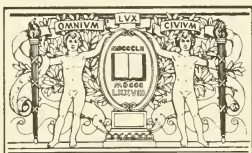


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Department
of State
bulletin

The Official Monthly Record of United States Foreign Policy / Volume 83 / Number 2073



April 1983

être arrêtés ou molestés pour cause de Contrebande, qu'ils auroient
voulu prendre à leur bord, ni aucune espèce d'embargo mis sur
leurs navires, les Sujets ou Citoyens de l'État ou ses marchandises
sont déclarés de Contrebande, ou dont la sortie est défendue,
et qui néanmoins auroient vendu ou voulu vendre, et aliéner
les dites marchandises, devant être les seuls qui feront dûment
punis pour une pareille Contrevenction:

Fait à Paris le trois (trois) l'andegrice
mil sept cent quatrevingt trois.

(Maurice Whipple ambassadeur de France)

(R. J. Minkler)

The U.S.
and Sweden:
An Enduring Friendship / 1

Department of State **bulletin**

Volume 83 / Number 2073 / April 1983

Cover:

Copy of last page of U.S.-Swedish Treaty of Amity and Commerce, signed in Paris on April 3, 1783.

(Courtesy National Archives)

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.

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EDITOR'S NOTE

The article "Armenian Terrorism: A Profile," which appeared in the August 1982 issue of the *Bulletin*, and its accompanying note and footnotes were not intended as statements of policy of the United States. Nor did they represent any change in U.S. policy.

K. GUSTAF

med Guds Nåde Sveriges
Göthes och Wendes KÄNUNG &c. &c. &c.
& Arfvinge till Norrige, Hertig till Schlessia
Heltain, Stormann och Dänmarksen, Grefve
till Oldenburg, och Detmenherst &c. &c. Göre
vetterligt, Att, som en ränskorps och handels
Societät, emellan oss och de förnämde Staterna i Storm America,
utspelt den Sölyt Apot inuvarande är i Paris, afslutat,
fastskött och underteknat, af de så emne säcr skriftl.
beslutninglagade Ministrar nemligen: å Wära rignar
Wär Ambassadeur Extraordinaire hos Konungen af
Frankrike, Baudouin och Commensaluren af Wära
Orden, Wälberne Grefve, Herr Gustaf Philipz
Crecutz, samt å de förnämde Staternas rignar, af
deras äfrentades hos Konungen af Frankrike.

The U.S. and Sweden: An Enduring Friendship

by James Edward Miller

The treaty of amity and commerce signed by the United States and Sweden on April 3, 1783, was the first between the newly independent American Republic and a European neutral state. Recognition by Sweden of American independence facilitated the establishment of diplomatic relations with most of the other European states. Com-

menting on the treaty, John Adams stated: "The King of Sweden has done the United States [a] great honor in his commission . . . by insisting that he has a great desire for connexion with States which had so fully established their independence and by their wise and gallant conduct so well deserved it."

Sweden and the American Revolution

Following the outbreak of the war for independence in 1775, Sweden, although officially a neutral power, showed a strong sympathy for the American cause. Before the Revolution all Swedish trade with the Colonies had to pass through England and was subject to high customs duties. American independence offered the prospect for direct and less costly trade between Sweden and the United States. Merchants from both countries eagerly exploited this opportunity, and the volume of trade between the two nations rose dramatically during the Revolutionary War.

Sweden's brilliant and dynamic King, Gustav III, was eager to reestablish his nation in the great power role it had played prior to 1718. Support for the American colonists permitted the King to cooperate with Sweden's closest ally, France, and simultaneously undercut a major commercial rival, the United Kingdom. The King also hoped to gain a trading colony in the West Indies. Moreover, Gustav genuinely admired the American patriots and their struggle for independence. The King granted leaves of absence for a number of Swedish officers to serve with the Colonial Armies and French Navy. More than one American diplomat in Europe gratefully reported back to the Continental Congress on the moral and practical assistance they received from Sweden during the war years, and Swedish ports became a safehaven for Colonial merchant ships seeking to avoid capture by the British Navy.

After France entered the war on the side of the United States in 1778, Sweden took an even more active role in assisting the Colonies. When the British attempted to cut off all trade between Europe and the rebellious Colonies by unleashing full-scale privateering, the Swedish Government issued so strong a protest that one British minister called it indistinguishable from a declaration of

war. Sweden also was one of the northern European powers that responded favorably to the appeal in February 1780 by Catherine II of Russia for the establishment of a League of Armed Neutrality. Sweden enforced its neutrality through a system of heavily protected convoys. By 1782 almost all the neutral states of Europe had joined the Armed Neutrality, undermining Britain's ability to wage a two-front war and challenging its control of the seas and its leadership in trade. The free passage of neutral merchant shipping to and from the Colonies together with the ability of American seamen to avoid the British Navy defeated the blockade and the privateering campaign.

