and the United Kingdom were members of the 1955 Baghdad Pact, renamed Central Treaty Organization (CENTO) when Iraq withdrew in 1959. CENTO's purpose was to provide security for the Middle East. The United States did not join CENTO but sat on CENTO's Economic Committee and Military Committee and sent an observer delegation to meetings of the CENTO Council. CENTO has been defunct since Iran, Pakistan, and Turkey withdrew in 1979–80.

None of these regional security arrangements has created a permanent military command structure or developed a machinery or infrastructure comparable to NATO's.

Note: Cuba was excluded from the Inter-American Defense Board in 1962. Pakistan withdrew from SEATO in 1973.

U.S. Withdrawal from the Proceedings Initiated by Nicaragua in the ICJ

DEPARTMENT STATEMENT, JAN. 18, 1985[1]

The United States has consistently taken the position that the proceedings initiated by Nicaragua in the International Court of Justice (ICJ) are a misuse of the Court for political purposes and that the Court lacks jurisdiction and competence over such a case. The Court's decision of November 26, 1984, finding that it has jurisdiction, is contrary to law and fact. With great reluctance, the United States has decided not to participate in further proceedings in this case.

U.S. Policy in Central America

U.S. policy in Central America has been to promote democracy, reform, and freedom; to support economic development; to help provide a security shield against those—like Nicaragua, Cuba, and the U.S.S.R.—who seek to spread tyranny by force; and to support dialogue and negotiation both within and among the countries of the region. In providing a security shield, we have acted in the exercise of the inherent right of collective self-defense, enshrined in the UN Charter and the Rio treaty. We have done so in defense of the vital national security interests of the United States and in support of the peace and security of the hemisphere.

Nicaragua's efforts to portray the conflict in Central America as a bilateral issue between itself and the United States cannot hide the obvious fact that the scope of the problem is far broader. In the security dimension, it involves a wide range of issues: Nicaragua's huge buildup of Soviet arms and Cuban advisers, its cross-border attacks and promotion of insurgency within various nations of the region, and the activities of indigenous opposition groups within Nicaragua. It is also clear that any effort to stop the fighting in the region would be fruitless unless it were part of a comprehensive approach to political settlement, regional security, economic reform and development, and the spread of democracy and human rights.

The Role of the ICJ

The conflict in Central America, therefore, is not a narrow legal dispute; it is an inherently political problem that is not appropriate for judicial resolution. The conflict will be solved only by political and diplomatic means—not through a judicial tribunal. The ICJ was never intended to resolve issues of collective security and self-defense and is patently unsuited for such a role. Unlike domestic courts, the World Court has jurisdiction only to the extent that nation-states have consented to it. When the United States accepted the Court's compulsory jurisdiction in 1946, it certainly never conceived of such a role for the Court in such controversies. Nicaragua's suit against the United States—which includes an absurd demand for hundreds of millions of dollars in reparations—is a blatant misuse of the Court for political and propaganda purposes.

As one of the foremost supporters of the ICJ, the United States is one of only 44 of 159 member states of the United Nations that have accepted the Court's compulsory jurisdiction at all. Furthermore, the vast majority of these 44 states have attached to their acceptance reservations that substantially limit its scope. Along with the United Kingdom, the United States is one of only two permament members of the UN Security Council that have accepted that jurisdiction. And of the 16 judges now claiming to sit in judgment on the United States in this case, 11 are from countries that do not accept the Court's compulsory jurisdiction.

Few if any other countries in the world would have appeared at all in a case such as this which they considered to be improperly brought. Nevertheless, out of its traditional respect for the rule of law, the United States has participated fully in the Court's proceedings thus far, to present its view that the Court does not have jurisdiction or competence in this case.

The Decision of November 26

On November 26, 1984, the Court decided—in spite of the overwhelming evidence before it—that it does have jurisdiction over Nicaragua's claims and that it will proceed to a full hearing on the merits of these claims.

This decision is erroneous as a matter of law and is based on a misreading and distortion of the evidence and precedent.

• The Court chose to ignore the irrefutable evidence that Nicaragua itself never accepted the Court's compulsory jurisdiction. Allowing Nicaragua to sue where it could not be sued was a violation of the Court's basic principle of reciprocity, which necessarily underlies our own consent to the Court's compulsory jurisdiction. On this pivotal issue in the November 26 decision—decided by a vote of 11 to 5—dissenting judges called the Court's judgment "untenable" and "astonishing" and described the U.S. position as "beyond doubt." We agree.

• El Salvador sought to participate in the suit to argue that the Court was not the appropriate forum to address the Central American conflict. El Salvador declared that it was under armed attack by Nicaragua and, in exercise of its inherent right of self-defense, had requested assistance from the United States. The Court rejected El Salvador's application summarily—without giving reasons and without even granting El Salvador a hearing, in violation of El Salvador's right and in disregard of the Court's own rules.

The Court's decision is a marked departure from its past, cautious approach to jurisdictional questions. The haste with which the Court proceeded to a judgment on these issues—noted in several of the separate and dissenting opinions—only adds to the impression that the Court is determined to find in favor of Nicaragua in this case.

For these reasons, we are forced to conclude that our continued participation in this case could not be justified.

In addition, much of the evidence that would establish Nicaragua's aggression against its neighbors is of a highly sensitive intelligence character. We will not risk U.S. national security by presenting such sensitive material in public or before a Court that includes two judges from Warsaw Pact nations. This problem only confirms the reality that such issues are not suited for the ICJ.

ıger-Term Implications
he Court's Decision

Court's decision raises a basic issue
overeignty. The right of a state to
end itself or to participate in collec-
self-defense against aggression is an
erent sovereign right that cannot be
promised by an inappropriate pro-
ling before the World Court.

We are profoundly concerned also
but the long-term implications for the
rt itself. The decision of Novem-
26 represents an overreaching of the
rt's limits, a departure from its
lition of judicial restraint, and a risky
ture into treacherous political
ers. We have seen in the United Na-
s, in the last decade or more, how in-
ational organizations have become
e and more politicized against the in-
sts of the Western democracies. It
ld be a tragedy if these trends were
ıfect the ICJ. We hope this will not
ɔen, because a politicized Court
ld mean the end of the Court as a
ous, respected institution. Such a
lt would do grievous harm to the
of the rule of law.

These implications compel us to
fy our 1946 acceptance of the
t's compulsory jurisdiction. Impor-
premises on which our initial ac-
ance was based now appear to be in
t in this type of case. We are
efore taking steps to clarify our ac-
ance of the Court's compulsory
diction in order to make explicit
t we have understood from the
nning, namely that cases of this
re are not proper for adjudication
ıe Court.

We will continue to support the ICJ
e it acts within its competence—as,
xample, where specific disputes are
ght before it by special agreement
e parties. One such example is the
nt case between the United States
Canada before a special five-
ber chamber of the Court to delimit
naritime boundary in the Gulf of
ıe area. Nonetheless, because of our
mitment to the rule of law, we must
ıre our firm conviction that the
se on which the Court may now be
arked could do enormous harm to it
ı institution and to the cause of in-
ational law.

Read to news correspondents by acting
rtment spokesman Alan Romberg. ■

The President's Strategic Defense Initiative

Following is the text of a pamphlet released by the White House in January 1985.

Presidential Foreward

December 28, 1984

Since the advent of nuclear weapons, every President has sought to minimize the risk of nuclear destruction by maintaining effective forces to deter aggression and by pursuing complementary arms control agreements. This approach has worked. We and our allies have succeeded in preventing nuclear war while protecting Western security for nearly four decades.

Originally, we relied on balanced defensive and offensive forces to deter. But over the last twenty years, the United States has nearly abandoned efforts to develop and deploy defenses against nuclear weapons, relying instead almost exclusively on the threat of nuclear retaliation. We accepted the notion that if both we and the Soviet Union were able to retaliate with devastating power even after absorbing a first strike, that stable deterrence would endure. That rather novel concept seemed at the time to be sensible for two reasons. First, the Soviets stated that they believed that both sides should have roughly equal forces and neither side should seek to alter the balance to gain unilateral advantage. Second, there did not seem to be any alternative. The state of the art in defensive systems did not permit an effective defensive system.

Today both of these basic assumptions are being called into question. The pace of the Soviet offensive and defensive buildup has upset the balance in the areas of greatest importance during crises. Furthermore, new technologies are now at hand which may make possible a truly effective non-nuclear defense.

For these reasons and because of the awesome destructive potential of nuclear weapons, we must seek another means of deterring war. It is both militarily and morally necessary. Certainly, there should be a better way to strengthen peace and stability, a way to move away from a future that relies so heavily on the prospect of rapid and massive nuclear retaliation and toward greater reliance on defensive systems which threaten no one.

On March 23, 1983, I announced my decision to take an important first step toward this goal by directing the establishment of a comprehensive and intensive research program, the Strategic Defense Initiative, aimed at eventually eliminating the threat posed by nuclear armed ballistic missiles.

The Strategic Defense Initiative (SDI) is a program of vigorous research focused on advanced defensive technologies with the aim of finding ways to provide a better basis for deterring aggression, strengthening stability, and increasing the security of the United States and our allies. The SDI research program will provide to a future President and a future Congress the technical knowledge required to support a decision on whether to develop and later deploy advanced defensive systems.

At the same time, the United States is committed to the negotiation of equal and verifiable agreements which bring real reductions in the power of the nuclear arsenals of both sides. To this end, my Administration has proposed to the Soviet Union a comprehensive set of arms control proposals. We are working tirelessly for the success of these efforts, but we can and must go further in trying to strengthen the peace.

Our research under the Strategic Defense Initiative complements our arms reduction efforts and helps to pave the way for creating a more stable and secure world. The research that we are undertaking is consistent with all of our treaty obligations, including the 1972 Anti-Ballistic Missile Treaty.

In the near term, the SDI research program also responds to the ongoing and extensive Soviet anti-ballistic missile (ABM) effort, which includes actual deployments. It provides a powerful deterrent to any Soviet decision to expand its ballistic missile defense capability beyond that permitted by the ABM Treaty. And, in the long-term, we have confidence that SDI will be a crucial means by which both the United States and the Soviet Union can safely agree to very deep reductions and, eventually, even the elimination of ballistic missiles and the nuclear weapons they carry.

Our vital interests and those of our allies are inextricably linked. Their safety and ours are one. They, too, rely upon our nuclear forces to deter attack against them. Therefore, as we pursue the promise offered by the Strategic Defense Initiative, we will continue to work closely with our friends and allies. We will ensure that, in the event of a future decision to develop and deploy defensive systems—a decision in which consultation with our allies will play an important part—allied, as well as U.S. security against aggression would be enhanced.

Through the SDI research program, I have called upon the great scientific talents of our country to turn to the cause of strengthening world peace by rendering ballistic missiles impotent and obsolete. In short, I propose to channel our technological prowess toward building a more secure and stable world. And I want to emphasize that in carrying out this research program, the United States seeks neither military superiority nor political advantage. Our only purpose is to search for ways to reduce the danger of nuclear war.

As you review the following pages, I would ask you to remember that the quality of our future is at stake and to reflect on what we are trying to achieve—the strengthening of our ability to preserve the peace while shifting away from our current dependence upon the threat of nuclear retaliation. I would also ask you to consider the SDI research program in light of both the Soviet Union's extensive, ongoing efforts in this area and our own government's constitutional responsibility to provide for the common defense. I hope that you will conclude by lending your own strong and continuing support to this research effort—an effort which could prove to be critical to our nation's future.

RONALD REAGAN

The President's Vision

In his March 23rd address to the nation, the President described his vision of a world free of its overwhelming dependence on nuclear weapons, a world free once and for all of the threat of nuclear war. The Strategic Defense Initiative, by itself, cannot fully realize this vision nor solve all the security challenges we and our allies will face in the future; for this we will need to seek many solutions—political as well as technological. A long road with much hard work lies ahead of us. The President believes we must begin now. The Strategic Defense Initiative takes a crucial first step.

The basic security of the United States and our allies rests upon our collective ability to deter aggression. Our nuclear retaliatory forces help achieve this security and have deterred war for nearly forty years. Since World War II, nuclear weapons have not been used; there has been no direct military conflict between the two largest world powers, and Europe has not seen such an extended period of peace since the last century. The fact is, however, that we have no defense against nuclear ballistic missile attack. And, as the Soviet building program widens the imbalance in key offensive capabilities, introducing systems whose status and characteristics are more difficult to confirm, our vulnerability and that of our allies to blackmail becomes quite high. In the event deterrence failed, a President's only recourse would be to surrender or to retaliate. Nuclear retaliation, whether massive or limited, would result in the loss of millions of lives.

The President believes strongly that we must find a better way to assure credible deterrence. If we apply our great scientific and engineering talent to the problem of defending against ballistic missiles, there is a very real possibility that future Presidents will be able to deter war by means other than threatening devastation to any aggressor—and by a means which threatens no one.

The President's goal, and his challenge to our scientists and engineers, is to identify the technological problems and to find the technical solutions so that we have the option of using the potential of strategic defenses to provide a more effective, more stable means of keeping the United States and our allies secure from aggression and coercion. The Joint Chiefs of Staff, many respected scientists, and other experts believe that, with firm leadership and adequate funding, recent advances in defensive technologies could make such defenses achievable.

What Is the President's Strategic Defense Initiative?

The President announced his Strategic Defense Initiative (SDI) in his March 23, 1983, address to the nation. Its purpose is to identify ways to exploit recent advances in ballistic missile defense technologies that have potential for strengthening deterrence—and thereby increasing our security and that of our allies. The program is designed to answer a number of fundamental scientific and engineering questions that must be addressed before the promise of these new technologies can be fully assessed. The SDI research program will provide to a future President and a future Congress the technical knowledge necessary to support a decision in the early 1990s on whether to develop and deploy such advanced defensive systems.

As a broad research program, the SDI is not based on any single or preconceived notion of what an effective defense system would look like. A number of different concepts, involving a wide range of technologies, are being examined. No single concept or technology has been identified as the best or the most appropriate. A number of non-nuclear technologies hold promise for dealing effectively with ballistic missiles.

We do feel, however, that the technologies that are becoming available today may offer the possibility of providing a layered defense—a defense that uses various technologies to destroy attacking missiles during each phase of their flight.

- Some missiles could be destroyed shortly after they launch as they burn their engines and boost their warheads into space. By destroying a missile dur ing this boost phase, we would also destroy all of the nuclear warheads it carries at the same time. In the case o ICBMs [intercontinental ballistic missiles], they would probably be destroyed before leaving the territory the aggressor.
- Next, we could destroy those nuclear warheads that survive the boo phase by attacking them during the post-boost phase. During this phase w would target the device that sits on to of the missile and is used to dispense i warheads while it is in the process of releasing its cargo. By destroying this device, the post-boost vehicle, we can destroy all the warheads not yet released.
- Those warheads that have been released and survive travel for tens of minutes in the void of space on their ballistic trajectories towards their targets. While we would now have to locate, identify, and destroy the individual nuclear warheads themselves this relatively long mid-course phase flight again offers us time to exploit a vanced technologies to do just that.
- Finally, those warheads that su vive the outer layers of defense could attacked during the terminal phase a they approach the end of their ballisti flight.

The concept of a layered defense could be extremely effective because progressive layers would be able to w together to provide many opportuniti to destroy attacking nuclear warhead well before they approach our territo or that of our allies. An opponent fac several separate layers of defenses would find it difficult to redesign his missiles and their nuclear warheads t penetrate all of the layers. Moreover, defenses during the boost, post-boost and mid-course phases of ballistic mis flight make no distinction in the targ of the attacking missiles—they simpl destroy attacking nuclear warheads, in the process protect people and our country. The combined effectiveness the defense provided by the multiple layers need not provide 100% protect in order to enhance deterrence signif icantly. It need only create sufficient uncertainty in the mind of a potentia aggressor concerning his ability to su ceed in the purposes of his attack. Th concept of a layered defense certainl will help do this.

There have been considerable advances in technology since U.S. ballis missile defenses were first developed the 1960's. At the time the ABM Tre

s signed (1972), ballistic missile ense prospects were largely confined he attacking nuclear warheads dur- the terminal phase of their flight us- nuclear-tipped interceptor missiles. ce that time, emerging technologies r the possibility of non-nuclear op- s for destroying missiles and the lear warheads they carry in all ses of their flight. New technologies r be able to permit a layered defense roviding: sensors for identifying and king missiles and nuclear warheads; anced group and spaceborne in- eptors and directed energy weapons estroy both missiles and nuclear heads; and the technology to permit command, control, and communica- s necessary to operate a layered nse.

In the planning that went into the research program, we consciously e to look broadly at defense against stic missiles as it could be applied ss all these phases of missile flight: t, post-boost, mid-course, and ter- l. Although it is too early to define those individual technologies or ap- tions which will ultimately prove to ost effective, such a layered ap- ch maximizes the application of ging technology and holds out the ibility of destroying nuclear war- s well before they reach the ter- y of the United States or our allies. As President Reagan made clear at tart of this effort, the SDI research ram will be consistent with all U.S. y obligations, including the ABM ty. The Soviets, who have and are oving the world's only existing anti- tic missile system (deployed around ow), and continuing a program of rch on both traditional and ad- ed anti-ballistic missile technologies has been underway for many years. while the President has directed the United States effort be con- ed in a manner that is consistent the ABM Treaty, the Soviet Union st certainly is violating that Treaty nstructing a large ballistic missile warning radar in Siberia (at noyarsk) which is located and ted in a manner prohibited by the ty. This radar could contribute ficantly to the Soviet Union's con- able potential to rapidly expand its yed ballistic missile defense bility.

The United States has offered to discuss with the Soviet Union the implications of defensive technologies being explored by both countries. Such a discussion would be useful in helping to clarify both sides' understanding of the relationship between offensive and defensive forces and in clarifying the purposes that underlie the United States and Soviet programs. Further, this dialogue could lead to agreement to work together toward a more stable strategic relationship than exists today.

Why SDI?

SDI and Deterrence. The primary responsibility of a government is to provide for the security of its people. Deterrence of aggression is the most certain path to ensure that we and our allies survive as free and independent nations. Providing a better, more stable basis for enhanced deterrence is the central purpose of the SDI program.

Under the SDI program, we are conducting intensive research focused on advanced defensive technologies with the aim of enhancing the basis of deterrence, strengthening stability, and thereby increasing the security of the United States and our allies. On many occasions, the President has stated his strong belief that "a nuclear war cannot be won and must never be fought." U.S. policy has always been one of deterring aggression and will remain so even if a decision is made in the future to deploy defensive systems. The purpose of SDI is to strengthen deterrence and lower the level of nuclear forces.

Defensive systems are consistent with a policy of deterrence both historically and theoretically. While today we rely almost exclusively on the threat of retaliation with offensive forces for our strategic deterrence, this has not always been the case. Throughout the 1950's and most of the 1960's, the United States maintained an extensive air defense network to protect North America from attack by Soviet bomber forces. At that time, this network formed an important part of our deterrent capability. It was allowed to decline only when the Soviet emphasis shifted to intercontinental ballistic missiles, a threat for which there was previously no effective defense. Recent advances in ballistic missile defense technologies, however, provide more than sufficient reason to believe that defensive systems could eventually provide a better and more stable basis for deterrence.

Effective defenses against ballistic missiles have potential for enhancing deterrence in the future in a number of ways. First, they could significantly increase an aggressor's uncertainties regarding whether his weapons would penetrate the defenses and destroy our missiles and other military targets. It would be very difficult for a potential aggressor to predict his own vulnerability in the face of such uncertainties. It would restore the condition that attacking could never leave him better off. An aggressor will be much less likely to contemplate initiating a nuclear conflict, even in crisis circumstances, while lacking confidence in his ability to succeed.

Such uncertainties also would serve to reduce or eliminate the incentive for first strike attack. Modern, accurate ICBMs carrying multiple nuclear warheads—if deployed in sufficiently large numbers relative to the size of an opponent's force structure, as the Soviets have done with their ICBM force—could be used in a rapid first strike to undercut an opponent's ability to retaliate effectively. By significantly reducing or eliminating the ability of ballistic missiles to attack military forces effectively, and thereby rendering them impotent and obsolete as a means of supporting aggression, advanced defenses could remove this potential major source of instability.

Finally, in conjunction with air defenses, very effective defenses against ballistic missiles could help reduce or eliminate the apparent military value of nuclear attack to an aggressor. By preventing an aggressor from destroying a significant portion of our country, an aggressor would have gained nothing by attacking in the first place. In this way, very effective defenses could reduce substantially the possibility of nuclear conflict.

If we take the prudent and necessary steps to maintain strong, credible military forces, there is every reason to believe that deterrence will continue to preserve the peace. However, even with the utmost vigilance, few things in this world are absolutely certain, and a responsible government must consider the remote possibility that deterrence could fail. Today, the United States and our allies have no defense against ballistic missile attack. We also have very limited capability to defend the United States against an attack by enemy bombers. If deterrence were to fail, without a shield of any kind, it could cause the death of most of our

population and the destruction of our nation as we know it. The SDI program provides our only long-term hope to change this situation.

Defenses also could provide insurance against either accidental ballistic missile launches or launches by some future irrational leader in possession of a nuclear armed missile. While such events are improbable, they are not inconceivable. The United States and other nuclear-capable powers have instituted appropriate safeguards against inadvertent launches by their own forces and together have formulated policies to preclude the proliferation of nuclear weapons. Nonetheless, it is difficult to predict the future course of events. While we hope and expect that our best efforts will continue to be successful, our national security interests will be well served by a vigorous SDI research program that could provide an additional safeguard against such potentially catastrophic events.

Today our retaliatory forces provide a strong sword to deter aggression. However, the President seeks a better way of maintaining deterrence. For the future, the SDI program strives to provide a defensive shield which will do more than simply make that deterrence stronger. It will allow us to build a better, more stable basis for deterrence. And, at the same time, that same shield will provide necessary protection should an aggressor not be deterred.

Insurance Against Soviet Defensive Technology Program. While we refer to our program as the President's Strategic Defense Initiative some have the misconception that the United States alone is pursuing an increased emphasis on defensive systems—a unilateral U.S. action which will alter the strategic balance. This is not the case. The Soviet Union has always considered defense to be a central and natural part of its national security policy. The extensive, advanced Soviet air defense network and large civil defense program are obvious examples of this priority.

But in addition to this, the Soviets have for many years been working on a number of technologies, both traditional and advanced, with potential for defending against ballistic missiles. For example, while within the constraints of the ABM Treaty, the Soviet Union currently is upgrading the capability of the only operational ABM system in the world today—the Moscow ABM defense system.

The Soviets are also engaged in research and development on a rapidly deployable ABM system that raises concerns about their potential ability to break out of the ABM Treaty and deploy a nationwide ABM defense system within the next ten years should they choose to do so. Were they to do so, as they could, deterrence would collapse, and we would have no choices between surrender and suicide.

In addition to these ABM efforts, some of the Soviet Union's air defense missiles and radars are also of particular concern. The Soviet Union already possesses an extensive air defense network. With continued improvements to this network, it could also provide some degree of ABM protection for the Soviet Union and its Warsaw Pact allies—and do so all nominally within the bounds prescribed by the ABM Treaty.

Since the late 1960's, the Soviet Union also has been pursuing a substantial, advanced defensive technologies program—a program which has been exploring many of the same technologies of interest to the United States in the SDI program. In addition to covering a wide range of advanced technologies, including various laser and neutral particle beams, the Soviet program apparently has been much larger than the U.S. effort in terms of resources invested—plant, capital, and manpower. In fact, over the last two decades, the Soviet Union has spent roughly as much on defense as it has on its massive offensive program.

The SDI program is a prudent response to the very active Soviet research and development activities in this field and provides insurance against Soviet efforts to develop and deploy unilaterally an advanced defensive system. A unilateral Soviet deployment of such advanced defenses, in concert with the Soviet Union's massive offensive forces and its already impressive air and passive defense capabilities, would destroy the foundation on which deterrence has rested for twenty years.

In pursuing the Strategic Defense Initiative, the United States is striving to fashion a future environment that serves the security interests of the United States and our allies, as well as the Soviet Union. Consequently, should it prove possible to develop a highly capable defense against ballistic missiles, we would envision parallel United States and Soviet deployments, with the outcome being enhanced mutual security and international stability.

Requirements for an Effective Defense

To achieve the benefits which advance defensive technologies could offer, the must, at a minimum, be able to destro a sufficient portion of an aggressor's a tacking forces to deny him confidence the outcome of an attack or deny an a gressor the ability to destroy a militar significant portion of the target base h wishes to attack. The level of defense system capability required to achieve these ends cannot be determined at th time, depending as it does on the size, composition, effectiveness, and passiv survivability of U.S. forces relative to those of the Soviet Union. Any effecti defense system must, of course, be su vivable and cost-effective.

To achieve the required level of su vivability, the defensive system need n be invulnerable, but must be able to maintain a sufficient degree of effectiveness to fulfill its mission, even in t face of determined attacks against it. This characteristic is essential not onl to maintain the effectiveness of a defense system, but to maintain stability.

Finally, in the interest of discour ing the proliferation of ballistic missil forces, the defensive system must be able to maintain its effectiveness aga the offense at less cost than it would take to develop offensive countermeasures and proliferate the ballistic missiles necessary to overcome it. Al systems of the past have lacked this essential capability, but the newly emerging technologies being pursued under the SDI program have great potential in this regard.

Current Programs

Today, deterrence against Soviet aggression is grounded almost exclusive in the capabilities of our offensive ret atory forces, and this is likely to rem true for some time. Consequently, th SDI program in no way signals a nea term shift away from the modernizat of our strategic and intermediate-ran nuclear systems and our conventional military forces. Such modernization i essential to the maintenance of deter rence while we are pursuing the gene tion of technologically feasible defens options. In addition, in the event a de sion to deploy a defensive system wer made by a future President, having a modern and capable retaliatory deter rent force would be essential to the preservation of a stable environment while the shift is made to a different enhanced basis for deterrence.

ns Control

irected by the President, the SDI rch program will be conducted in a ner fully consistent with all U.S. y obligations, including the 1972 I Treaty. The ABM Treaty prohibits evelopment, testing, and deploy- of ABM systems and components are space-based, air-based, and sea- l, or mobile land-based. However, erard Smith, chief U.S. negotiator e ABM Treaty, reported to the te Armed Services Committee in that agreement does permit rch short of field testing of a pro- e ABM system or component. This type of research that will be con- d under the SDI program.

ny future national decision to y defensive systems would, of e, lead to an important change in ructure of United States and t forces. We are examining ways in the offense/defense relationship e managed to achieve a more stable ce through strategic arms control. e all, we seek to ensure that the in- ion of offensive and defensive removes first-strike options from side's capability.

ne United States does not view sive measures as a means of ishing military superiority. se we have no ambitions in this l, deployments of defensive ns would most usefully be done in ntext of a cooperative, equitable, erifiable arms control environment egulates the offensive and defen- evelopments and deployments of nited States and Soviet Union. n environment could be par- ly useful in the period of transi- om a deterrent based on the of nuclear retaliation, through ence based on a balance of offen- d defensive forces, to the period adjustments to the basis of deter- are complete and advanced defen- stems are fully deployed. During nsition, arms control agreements help to manage and establish ines for the deployment of defen- stems.

e SDI research program will com- t and support U.S. efforts to seek ble, verifiable reductions in offen- clear forces through arms control ations. Such reductions would a useful contribution to stability, er in today's deterrence environ- r in a potential future deterrence nment in which defenses played a g role.

A future decision to develop and deploy effective defenses against ballistic missiles could support our policy of pursuing significant reductions in ballistic missile forces. To the extent that defensive systems could reduce the effectiveness and, thus, value of ballistic missiles, they also could increase the incentives for negotiated reductions. Significant reductions in turn would serve to increase the effectiveness and deterrent potential of defensive systems.

SDI and the Allies

Because our security is inextricably linked to that of our friends and allies, the SDI program will not confine itself solely to an exploitation of technologies with potential against ICBMs and SLBMs [submarine-launched ballistic missiles], but will also carefully examine technologies with potential against shorter range ballistic missiles.

An effective defense against shorter range ballistic missiles could have a significant impact on deterring aggression in Europe. Soviet SS-20's, SCALEBOARD's, and other shorter range ballistic missiles provide overlapping capabilities to strike all of NATO Europe. Moreover, Soviet doctrine stresses the use of conventionally armed ballistic missiles to initiate rapid and wide-ranging attacks on crucial NATO military targets throughout Europe. The purpose of this tactic would be to reduce significantly NATO's ability to resist the initial thrust of a Soviet conventional force attack and to impede NATO's ability to resupply and reinforce its combatants from outside Europe. By reducing or eliminating the military effectiveness of such ballistic missiles, defensive systems have the potential for enhancing deterrence against not only strategic nuclear war, but against nuclear and conventional attacks on our allies as well.

Over the next several years, we will work closely with our allies to ensure that, in the event of any future decision to deploy defensive systems (a decision in which consultation with our allies will play an important part), allied, as well as U.S., security against aggression would be enhanced.

Assertions and Facts About SDI

A key fact ignored by many critics of the Strategic Defense Initiative is that SDI is a research program, not a program to deploy weapons. The question of whether to proceed to deployment of an actual ballistic missile defense system would arise in the years to come when the SDI research generates options for effective defenses that are achievable and affordable.

Many misleading claims and charges are often made by critics of SDI.

Assertion: SDI means a radical change in the fundamental concepts of U.S. military-political strategy.

Fact: Fundamental U.S. and NATO defense policy is to avoid war through deterrence. A mix of offensive and defensive systems is fully compatible with that objective.

The purpose of SDI is to determine whether there are cost-effective defensive technologies that could enhance deterrence and increase stability.

Technological advances inevitably have profound military and political effects. The course of statesmanship is not to ignore the advance of technology, but to look ahead, to study the promise and potential pitfalls of these advances, especially in their implications for international security. That is precisely what SDI is designed to do.

Assertion: SDI will leave our allies defenseless and mean a return to "Fortress America."

Fact: The President made clear that no change in technology can or will alter our commitments to our allies. In particular, NATO's strategy of flexible response, which is the basis for deterrence and peace in Europe, remains as valid today as when it was first adopted in 1967. The President made our continuing commitment to our allies explicit in his March 1983 speech announcing SDI. Consequently, SDI is looking at the entire ballistic missile threat, including the shorter-range threat to our allies.

Assertion: The experts "know" that there is no point in even trying to defend against attack.

Fact: The history of the development of technology argues strongly against those who make flat statements that something is technologically impossible. Advances in physics, data processing, and other fields offer ample justification to explore whether technologies in these and other fields can be applied to defend the United States and its allies. Arguments made by Western scientists over the feasibility of defending against ballistic missiles can only be resolved with further research.

This argument is also a favorite theme of the "concerned Soviet scientists" who argue in the West that the United States should refrain from even

exploring whether it is possible to defend against offensive nuclear systems. In doing so, they carefully and intentionally refrain from noting the Soviet Union's own efforts at defense.

Assertion: Through SDI, the United States is unilaterally accelerating the arms race.

Fact: As noted, the Soviets are already hard at work on advanced technologies for BMD [ballistic missile defense], including lasers and other directed-energy weapons. They also have active programs on more conventional approaches to BMD, including upgrading the anti-ballistic missile (ABM) system in place around Moscow (the only ABM system in the world), and research and development on a new rapidly deployable ABM system.

These Soviet programs have been going on without regard to U.S. efforts. Most were underway many years before the President's speech on strategic defense. There is no reason to believe they would stop if we now decided to do no research of our own.

Moreover, during the past decade the Soviets have engaged in a massive build-up of all categories of offensive weaponry as well, despite the existence of the ABM Treaty and the Treaty's commitment to corresponding reductions in offensive (as well as defensive) capabilities.

Assertion: Effective BMD would be fantastically expensive, and easily negated by countermeasures.

Fact: Judgments of technological feasibility of possible costs (including offense/defense cost ratios) are highly premature. When not the product of prejudgment or bias, many critics' assertions betray a static approach to complex questions of evolving technology and strategic deterrence, both of which are, by their nature, highly dynamic.

Assertion: Ballistic missile defenses are intended to give the United States a first-strike capability.

Fact: The United States does not seek a "first-strike capability" and we will not attempt to acquire one. The President has reaffirmed that we do not aim for a unilateral advantage in BMD.

In fact, effective defenses against ballistic missiles, by increasing the uncertainty a potential attacker must confront, would be a powerful disincentive to anyone contemplating a nuclear first strike. This disincentive to first-strike can be further enhanced by reductions of offensive ballistic missiles—precisely the objective we have been trying to achieve in arms control.

The basic U.S. arms control objective is to achieve balanced outcomes at the lowest possible level, with the forces of both sides deployed in a way that increases crisis stability. The U.S. strategic modernization program is designed both to provide incentives for the Soviets to move toward such an outcome, and to enhance deterrence and stability whether they do so or not.

Soviet commentators, of course, can be counted on to call any new U.S. weapon a "first-strike" system—they have even applied the term to the Space Shuttle. Comparable Soviet systems—including many deployed for years before their U.S. counterparts—never earn this sobriquet. Their discussion of the SDI research program is fully consistent with this pattern.

Assertion: SDI violates the ABM Treaty.

Fact: The United States does not and will not violate its treaty obligations. The ABM Treaty explicitly permits the kind of research envisaged under SDI, and all such research will be conducted within its constraints. Critics who claim that SDI would violate this treaty or others are simply wrong—often because they are critiquing an SDI program of a nature and direction of their own invention, rather than the research program the United States will actually carry out. Moreover, the Soviets have been conducting analogous research for many years. They have not called their research program a violation of the ABM Treaty—nor have we for that matter.

In contrast, the Soviet Union is constructing a large phased-array radar that will contribute to its ABM potential. Because of the location and orientation of this radar, it almost certainly constitutes a violation of the 1972 ABM Treaty.

The ABM Treaty provides for possible amendments and periodic review sessions in which possible changes can be discussed. When the SDI research has produced specific options to develop and deploy a BMD system, we would then address the question of availing ourselves of these procedures in order to modify the Treaty.

Meanwhile, however, the ABM Treaty specifically calls on the United States and U.S.S.R. to take effective measures to reduce offensive nuclear weapons. The United States welcomes the Soviet Union's decision to return to such negotiations, which it has boycotted since late 1983.

Moreover, we have repeatedly told the Soviets we would like to discuss the implications of these new defensive technologies with them in a governm to-government forum. We have made suggestions about the venue and invi their ideas.

Assertion: SDI will mean "the militarization of outer space."

Fact: Recent Soviet propaganda stressed the supposed need "to preve the militarization of outer space." In fact, the Soviets have had a fully deployed anti-satellite (ASAT) weapo for over a decade; it is the only such operational system in the world. (A U ASAT is still under development.) In late 1960's, the Soviets developed a Fractional Orbiting Bombardment System, involving an orbiting nuclea warhead—a system with no U.S. counterpart, then or now. Moreover, "militarization of space" began in the late 1950's when the first Soviet ball missiles were tested. Thus, professed Soviet concerns about preventing th United States from "militarizing spa are disingenuous at best.

If a decision were made at some future time to deploy a BMD system some components might well be bas space. Any such deployments would defensive systems, aimed at prevent the use of weapons, which themselv through space to attack targets on earth. It is hard to understand why wrong even to consider possible way use space to prevent nuclear devast on earth.

Today, there are considerable "military" uses of space which direc help maintain stability and preserve peace. Both the United States and t U.S.S.R. for instance, use space for purposes as early warning and the monitoring of arms control agreeme

Questions and Answers About SDI

Q. What is the Administration Strategic Defense Initiative (SDI) which is sometimes referred to as "Star Wars"? Does it mean we hav lost confidence in deterrence?

A. Our nuclear deterrent has ke the peace for almost forty years. It prevented not only nuclear conflict also direct military conflict between United States and the Soviet Union between East and West in Europe. the same time, as President Reagar pointed out in March 1983, it is imp tant to examine the potential contri tion of defensive technologies to see we can reduce the risk of war even ther. He described the vision underl his initiative in this way: "What if fi people could live secure in the

wledge that their security did not upon the threat of instant U.S. liation to deter a Soviet attack, that could interpret and destroy strategic stic missiles before they reach our soil or that of our allies?"

The Strategic Defense Initiative) is a research program to vigorous- ursue important new technologies can be used to create a defense nst ballistic missiles which could ngthen deterrence and increase our rity and that of our allies. The arch effort is designed to allow a re President and Congress to decide her to go ahead with such a system. Strategic Defense Initiative is fully istent with all of our arms control y obligations.

Q. Why is the Administration pur- g the Strategic Defense Initiative ?

A. For three basic reasons. First, a se against ballistic missiles could ficantly enhance deterrence and lity. Second, recent technological throughs suggest that it may be ble to overcome the difficulties in ding against ballistic missiles. l, the Soviets have long been hard rk in this area. We cannot afford k letting them gain a significantly ological advantage that could in be converted to a military advan- over us.

y pursuing SDI research now we more about the prospect for se against ballistic missiles and a prudent hedge against the ility of a Soviet breakthrough in sive technologies and breakout or ation of the ABM Treaty.

. Specifically, what are the ts doing in the area of strategic se?

. The U.S.S.R. has long devoted more financial and human rces than we have to strategic ses. The Soviets maintain and are ding the world's only operational allistic missile (ABM) system, is in place around Moscow. They uilding a new large phased-array in Siberia which almost certainly es the ABM Treaty. The Soviets lso engaged in research and opment on a potential ABM system could be quickly installed and form the basis of a nationwide se if they chose to go ahead with a system. In addition, for more a decade and a half, the Soviets been vigorously pursuing research vanced technologies—including s and neutral particle beams—with cation to ballistic missile defense.

Q. What is the difference between the Strategic Defense Initiative and ASATs?

A. Both the Strategic Defense Initiative and our anti-satellite program aim at enhancing deterrence and strengthening strategic stability, both in different ways. Many of the technologies involved in the Strategic Defense Initiative research and the ASAT program are related. However, the ASAT program is a near-term effort to develop an anti-satellite weapon intended to redress a specific military imbalance. The Strategic Defense Initiative is a long-term research program to explore the future potential for defense against the threat of ballistic missiles and to provide insurance against any potential Soviet decision to deploy additional anti-ballistic missile (ABM) systems.

Q. Is the Strategic Defense Initiative permitted under the ABM Treaty?

A. Yes. The Strategic Defense Initiative is a research program. The ABM Treaty permits research. The United States and, to a greater extent, the U.S.S.R. have had research programs since the signing of the Treaty.

Q. How would defenses against ballistic missiles work? What good would it do to defend against ballistic missiles if we could still be attacked by bombers and cruise missiles?

A. There are a number of possibilities that our research effort is investigating. For example, one is whether new technologies can be combined to form a defense network—perhaps a series of systems based on different technologies—which could defend

New Rules in Effect for Commercial Arms Sales

As of January 1, 1985, new regulations for the control of commercial exports of defense articles and defense services are in effect. The revised International Traffic in Arms Regulations (ITAR) (22 CFR 121–128 and 130) affect commercial exports of commodities on the U.S. munitions list, as well as technical data, and manufacturing license and technical assistance agreements related to those commodities. The new regulations were published in the *Federal Register* on December 6, 1984.

This revision was initiated in 1979 by the Department of State's Office of Munitions Control, which administers the ITAR, in order to simplify and clarify the old regulations. Further modifications were added to reflect the Reagan Administration's increased emphasis on the control of exports of militarily significant equipment and technology. Foreign end-use and transfer assurances, for example, are now required for all exports of classified defense articles and technical data.

Other notable changes include:

- The addition of a chapter explaining the relation of the Department of State's ITAR to export regulations administered by other agencies;
- New definitions for "technical data" and "defense services" subject to the ITAR;
- The addition of required clauses in agreements for the production of defense articles using U.S.-origin know-how to ensure conformity with statutory requirements;
- New standards and procedures applicable to the export of technical data for offshore procurement;
- An exemption from licensing requirements for the export of non-operable models and mockups;
- A new procedure which replaces the current requirement for a license for the export by private freight forwarders of defense articles and services sold under the foreign military sales (FMS) program;
- Removal of the requirement for prior Department of State approval for certain proposals to sell or manufacture significant military equipment abroad;
- An increase in the fees charged for the registration with the Office of Munitions Control of manufacturers and exporters of defense articles and services; and
- An increase in the monetary threshhold on sales subject to the requirements to report foreign political contributions, fees, and commissions.

Press release 3 of Jan. 9, 1985. ■

against ballistic missiles. Such a system or set of systems would be designed to defend against ballistic missiles in various phases of their flight, i.e., during their initial launch, during the course of their flight, and as they approach their targets.

We are focusing on defenses against ballistic missiles because these missiles, with their speed, short warning time, and great destructive capability, pose a greater threat to stability than do slower-flying systems such as bombers and cruise missiles. There are also efforts underway, however, to examine technologies for defending against bombers and cruise missiles.

Q. Won't the Strategic Defense Initiative lead to another arms race, and make the U.S.S.R. even more reluctant to reduce offensive weapons?

A. The Soviet strategic defense program has existed—and will continue to exist—independently of U.S. efforts in this field.

Rather than stimulating a new arms race, the U.S. Strategic Defense Initiative could complement our efforts to seek equitable and verifiable reductions in offensive nuclear arsenals. This interrelationship between offensive and defensive forces has long been an important consideration in our strategic thinking and in fashioning arms control agreements. To the extent that the SDI research proves successful and leads to the capability to defend against ballistic missiles, then those missiles could lose much of their offensive value. That, in turn, would increase incentives for both sides to reduce the numbers of ballistic missiles greatly.

Q. Would a missile defense system lead to a point where vital defense decisions would simply be made by computers rather than by the President?

A. The United States has always placed the highest priority on ensuring that control of our deterrent forces remains in the hands of the President. Nothing in the Strategic Defense Initiative will change that. A major aim of the Strategic Defense Initiative research effort is to ensure maximum safety, reliability, and political control for any potential defensive system.

Q. Would having a ballistic missile defense mean that the United States would only protect itself and not the NATO allies or Japan and our other Pacific security partners?

A. No. Our commitment to the defense of our allies remains intact. We will ensure that any defensive system which we might develop in the future would strengthen global stability and the security of our allies as well as of the United States. We are examining technologies for defense not just against ballistic missiles that can hit the United States, but also against the shorter range ballistic missiles that can strike our allies. We are consulting closely with our allies and other nations on the Strategic Defense Initiative and will continue to do so as the program progresses.

Q. How can we justify spendin billions of dollars for research on something that might never be buil

A. Given the advances that the Soviet Union has made in this area, the potential contribution that strate defenses might make to deterrence, suit of this research program is a pr dent and necessary investment in ins ing our future. We estimate that Strategic Defense Initiative research cost about $26 billion in fiscal year 1 through 1990—about $20 a year for each American citizen.

If it succeeds in deterring war a at the same time reduces the import and value of ballistic missiles, it will prove a worthwhile investment. ■

Soviet Invasion of Afghanistan

PRESIDENT'S STATEMENT, DEC. 26, 1984[1]

Five years ago, the army of the Soviet Union invaded Afghanistan, overthrew its government, and installed a puppet regime subservient to Moscow. This regime enjoys no popular support from the people of Afghanistan; it is propped up by the guns of 115,000 Soviet occupation troops.

For 5 years, the Soviet Army has waged war on the proud and deeply religious people of Afghanistan, and there is still no end in sight. Nonetheless, for 5 years, the people of Afghanistan, with legendary courage, have fought the occupying Soviet forces to a standstill.

This fifth anniversary of Afghan defiance stands in stark contrast to the joyful holidays we celebrate at this time of the year. Yet there is a message of inspiration in the cruel tale being written this winter in the mountain passes and valleys of Afghanistan. The Afghan freedomfighters—the *mujahidin*—remind us daily that the human spirit is resilient and tenacious, and that liberty is not easily stolen from a people determined to defend it. The Afghan people are writing a new chapter in the history of freedom. We Americans salute their magnificent courage.

By overwhelming margins in the United Nations, the world community has repeatedly expressed its condemnation of the Soviet occupation of Afghanistan. For our part, the United States had made clear to Soviet leaders that the presence of Soviet occupyin forces in Afghanistan constitutes a serious impediment to the improven of our bilateral relations. We cannot will not remain silent on Afghanista We join our voice with other membe the world community in calling for prompt, negotiated end to this brut conflict.

The way to end this tragic situa is based on the criteria advanced repeatedly by the United Nations: t withdrawal of Soviet forces from Afghanistan; the restoration of Afghanistan's independence and its nonaligned status; self-determinatio the Afghan people; and the return millions of Afghan refugees to thei homes with safety and honor. Until these goals are achieved, the Soviet Union will continue to pay a high p for its suppression of Afghanistan's freedom.

The history of independent Afghanistan goes back more than 2 years and is far from being finished deepest hope is to speak of freedom restored to Afghanistan by this tim next year. In this season when peo good will everywhere turn their att tion to the greatest blessing a natio enjoy—peace at home and abroad—will not forget the people of Afghar who are struggling to live once aga among the free nations of the worl These brave people will continue to the support of all Americans in thei ble struggle.

[1]Text from Weekly Compilation of Presidential Documents of Dec. 31, 198

he New U.S. Observer ole in UNESCO

Gregory J. Newell

Address before L'Association de se Diplomatique Francaise *in Paris, nce, on January 15, 1985. Mr. ell is Assistant Secretary for Inter- nal Organization Affairs.*

he year 1984 came to an end, so J.S. membership in UNESCO [UN ational, Scientific and Cultural nization]. Yes, there are cir- stances under which it may become opriate for a member state to ter- te its participation in a particular rganization.

Some question whether U.S. with- al from UNESCO presages our gagement in principle from the UN m. It does not. Rather, our decision thdraw from UNESCO demon- es our resolve to keep alive the ss of workable international eration. To do that, member states insist on fidelity to the purposes any given UN technical and alized agency was created to serve.

here may once have been a ques- of whether the United States should draw from UNESCO, but any real oversy as to whether the American supported the President's drawal decision was put to rest at artmouth debate when the Demo- presidential candidate, Walter ale, endorsed the decision to draw—after *The New York Times* *The Washington Post* had also so.

Commitment to the ilateral System

speak to the question of whether ecision to withdraw from UNESCO een effective. In our many lateral consultations during the 3 years, one statement has con- tly been made to us. That recur- statement is that the Reagan Ad- tration has charted a course of ved commitment in the multilateral m—one that is strong and ent, clearly understood, and vely implemented.

he United States remains commit- finding ways to solve the prob- that surfaced (and boiled over) in SCO. The United States also es to describe the basis on which we believe that essential international functions once entrusted to UNESCO can be preserved in other existing forums that continue to be effective.

For the past 4 years, the Reagan Administration has followed a measured approach in international multilateral affairs. We have let it be known that we take the UN system seriously; that we pay attention to what is said there; and that our toleration for excessive, insulting, or destructive behavior has its limits. We have taken this position because we feel that to behave otherwise is to feed the forces that have brought the United Nations into a period of decline and disrepute—both in the United States and elsewhere. The Reagan Administration wants to contribute to the reinvigoration of the UN system, not to its untimely demise.

One American administration after another had previously found itself acquiescing in international behavior generally thought unwarranted, offensive, and destructive of the institutions of international cooperation that had been built up carefully, step by step, since the closing decades of the 19th century.

And still there are those whose appetite for persistent effort and sound analysis has waned. Even members of the diplomatic community apparently came to accept the arguments of those who said that the corrosive extraneous politicization of technical and specialized international agencies simply reflected the way that all nations naturally behave. It was too readily accepted that facile justification for total power in the state—and its corollary, denigration of the individual—was necessary if new and developing nations were to retain their authority and self-respect. It came to be asserted that bad management is a fact of life in an international bureaucracy. It is still the inherited wisdom that it is better to let small, poor, and fragile countries blow off steam within the UN system rather than find their ambitions frustrated in the real world outside—with, perhaps, dire consequences for that world. Too long we acquiesced in these arguments; too often they prevented us from taking the decisive actions that were warranted long ago.

The Decision To Withdraw

It is against this backdrop setting that I share with you some background information respecting the decision to withdraw from UNESCO—a decision now implemented by the United States.

The U.S. Administration found itself determined to say *no* to a proliferation of extraneously politicized programs; *no* to atrocious mismanagement; *no* to bureaucratic inefficiency; *no* to the kind of behavior that was bringing the entire UN system into jeopardy. In other words, we took our action to combat—within the system—those forces and habits that were slowly destroying it.

I must first correct a possible misimpression. No unthinking reaction, triggered by blind frustration, was involved in our decision to withdraw from UNESCO; neither did we depart on account of some generalized dissatisfaction with the process of international multilateral cooperation—for which UNESCO offered a fortuitous focus. It was at the conclusion of a two-pronged effort to reason with and rehabilitate UNESCO that we made the decision to withdraw. The reasons for our departure from UNESCO were entirely specific to its performance and cannot rightly be called either arbitrary or capricious. Let me describe in some detail what we tried to do in UNESCO during 1984; how we assess the results; and what we will do in the months and years ahead.

As early as March 5, the United States presented 11 significant reform proposals to the Western Information Group at UNESCO in Paris. In April, we further refined our list of proposed reforms, many of which were discussed at the May executive board session. In a July 13 letter to the Director General, we prioritized our concerns and made very specific proposals. Finally, during the September executive board session, we submitted reform proposals as draft resolutions and formal statements. This activity involved us in extensive consultations in Washington, Paris, and in over 20 capitals, particularly in the Third World. We participated in Paris in well over 150 meetings; met in Washington with 42 African ambassadors; met with Asian and Latin American representatives; and met three times with ambassadors from the entire Western group.

When we announced our contemplated withdrawal from UNESCO in December 1983, we said that we would nonetheless work for substantial, concrete, and permanent UNESCO reform

during 1984, and that, if such reform occurred, we would be willing to reconsider our withdrawal decision. We said this to allow, in fairness, for an eventuality we did not expect to materialize. It is true that the reform efforts of 1984 did bear some fruit. The fact that serious reform efforts were considered—that member states finally focused on improving UNESCO—was itself a welcome innovation.

The UNESCO reform effort begun in 1984—a process, at present, not a result—could lead to far-reaching change if the effort were to be carried through. To date, however, there has been little concrete improvement in the areas of greatest concern to us: extraneous politicization of UNESCO activity, its statist approach to problems, a disregard for Western minority interests, budgetary extravagance, and serious derelictions in management. Still, the very discussion of reforming a specialized UN agency was surely unprecedented. Temporary institutions to formulate suggestions for improvement were created. A number of projected changes, many in the management area, were adopted. A zero-net-growth budget, albeit with the possibility of a troubling 2% add-on, was recommended.

Taking the pattern of UNESCO's own past performance as the point of reference, some improvement did occur. Viewed in light of the serious concerns we expressed in December 1983, however, and the reform that would have been necessary to satisfy those concerns, an unacceptable gap clearly remains. Our assessment that concrete and permanent reform had not been attained was shared by a bipartisan and independent UNESCO monitoring panel of eminent Americans, which unanimously reported that finding to the Secretary of State on November 27.

We were thus obliged to conclude that reforms realized had not answered our serious objections of December 1983—had not met the serious concerns we noted in announcing our intention to withdraw. There was more talk than there was reform. Most of the changes that were approved lacked implementing mechanisms. The most important changes proposed were not accepted. As you know, I was then authorized to confirm on December 19, 1984, that the President would implement our withdrawal from UNESCO—effective on December 31, 1984. He then took the step, decisively, that he had said he would take if real UNESCO reform were not forthcoming.

Many of the last minute arguments pressed upon us were cast in terms of a compulsion to preserve UNESCO, whatever its admitted faults. Those making such arguments generally failed to perceive that our commitment is to genuine and effective international multilateral cooperation and to the strengthening of the principles of the UN system—not to the preservation of any particular agency. We concluded, at least in UNESCO's instance, that we could better pursue international cooperation in education, science, culture, and communications through other means. We will pursue cooperation in these fields through existing multilateral, regional, bilateral, and private sector institutions.

Future Efforts Toward Reform

This does not mean that we have foreclosed a possible affirmative reaction to significant, concrete, and permanent UNESCO reform in the future—if it can be achieved. On the contrary, we have established an observer mission at UNESCO to vigorously protect our democratic interests there and to work with like-minded member states on reform measures, particularly between now and the end of UNESCO's 23d general conference in 1985. Furthermore, the Secretary of State will soon appoint a reform observation panel of expert private citizens to assess and report on events in UNESCO. These two initiatives—the maintenance of an observer mission and the creation of a reform observation panel—underscore our continuing interest in the organization.

We are often asked what would be required to cause us to return to UNESCO. The answer is simple: we want to see solutions to the problems that caused our withdrawal. Those problems are well understood. We have amply communicated our concerns. Simply put, the solution to UNESCO's problems is for it to return to its original, proper mandate.

I will not deny that there is growing apprehension in the United States that the United Nations and its individual organizations function less effectively than they might—and that apprehension clearly transcends political lines. Still, the current U.S. Administration, in dealing with UNESCO's problems, has put forth constructive alternatives. What remains at issue are matters of principle, not matters of personality.

We hope for UNESCO's rehabilitation. When UNESCO returns to its original purposes and principles, the United States would be in a position to consider a return to UNESCO. ■

sit of Venezuelan President Lusinchi

(White House photo by Pete Souza)

resident Jaime Lusinchi of the blic of Venezuela made a state visit t United States December 3–8, 1984. in Washington, D.C., Decem- -5, he met with President Reagan ther government officials. ollowing are remarks made at the al ceremony and the dinner toasts two Presidents on December 4.

IVAL CEREMONY, 4, 1984[1]

e dent Reagan

dent Lusinchi of Venezuela has one of the finest of friends of our ry. We have worked together in al America to bring about the birth nocracy in many countries where ad not been known. And it's an today to welcome one of this phere's shining examples of m and democracy, President Lusinchi of Venezuela.

resident Lusinchi is a man ated to those principles of liberty re held dear by the people of the d States. It's a pleasure for us to as our guest an individual who d such an important role building m in his own country and who as a spokesman for his people, is a force for good in this hemisphere.

Venezuelans do not take freedom for granted. It was just a generation ago when President Lusinchi and other brave Venezuelans, under the leadership of a great statesman and democrat, Romulo Betancourt, threw off dictatorship and began laying the foundation for a stable democratic society. Their struggle was not dissimilar to the one that's going on in Central America today. The fledging Venezuelan democracy was immediately put to the test by Cuban-supported guerrillas and terrorists who would have turned Venezuela into a Marxist-Leninist dictatorship.

Mr. President, your triumph in this 10-year struggle, and the subsequent success of a freedom in your country, should serve as a model for today—the Venezuelan model, if you will. Granting amnesty to those guerrillas willing to put down their weapons and participate in the electoral process, Venezuela's leaders held firm to the principles of democratic government and individual freedom and never gave in to the armed Marxist-Leninist minority.

The peace, liberty, and security enjoyed in your country today is a result of that valor and determination. Nothing less should have been expected from the heirs of the Great Liberator, Simón Bolívar. He once said of Venezuela, "By establishing a democratic republic, she has declared for the rights of man and freedom of action, thought, speech and press. These eminently liberal arts will never cease to be admired."

Venezuelans who understand that democracy is a path to peace and progress can be proud that their government is standing shoulder to shoulder with the forces of democracy in Central America today. All freedom-loving people should rejoice that El Salvador and other countries in the region, like Venezuela before, are maintaining or establishing democratic governments, despite challenges of Soviet bloc-sponsored subversion.

The exception to this trend in Central America is Nicaragua, where a ruling clique of Sandinistas, allied with Cuban and Soviet dictators, have betrayed their citizens. Despite their assurances in 1979 to the people of Nicaragua, and to the Organization of American States [OAS], that they would hold genuinely democratic elections, they have, to the contrary, persecuted the democratic opposition parties, trade unions, and civic and religious organizations. Instead of free elections, they chose to hold a Communist-style sham election, orderly in form, but without the participation of the democratic opposition, because Sandinista-controlled gangs of thugs beat down freedom of speech and assembly, wiping out any chance for genuine political competition.

President Lusinchi, I hope you will work with me to ensure that the pledges of free elections and real democracy made to the OAS and to the Nicaraguan people are carried out.

Venezuela has been and continues to be a leading force in the Contadora process, which seeks peace in Central America, based on democratic principles and we applaud your efforts. The United States places great importance on all 21 objectives of the Contadora process, which include truly democratic elections, as originally promised by the Sandinistas. The Contadora objectives, if put into practice simultaneously with effective verification, offer the best hope for peace in Central America. I can assure you that the diplomatic efforts of the United States are designed to attain these objectives.

Two decades ago, the founder of modern Venezuelan democracy, President Romulo Betancourt, visited here and said, "If the United States and my country and Latin America can work together for democracy, we can increase and improve the conditions of life for all our people very rapidly." Well, his words rang true. In two decades, great things have been accomplished by the free people of Venezuela. The people of the

United States are happy to have played a small role, offering a helping hand to people who have become close friends.

Venezuela, in turn, has assisted those working to better themselves in the Caribbean and Central America, making substantial contributions to the well-being of others through the San Jose accord. Our relationship of trust and cooperation is good for our own peoples and benefits the entire hemisphere. It's something to be cherished, and we do not take it for granted.

I'm sure, Mr. President, that you're also pleased by the restoration of democracy in Grenada. Yesterday's election marked the first time a Marxist-Leninist dictatorship has been succeeded by a government that receives its authority from free elections. And congratulations are due to the people of Grenada.

We're keenly aware that Venezuela is now going through a period of economic adjustment. We support the responsible decisions that you are making to put your country back on the track to strong economic growth. We, too, have undertaken some fundamental reforms in recent years, and more will be forthcoming.

We continue to believe that strong economic growth is the foundation of social justice, the key being greater incentives, opportunity, and freedom for every person. Each year in every corner of the globe, evidence continues to build. Today no objective observer can deny that individual freedom, not government control, is the strongest spark for economic development and human progress.

President Lusinchi, you have the confidence of your people and have our confidence as well. You also have our admiration. It's a pleasure to greet you on behalf of the people of the United States.

President Lusinchi[2]

It is a great pleasure for me to be here in this beautiful city of Washington, responding to the kind invitation you have extended to me. I receive this deference as a distinction honoring my country and as an expression of good will of the Government and United States.

I represent Venezuela, also, in some way, I represent undoubtedly Latin America as a witness and proof of the identification of our peoples, the community of our interests, and the coincidence of our aspirations. I thus come, Mr. Reagan, to hold with you and the senior officials of the Government of the United States, a dialogue that is to be frank, sincere, amicable, and thoughtful, as well.

I represent one of the soundest democracies of Latin America. I come from a country where pluralistic democracy constitutes an irreversible experience. Our history has been traumatic—you know it well. I am the sixth President of a process that, throughout the last 26 years, has shown Venezuelans that democracy enables them to progress in freedom. Our system rests on the free and secret practice of the universal right to vote.

The concept of alternativeness, of republican governments in an intrinsically democratic country such as ours, guarantees us a future of progress. We believe in the need for social reforms and embark on them in a frame of free expression of ideas. All this is inherent to our way of life and our way of understanding our political responsibility. For Venezuelans, there is no valid alternative to democracy. Experience has shown it to be an indivisible truth.

We are a peaceful country and, therefore, believe in peaceful solutions to controversies. Our history has been one of friendship and solidarity. We do not interfere in the affairs of others and zealously watch over our own affairs. We have fought and shall continue to fight for the achievement of equity in international economic relations. We believe that the unprecedented advancement of science and technology enables all of mankind to reach rational levels of well-being if only the great statesmen of our times pursue in good will their mission in an ever more interdependent world.

Latin America is moving forward on the road to democracy. Countries of the South Cone, with their great tradition of intellect and historical achievement, tread again the path of liberty and democratic order they themselves had once opened up and pioneered. Let us encourage them at this time openly, unselfishly, and fearlessly in their process to freedom and enforcement of the fundamental values of the human spirit.

Simultaneously with this development in South America, contiguously to our countries in Central America, conflicts are raging, and their complexity, even more apparent, are due to the summation of international factors to the already longstanding problems of the region traditionally ruled by inhuman dictatorships and insatiable oligarchies.

The conflict of Central America demands of all of us ponderation, equilibrium, and firmness if we are to cooperate in seeking solutions compatible with the essence and idiosyncracy those depressed nations. We firmly believe that the solution to the existing crisis rests on an effective democratization of the region and the exclusion of external factors, be they continental or extracontinental.

We do not believe that the solution to this delicate and complex crisis of Central American countries can be one of force or military involvement. Rather, to the contrary, we believe that the only viable path and the only lasting solution rests on designing and implementing a policy of democratization, pluralism, social justice, and economic development for all the countries of the region to the exclusion of none, and without exerting any imposition.

As a member of the group of Contadora, Venezuela has striven to seek a peaceful solution to Central America. And despite our own problems, we are continuing to implement a program of cooperation with the region in the field of energy, thus translating into facts the postulates of good will.

We are sincere in our practice of democracy, and thus none of us would feel—you, yourself, Mr. President, would not feel—that we can meet our own expectations as long as in this continent, from the Canadian Arctic to Tierra del Fuego, a democratic way of life has not become the practice and the resolve of all our countries.

Finally, I come with an open mind and an open heart, free from all prejudices, and convinced of the soundness and fairness of our views to engage you in a dialogue—fruitful, I hope—for the consolidation of the relations traditionally friendly between Venezuela and the United States.

I thank you, Mr. President, in my own name, and on behalf of those who accompany me, for your kind words of welcome, which lead us to expect a positive exchange of ideas and mutual experiences. Your words correspond to the spirit of friendship and sympathy which, through the passing of time, has been characteristic of the relations between the United States and Venezuela.

Both nations share the common ideas of Bolívar and Washington and those of the standard-bearers and shapers in the world of the Americas the principles of liberty, democracy, national independence, and respect for the dignity of man.

NER TOASTS,
. 4, 1984[3]

ident Reagan

has been a special time for us. To-
we've had the opportunity to ex-
ge views and get to know President
nchi, an individual whose strength
nviction and personal bravery
d give birth to democracy in his
try. Tonight, we honor you, Mr.
dent, for what you've done, for
you're doing, and for the kind of
you are.
n this beautiful setting, the hard
fices of our own Founding Fathers
so long ago, yet all of what we
has been built on the foundation
laid. President Lusinchi remembers
Venezuela's fight for political
om. He was part of it. As a young
he committed himself to the cause
mocracy. He was arrested and tor-
by the dictatorship. And I'm told
eatings left welts on your back
r to the stripes of a tiger. Well,
ad the spirit of a tiger, and you
gave up your ideals.
enezuela is free today because it
eople of such character. Last year,
elebrated 25 years of continuous
cratic government in Venezuela.
nemorating that, you said, "We
discovered that democracy and
go together inextricably
ier." It was fitting that last year
lso the 200th anniversary of the
of Simón Bolívar, a Venezuelan
struggle gave independence to
misphere. Today, you carry on the
of this truly all-American man.
hen we say "American," we mean
one of us, from the North Slope of
a to the tip of Tierra del Fuego—
us are Americans in this
phere.
I like to thank you for what your
y is doing for the cause of
racy in this hemisphere. Your sup-
uring the Grenada crisis was most
ciated. Your efforts in Central
ica and the Caribbean are of great
tance to the future of freedom
Your personal guidance to me in
ars ahead will be as invaluable as
been today.
e're proud to stand with you and
e you and your countrymen as our
s. Mr. President, you represent in
ny ways, the deep ties between
vo peoples. Today, instead of
me," we should have said,
ome back," for you lived with us
your time of exile, studying
ine and working in Bellevue
tal in New York.

Venezuela—A Profile

People

Noun and adjective: Venezuelan(s). **Population** (1980 census): 14,516,735. **Annual growth rate:** 2.9%. **Ethnic groups:** Spanish, Italian, Portuguese, Arab, German, Amerindian, African. **Religions:** Roman Catholic 96%, Protestant 2%. **Languages:** Spanish (official), Indian dialects spoken by some of the 200,000 Amerindians in the remote interior. **Education:** *Years compulsory*—9. *Attendance*—82% (primary school). *Literacy*—85.6%. **Health:** *Infant mortality rate*—36.2/1,000. *Life expectancy*—67 yrs. **Work force** (6.5-7.0 million): *Agriculture*—18%. *Industry and commerce*—42%. *Services*—41%.

Geography

Area: 912,050 sq. km. (352,143 sq. mi.); about the size of Tex. and Okla. combined. **Cities:** *Capital*—Caracas (metropolitan area pop. est. 4.0 million). **Terrain:** Varied. **Climate:** Varies from tropical to temperate, depending on elevation.

Government

Type: Federal republic. **Independence:** July 5, 1821. **Constitution:** January 23, 1961.

Branches: *Executive*—president (head of government and chief of state); 24-member Council of Ministers (cabinet). *Legislative*—bicameral Congress (200-member Chamber of Deputies, 47-member Senate). *Judicial*—18-member Supreme Court.

Subdivisions: 20 states, 2 federal territories, 1 federal district, and a federal dependency (72 islands).

Political parties: Democratic Action (*Accion Democratica*—AD), Social Christian (*Comite Organizador Politico pro Elecciones Independientes*—COPEI). *Other parties*—all minor, which gained representation to the National Congress Dec. 1983, are: Movement to Socialism (*Movimiento al Socialismo*—MAS); People's Electoral Movement (*Movimiento Electoral del Pueblo*—MEP); Republican Democratic Union (*Union Republicana Democratica*—URD); New Alternative (*Nueva Alternativa*—NA); Movement of the Revolutionary Left (*Movimiento de Izquierda Revolutionaria*—MIR); Movement of National Integrity (*Movimiento de Integridad Nacional*—MIN); National Opinion (*Opinion Nacional*—OPINA); and Venezuelan Communist Party (*Partido Communista de Venezuela*—PCV). **Suffrage:** Universal and compulsory over 18.

Economy

GNP (1982): $69.4 billion. **Annual growth rate** (1982): 2.8%. **Per capita income:** $4,716. **Avg. inflation rate** (1982): 7.7%.

Natural resources: Petroleum, natural gas, iron ore, gold, other minerals, hydroelectric power, bauxite.

Agriculture (7% of GNP): *Products*—rice, coffee, corn, sugar, bananas, and dairy, meat, and poultry products. *Land*—4%.

Industry (16% of GNP): Petrochemicals, oil refining, iron and steel, paper products, aluminum, textiles, transport equipment, consumer products.

Trade (1982): *Exports*—$16.5 billion: petroleum ($15.6 billion), iron ore, coffee, aluminum, cocoa. *Major markets*—US, Canada, Italy, Japan. *Imports*—$12.8 billion: machinery and transport equipment, manufactured goods, chemicals, foodstuffs. *Major suppliers*—US, Japan, Canada, FRG.

Official exchange rate: 4.30 bolivares = US$1. While the official exchange rate is Bs. 4.30 to US$1, in February 1983, Venezuela adopted a multitiered exchange rate system. In 1984, the Venezuelan Government further modified the multitiered exchange rate.

Membership in International Organizations

UN and its specialized agencies, Organization of American States (OAS), International Coffee Agreement, Latin American Integration Association (ALADI), Andean Pact, Rio Pact, Organization of Petroleum Exporting Countries (OPEC), Latin American Energy Organization (OLADE), Latin American State Reciprocal Petroleum Assistance (ARPEL), Latin American Economic System (SELA), Andres Bello Agreement, INTELSAT.

Taken from the *Background Notes* of May 1984, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

As a political figure, you've been concerned about the freedom and progress of your people. As a physician, you understand human suffering. This understanding is reflected in the energetic commitment that you've made in battling the flow of narcotics through Venezuela and the Caribbean region. As you're aware, the drug abuse problem is something that your dinner partner, Nancy, and I feel strongly about. Nancy has spent many hours here trying to help the victims of drug addiction, especially young people.

For your efforts to stop illegal drugs before they reach our shore, you have our personal thanks.

Americans know there's a special spirit in Venezuela, and that spirit is hard to miss when you have Tony Armas hitting towering homeruns like they were the easiest thing to do. Well, the free people of Venezuela and the United States are on the same team, and we're up to bat. So, in keeping with the lessons Tony Armas has been teaching us, let's set our sights high, work as a team, and assure democracy and improving economic well-being for all the people of the Americas.

Now, will you all join me in a toast to President Lusinchi, the people of Venezuela, and the things that we can and will accomplish together.

President Lusinchi[2]

I understand fully that this evening, this dinner, is a homage to my country, Venezuela, a country which, taking account the difference in dimensions, has much in common with the United States. For just as the United States, it is an integrator of races, religions, and ambitions. Your country and my country are both lands of possibilities. I understand this fully, and this is why I believe that both the United States and Venezuela have had a common history in the past and have for the future a common destiny.

This, in part, has made us very proud to be here and very happy to see that these Americans can organize things so well. They know so much and they understand so much that they were able even to make the climate work in favor of the beautiful reception we had this morning. And President Reagan has been very kind this evening to sit me beside your guardian angel on one side, and a Venezuelan angel on the other side, Mrs. Cisnaros, who is highly representative of Venezuelan women.

I had thought to say a few words on this occasion, but your generosity and your warmth have compelled me to use, before I say those words, all my old parliamentary resources. But one hestitates here on a visit of state such as mine—and I came here as head of government and President of the Republic of Venezuela—so I must say therefore, in this capacity, that we small countries seem to have cultivated somewhat the right to dissent; and discrepancy has often become the object of much worship, and disagreement with the strong has become the consolation often of the weak. At times, we disagree just to highlight the existing difference or simply to reaffirm our wish to exercise autonomous thought and action. There are many occasions to dissent, to express different views, or to celebrate coincidences. And this, also, is totally legitimate.

Even if the United States is the most powerful nation on Earth, besides holding diverging views, we also find with you many convergences and totally legitimate ones, as well. And I must say this very frankly, proudly, and candidly. In a ceremony such as the present one, I think it is much more intelligent, much more human, to highlight, rather, all that unites us, all that identifies us to each other, and leave aside what might have been something that can separate this great world power from a country such as ours, cognizant of its dimensions and its possibilities.

Permit me to leave aside thoughts on important substance matters. I do not want to run the risk of appearing solemn when it would be out of place to do so. I am not a declared enemy of solemnity itself, but I do believe it must be exercised on appropriate occasions. Some people never depart from it and yearn to appear solemn every single hour and minute of their lives. I'm happy to say that this is neither your case, Mr. President, or mine. And in part, this is because both of us are common men. In some way, must one become, after all, eligible for the benevolence of history, even if it is to be through the exercise of discretion.

I have come to the United States and to this mansion of Presidents as a spokesman and representative of a country and a people friendly to the United States. I have come to express our views on bilateral issues of two friendly nations—on issues of our hemisphere, we cannot, and shall not be indifferent to and on world issues on which we Venezuelans do not exert much influence, but which affect us to a high degree.

The biggest pride of Venezuelans perhaps to feel that we are a country that holds no prejudices, no dogmas, intolerances. And I say this to you—I said it to you, Mrs. Reagan, with gre pride during this dinner—and I belie that this is what makes us firmly believe, in part, that in spite of our backwardness in some economic and social areas, we are a country the fut will favor, perhaps because the futur lies for those who, as ourselves, show open mind and a willing heart.

I said before that all work today make this a beautiful celebration for and even the fact that a year ago—it just a year ago that I won elections as large a landslide as you did. [Laughter] And there is something e more important, because in our case, even got all the votes of your Minne [Laughter] So, today, we have really given to us a great present—you ha been so kind, you have shown to us much graciousness. Your words hav been so pleasant, you have given me occasion to speak to your beautiful a distinguished wife, beautiful represe tive of American women we much a mire.

And so, allow me also to take th occasion of having many common friends with us to congratulate you Mr. President, on your electoral vic and to wish you an extraordinary s term. The government, all the peop the United States, hope to get from and as citizen of the world, all the c tribution you and your country can to peace, solidarity, a better living f all the people of this planet.

I know that you are an actor, b please allow me to be the first one t say something you told me this mor Allow me the privilege of being you reporter tonight. You told me as w down from the rostrum that when y started to speak—after both of us the speeches this morning to your c try, to my country, and to the work that had wanted, perhaps, to listen us, you said that you had in the poc of your overcoat the speech you ha nounced for the Duke of Luxembou and that you had not used this over until today. My speech, you had it i pocket of your jacket. So, today I w almost called "Your Highness." I ce ly do not have any special ambition be royalty, but I just wonder, the f of the Venezuelans if they had hear this. [Laughter]

Ir. President, allow me again to
k you for this beautiful reception,
our kindness, and also for having
ed distinguished friends of yours,
le you love, and friends of
—people who are of great value
precious to my own country,
nzuela. And allow me to exemplify
dentify all of these fellow coun-
en of mine with the name of
sol Escobar, a famous sculptress
forged the image of the liberator,
n Bolívar, and left this image at the
d Nations forever in time.
hank you again, Mr. President,
Reagan. You have in me, be
ed of the fact, a loyal and sincere
l who admires you, esteems you, a
l good enough to dissent with you
o applaud at the same time all your
ess, your good will, and your good
a.

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ade on the South Lawn of the White
where President Lusinchi was accord-
rmal welcome with full military honors
rom Weekly Compilation of Presiden-
cuments of Dec. 10, 1984).
resident Lusinchi spoke in Spanish, and
narks were translated by an inter-
t.
eld in the State Dining Room at the
House (text from Weekly Compilation
sidential Documents of Dec. 10,
4). ■

January 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

January 5
Colombian Government transfers custody of four Colombian nationals to U.S. Marshals in Miami. The nationals, indicted in U.S. Federal courts on narcotics-related charges, are extradited to the U.S. under the U.S.-Colombia Extradition Treaty which entered into force in 1982.

January 8–10
U.S. and Soviet trade and economic experts meet under the provisions of the U.S.-Soviet Long-Term Economic, Industrial and Technical Agreement to discuss the status of U.S.-Soviet trade and possibilities for the expansion of trade and commerce. Department of Commerce Under Secretary Olmer heads the U.S. delegation.

January 12
The Department of State issues a travel advisory repeating its concern for travelers to Colombia. The nationwide state of siege declared on May 1, 1984, remains in effect. Americans are advised to register with the U.S. Embassy in Bogota or the U.S. Consulate General in Barranquilla upon arrival in Colombia and are urged to carry proper documentation at all times.

January 15–17
U.S. and Soviet officials meet in Washington to hold the first in a series of technical discussions to implement the July 17, 1984, agreement to upgrade the "Hot Line" between Washington and Moscow.

January 15
The following newly appointed ambassadors present their credentials to President Reagan: Francis Saemala (Solomon Islands), Rodrigo Lloreda Caicedo (Colombia), Emmanuel Jacquin de la Margerie (France), and Tolo Beavogui (Guinea).

A car bomb explodes at the main entrance of the U.S. Army community center in Brussels. The building is severely damaged, but no injuries are reported.

U.S. Export-Import Bank lowers interest rates charged on its export-financing loans by 0.70–1.35%.

January 16
U.S. and Canada initial the Pacific Salmon Treaty, annexes, exchange of notes, and a memorandum of understanding in Seattle, Washington. The treaty establishes the basis for long-term bilateral cooperation in salmon management, research, and enhancement in the Pacific northwest, Alaska, and Canada.

January 17
Finance ministers and bank governors of France, Germany, Japan, the U.K., and the U.S. meeting in Washington reaffirm a commitment made at the Williamsburg summit to "undertake coordinated intervention in the [foreign exchange] markets as necessary" as well as a commitment to "pursue monetary and fiscal policies that promote a convergence of economic performance at noninflationary, steady growth."

In testimony before the Senate Foreign Relations Committee, AID Administrator McPherson announces approval to ship an additional 100,000 tons of food valued at $24 million to Sudan.

January 18
The Department of the Treasury announces that Argentina has fully repaid a $500 million short-term bridge loan.

January 22
Secretary Shultz meets with Soviet Ambassador Dobrynin at the State Department.

January 24
President Reagan meets with Italian Defense Minister Spadolini.

January 28
Secretary Shultz meets with Israeli Defense Minister Rabin.

Secretary Shultz meets with Sri Lankan Minister for National Security, Lalith Athulathmudali.

January 29
While on a 2-week working visit to the U.S., Mr. Fereno Havasi, a senior member of the Hungarian Socialist Workers Party, meets briefly with President Reagan before meeting with Secretary Shultz. Mr. Havasi is a member of the Hungarian Parliament, a member of the ruling party Politburo, and a secretary of the party's central committee. ■

Current Actions

MULTILATERAL

Atomic Energy
Protocol to suspend the application of safeguards pursuant to the IAEA-U.S.-Turkey agreement of Sept. 30, 1968, as extended (TIAS 6692, 10201), and to provide for the application of safeguards pursuant to the treaty on the nonproliferation of nuclear weapons of July 1, 1968 (TIAS 6839), and the IAEA-U.S. safeguards agreement of Nov. 18, 1977 (TIAS 9889). Signed at Vienna Jan. 15, 1985. Entered into force Jan. 15, 1985.

Aviation
Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1981. Entered into force Jan. 26, 1973. TIAS 7570.
Accession deposited: Bahamas, Dec. 27, 1984.

Coffee
International coffee agreement, 1983, with annexes. Done at London Sept. 16, 1982. Entered into force provisionally Oct. 1, 1983.
Accession deposited: Zambia, Jan. 7, 1985.

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Signatures: St. Lucia, Dec. 20, 1984; Barbados, Jan. 2, 1985
Ratification deposited: Jamaica, Jan. 7, 1985.

Customs
Customs convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978; for the U.S. Mar. 18, 1982.
Accessions deposited: Albania, Jan. 4, 1985; Turkey, Nov. 12, 1984.

Environmental Modification
Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S. Jan. 17, 1980. TIAS 9614.
Extended: by New Zealand to Cook Islands and Niue, Sept. 7, 1984.

Gas Warfare
Protocol for the prohibition of the use in war of asphyxiating, poisonous, or other gases, and of bacteriological methods of warfare. Done at Geneva June 17, 1925. Entered into force Feb. 8, 1928; for the U.S. Apr. 10, 1975. TIAS 8061.
Accession deposited: Kampuchea, Mar. 15, 1983.

Judicial Procedure
Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.[2]
Signature: Luxembourg, Dec. 18, 1984.

Marine Pollution
Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington Dec. 29, 1972. Entered into force Aug. 30, 1975. TIAS 8165.
Accession deposited: Seychelles, Nov. 20, 1984.

Narcotic Drugs
Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Accessions deposited: Botswana, Dec. 27, 1984.

Nuclear-Material—Physical Protection
Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[1]
Signature: Niger, Jan. 7, 1985.

Patents
Patent cooperation treaty, with regulations. Done at Washington June 19, 1970; entered into force for the U.S. Jan. 24, 1978, with the exception of Chapter II. TIAS 8733.
Accession deposited: Barbados, Dec. 12, 1984.

Prisoner Transfer
Convention on the transfer of sentenced persons. Done at Strasbourg Mar. 21, 1983.[1]
Ratification deposited: Sweden, Jan. 9, 1985.[3]

Property—Industrial
Convention of Paris for the protection of industrial property of Mar. 20, 1883, as revised. Done at Stockholm July 14, 1967. Entered into force Apr. 26, 1970; for the U.S. Sept. 5, 1970, except for Arts. 1–12 entered into force May 19, 1970; for the U.S. Aug. 25, 1973. TIAS 6923, 7727.
Notifications of accession deposited: Barbados, Dec. 12, 1984; China, Dec. 19, 1984.[4]

Slavery
Convention to suppress the slave trade a slavery. Done at Geneva Sept. 25, 1926. Entered into force Mar. 9, 1957; for the Mar. 21, 1929. (46 Stat. 2183; TS 778)

Protocol amending the slavery convention Sept. 25, 1926 (TS 778), and annex. Done New York Dec. 7, 1953. Entered into for Dec. 7, 1953 for the Protocol; July 7, 195 for annex to Protocol; for the U.S. Mar. 1956. TIAS 3532.
Accessions deposited: Bangladesh, Jan. 7 1985.

Sugar
International sugar agreement, 1984, wit annexes. Done at Geneva July 5, 1984. Entered into force provisionally Jan. 1, 1 Provisional entry into force: Jan. 1, 1985
Signatures: U.S.S.R., Nov. 30, 1984; Au Belize, El Salvador, European Economic Community, Guyana, Lebanon, Dec. 20, Hungary, Mauritius, Norway, Dec. 21, 1 Argentina, Bulgaria, Ecuador, Republic Korea, Uganda, Dec. 27, 1984; Brazil, C Egypt, Jamaica, Japan, South Africa, Trinidad & Tobago, Dec. 28, 1984; Austr Barbados, Egypt, Democratic Republic Germany, India, Indonesia, Ivory Coast, Malawi, Pakistan, Papua New Guinea, Paraguay, Peru, St. Christopher & Nevi Zimbabwe, Dec. 31, 1984.
Notifications of provisional application deposited: Guatemala, Hungary, Dec. 21 1984; Argentina, Republic of Korea, De 1984; Brazil, Congo, Jamaica, Trinidad Tobago, Dec. 28, 1984. Egypt, Democra Republic of Germany, India, Paraguay, Christopher & Nevis, Dec. 31, 1984; Pe Jan. 8, 1985; Colombia, Jan. 9, 1985; Swaziland, Jan. 10, 1985; El Salvador, Mauritius, South Africa, Jan. 16, 1985; Belize, Cuba, Zimbabwe, Jan. 17, 1985; Papua New Guinea, Jan. 18, 1985; Ecua Honduras, Madagascar, Mexico, Philipp Thailand, Jan. 21, 1985.
Approvals deposited: European Econon Community, Dec. 20, 1984; Pakistan, Dec. 31, 1984; Hungary, Jan. 21, 1985.
Ratifications deposited: Guayana, Norw Dec. 21, 1984; Nicaragua, Uganda, Dec. 1984; Australia, Barbados, Malawi, Dec 1984; Mauritius, Swaziland, Trinidad & Tobago, Jan. 21, 1985.
Acceptances deposited: U.S.S.R., Dec. 2 1984; Japan, Dec. 28, 1984.
Accession deposited: Dominican Republ Jan. 21, 1985.

Whaling
International whaling convention and schedule of whaling regulations. Done a Washington Dec. 2, 1946. Entered into Nov. 10, 1948. TIAS 1849.
Adherence deposited: Ireland, Jan. 2, 19

at
Protocol for the further extension of the
at trade convention, 1971 (TIAS 7144).
e at Washington Apr. 4, 1983. Entered
force July 1, 1983.

Protocol for the further extension of the
aid convention, 1980 (TIAS 10015).
e at Washington Apr. 4, 1983. Entered
force July 1, 1983.
ifications deposited: Italy, Jan. 4, 1985.

nen
rention on the elimination of all forms of
imination against women. Adopted at
York Dec. 18, 1979. Entered into force
3, 1981.[2]
ifications deposited: Republic of Korea,
27, 1984; New Zealand, Jan. 10, 1985.[5]

O
titution of the World Health Organiza-
Done at New York July 22, 1946.
red into force Apr. 7, 1948; for the U.S.
21, 1948. TIAS 1808.
otance deposited: St. Christopher &
s, Dec. 3, 1984.

LATERAL

ralia
ement extending the agreement of
6, 1968 (TIAS 6589), relating to scien-
nd technical cooperation. Effected by
nge of notes at Canberra Oct. 18 and
11, 1984. Entered into force Dec. 11,
effective Oct. 16, 1984.

ados
ention for the avoidance of double taxa-
nd the prevention of fiscal evasion with
ct to taxes on income, with exchange of
Signed at Bridgetown Dec. 31, 1984.
's into force upon exchange of instru-
s of ratification.

da
y relating to the Skagit River and Ross
and the Seven Mile Reservoir on the
d'Oreille River, with annex. Signed at
ington Apr. 2, 1984. Entered into force
14, 1984.
aimed by the President: Jan. 11, 1985.

Rica
ement for the sale of agricultural com-
ies. Signed at San Jose Nov. 19, 1984.
ed into force: Jan. 2, 1985.

communique on immigration matters,
minute on implementation. Signed at
York Dec. 14, 1984. Entered into force
14, 1984.

Czechoslovakia
Agreement extending the air transport agreement of Feb. 28, 1969, as amended and extended (TIAS 6644, 7356, 7881, 8868). Effected by exchange of notes at Prague Dec. 20 and 29, 1984. Entered into force Dec. 29, 1984; effective Jan. 1, 1985.

Ireland
Treaty on extradition. Signed at Washington July 13, 1983. Entered into force Dec. 15, 1984
Proclaimed by the President: Jan. 3, 1985.

Japan
Agreement relating to the agreement of June 20, 1978, (TIAS 9267) concerning acquisition and production in Japan of F–15 aircraft and related equipment and materials. Effected by exchange of notes at Tokyo Dec. 28, 1984. Entered into force Dec. 28, 1984.

Agreement concerning commercial sperm whaling in the western division stock of the North Pacific, with summary of discussions. Effected by exchange of letters at Washington Nov. 13, 1984. Entered into force Nov. 13, 1984.

Korea
Agreement relating to participation in the program of severe (nuclear) accident research. Signed at Seoul Aug. 23, 1984. Entered into force Aug. 23, 1984.

Madagascar
Agreement relating to the agreement of Aug. 19, 1981, (TIAS 10218) for the sale of agricultural commodities. Signed at Antananarivo Dec. 12, 1984. Entered into force Dec. 12, 1984.

Malaysia
Agreement amending and extending the agreement of Dec. 5, 1980, and Feb. 27, 1981, (TIAS 10101) relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Kuala Lumpur Dec. 24 and 28, 1984. Entered into force Dec. 28, 1984; effective Jan. 1, 1985.

Mexico
Agreement amending agreement of Nov. 9, 1972, as amended (TIAS 7697, 9436, 10159, 10234, 10466, 10688), concerning frequency modulation broadcasting in the 88 to 108 MHz band. Effected by exchange of notes at Mexico Nov. 6 and Dec. 7, 1984. Entered into force Dec. 7, 1984.

Agreement amending agreement of Dec. 11, 1968, (TIAS 7021) concerning broadcasting in the standard broadcasting band (535–1605 kHz). Effected by exchange of notes at Mexico Nov. 6 and 29, 1984. Entered into force Dec. 15, 1984.

Peru
Agreement relating to trade in cotton, wool, manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Lima Jan. 3, 1985. Entered into force Jan. 3, 1985; effective May 1, 1984.

Poland
Agreement relating to trade in cotton, wool, manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Warsaw Dec. 5 and 31, 1984. Entered into force Dec. 31, 1984; effective Jan. 1, 1985.

Turkey
Grant agreement for balance-of-payments financing to support and promote the financial stability and economic recovery of Turkey. Signed at Ankara Dec. 24, 1984. Entered into force Dec. 24, 1984.

Loan agreement for balance-of-payments financing to support and promote the financial stability and economic recovery of Turkey. Signed at Ankara Dec. 24, 1984. Entered into force Dec. 24, 1984.

Venezuela
Agreement to establish a Venezuela-U.S. agriculture commission. Effected by exchange of notes at Caracas Dec. 26, 1984. Entered into force Dec. 26, 1984.

Zaire
Agreement relating to the agreement of May 30, 1980, for the sale of agricultural commodities. Signed at Kinshasa Dec. 22, 1984. Entered into force Dec. 22, 1984.

Zambia
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes and implementing agreement. Signed at Lusaka Dec. 15, 1984. Entered into force Jan. 22, 1985.

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[1]Not in force.
[2]Not in force for the U.S.
[3]With declarations.
[4]With reservations.
[5]Extended to Cook Islands and Niue. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*1	1/7	Shultz: arrival statement, Geneva, Jan. 6.
2	1/9	Shultz: news conference, Geneva, Jan. 8.
3	1/9	New rules for commercial arms sales in effect Jan. 1.
*4	1/10	Program for the official working visit to Belgian Prime Minister Martens, Jan. 13–15.
*5	1/10	Shultz: interview by Cable News Network, Geneva, Jan. 8.
*6	1/10	Shultz: interview by ABC TV, Geneva, Jan. 8.
*7	1/10	Shultz: interview by NBC TV, Geneva, Jan. 8.
*8	1/10	Shultz: interview by CBS TV, Geneva, Jan. 8.
9	1/14	Shultz: interview on NBC's "Meet the Press," Jan. 13.
*10	1/18	1985 foreign fishing allocations issued.
11	1/22	Shultz: news conference at the White House, Jan. 18.
12	1/31	Shultz: testimony before the Senate Foreign Relations Committee.

*Not printed in the BULLETIN. ■

USUN

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

No.	Date	Subject
*56	7/9	Kirkpatrick: case of Vladimir Yakimetz.
*57	7/17	Merry: Indian Ocean conference, ad hoc Committee on the Indian Ocean.
*58	7/18	Keyes: economic situation in Africa, ECOSOC, Geneva, July 12.
*59	7/25	Goodman: international economic policy, ECOSOC, Geneva, July 19.
*60	8/16	Kirkpatrick: apartheid, Security Council.
*61	8/17	Schifter: South Africa, Security Council.
*62	8/17	Schifter: South Africa, Security Council.
*63	[Not issued.]	
*64	9/6	Clark: Middle East, Security Council.
*65	9/6	Grooms: information, Committee on Information.
*66	9/7	Sorzano: Central America, Security Council.
*67	9/7	Sorzano: Central America, Security Council.
*68	9/10	McPherson: developmental assistance, Department of Information annual conference for nongovernmental organizations, Sept. 6.
*69	9/11	Keyes: Khmer relief, donors' meeting.
*70	9/12	Keyes: 40th anniversary of the UN preparatory committee.
*71	9/17	Keyes: global negotiations, General Assembly.
*72	9/21	Kirkpatrick: admission of Brunei Darussalam, General Assembly.
*73	[Not issued.]	
*74	9/28	Keyes: apartheid, General Assembly.
75	9/27	U.S. delegation to the 39th session of the UN General Assembly.
*76	10/5	Rosenstock: security and safety of diplomatic and consular missions, Committee VI.
*77	10/9	Viglienzone: effects of atomic radiation, Special Political Committee.
*78	10/11	Keyes: contributions, Committee V.
*79	10/12	Rosenstock: principle of nonuse of force, Committee VI.
*80	10/12	Schifter: renewal of UNIFL, Security Council.
*81	10/12	Keyes: general debate, Committee II.
*82	10/15	Shearouse: conferences, Committee V.
*83	10/17	Bader: South Africa, Committee IV.
*84	10/17	Viglienzone: peacekeeping operations, Special Political Committee.
*85	10/17	Keyes: racism and racial discrimination, Committee III.
*86	10/18	Bader: South Africa, Committee IV.
*87	10/18	Schifter: self-determination, Committee III.
*88	10/18	Keyes: expansion of ECA facilities, Committee V.
*89	10/19	Keyes: World Food Day, General Assembly.
*90	10/22	Di Martino: U.S. contribution to UNICEF relief program in Ethiopia, UNICEF.
*91	10/22	Schifter: "A Time of Remembrance," Human Rights Commission.
*92	10/23	Herzberg: refugees, Special Political Committee.
*93	10/23	Herzberg: refugees, Special Political Committee.
*94	10/23	Bader: South Africa: Committee IV.
*95	10/23	Kirkpatrick: South Africa, Security Council.
*96	10/24	Kelly: food problems, Committee II.
*97	[Not issued.]	
*98	10/24	Quintanilla: Upcoming 1 years, Committee III.
*99	10/25	Adelman: arms control, Committee I.
100	10/25	Sorzano: Central Ameri General Assembly.
*101	10/25	Grooms: Central Ameri General Assembly.
*102	10/25	Grooms: Central Ameri General Assembly.
*103	10/26	Feldman: military activi in territories, Commit IV.
*104	10/26	Lowitz: nonproliferatior Committee I.
*105	10/29	Kelly: desertification an drought, Committee I

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U.S. Assistance and Africa's Economic C Assistant Secretary Crocker, Senate Foreign Relations Committee, Jan. 17, 1985 (Current Policy #648).

Ethiopian Famine (GIST, Jan. 1985).

Arms Control

Geneva and Beyond: New Arms Control Negotiations, Deputy Secretary Dam, Foreign Policy Association, New York Jan. 14, 1985 (Current Policy #647).

Arms Control: Confidence-Building Mea (GIST, Jan. 1985).

Economics

International Monetary Fund (GIST, Jar 1985).

U.S. Prosperity and the Developing Cou tries (GIST, Jan. 1985).

Human Rights

17th Semiannual Report: Implementatio Helsinki Final Act, April 1, 1984-Octo 1984 (Special Report #119).

United Nations

The New U.S. Observer Role in UNESC Assistant Secretary Newell, L'Associa de Presse Diplomatique Francaise, Pa Jan. 15, 1985 (Current Policy #649).

Western Hemisphere

The United States and Cuba, Director Skoug, Carnegie Endowment for Inte tional Peace, Dec. 17, 1984 (Current I #646). ■

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