First Approaches

Although Sweden aided the Colonies, no formal diplomatic relations existed between the two states. When the British used French recognition of American independence as its *casus belli* in 1778, the Swedes, seeking to avoid a war, refrained from a similar act. After the surrender of Lord Cornwallis' army at Yorktown on October 18, 1781, British political leadership slowly reconciled itself to the loss of the Colonies and, in April 1782, opened secret peace talks with the American representative in Paris, Benjamin Franklin.

The Swedish Government had already decided that it should establish permanent diplomatic ties with the American Republic. In late March Count Gustav Creutz, the Swedish Ambassador to France, approached Franklin to ask if he had powers from the Continental Congress to conclude a treaty of amity with Sweden. After Franklin replied affirmatively, Creutz stated that King Gustav III wished to conclude a treaty and noted that Sweden was the first neutral European power to offer recognition to the United States. The

Swedes, however, wished to keep the negotiations secret for fear of British reaction. Swedish caution on this point delayed the completion of a treaty for over a year but was well founded.

Although serious fighting in the United States ceased after Yorktown the war still raged in Europe. Each of the powers which allied with the United States against the United Kingdom entered the war to achieve its own political objectives. France wanted to reduce British power by depriving the United Kingdom of its most valuable Colonies. Spain wanted to break the British hold on the western Mediterranean by recapturing the fortress of Gibraltar. In order to concentrate its forces for the defense of their European interests the British were willing to withdraw their American Colonies.

The Marquis de LaFayette, who had recently returned from service with the Continental Army, approached Creutz shortly after the latter's meeting with Franklin. LaFayette had a commission from the Continental Congress to promote a peace settlement. He also enjoyed the confidence of the French Minister of Foreign Affairs, Count Vergennes. Unaware of Creutz's negotiations with Franklin and acting on Vergennes' instructions, LaFayette urged that the Swedes open negotiations with the United States with the object of granting it full diplomatic recognition.

Spurred by this request, Creutz met with Franklin on the following day, April 22, 1782, and offered a treaty of amity and commerce. Franklin replied enthusiastically, telling Creutz that he would immediately inform Congress of this offer and again promising to keep the matter secret. Creutz then met Vergennes and informed him of the Swedish initiative. Vergennes was naturally pleased but cautioned Creutz to keep the approach a secret from the British Government. France had achieved its political objectives in its war with Britain and with its treasury bankrupt was now seeking a quick peace settlement. Spain continued to resist peace talks as long as it believed it could recover Gibraltar. Announcement of Sweden's pact with the United States could only complicate French diplomatic efforts to end the conflict.

The U.S.
and Sweden:
An Enduring Friendship

Gustav III: Enlightened Monarch

Gustav III (1746-92) gave his name to a glittering era of Swedish history. During his reign from 1771-1792, Swedish arts and crafts reached their high points. His court, like those of Prussia and Russia, nurtured the culture of the French Enlightenment. The King was a man of immense personal talent and wideranging interests, including a passion for theater.

As a statesman, Gustav was a model enlightened despot. In 1772, he staged a coup against the aristocratic parties which ruled Sweden and centralized all powers in his own hands. Gustav energetically reformed the legal and fiscal systems of Sweden, extended religious toleration, suppressed corruption within the bureaucracy, and embarked on large-scale public works programs. He also curtailed freedom of the press and weakened representative institutions.

Despite his absolutism, Gustav greatly admired the courage of American patriots and provided them with moral and material support in the war for independence. On March 16, 1792, he was shot during a masked ball at the opera in Stockholm and died 13 days later. His tragic end provided Giuseppe Verdi with the inspiration for the opera "Un Ballo in Maschera." ■

(Courtesy Embassy of Sweden)



Waiting on Peace

Because of his concern with the British reaction to disclosure of the proposed treaty, Creutz planned to negotiate at a slow pace, awaiting the completion of peace treaties recognizing American independence, before signing an agreement with the United States. As further insurance against premature disclosure, Creutz would only discuss the proposed treaty orally.

Creutz could also count on long delays in communications between Franklin and the Continental Congress to slow the pace of negotiations. It was September 19, 1782, before the Continental Congress appointed a three-man committee consisting of Arthur Lee, Ralph Izard, and James Duane to draft a treaty with Sweden and prepare negotiating instructions for Franklin. On September 28 the committee reported back with a draft treaty and instructions based largely on the treaty of amity and commerce with the Netherlands which would be signed on October 8, 1782. In addition to recognizing the United States and establishing friendly relations between the two states, the treaty provided equal access for American and Swedish merchants to the other state's markets, and set out the protections which each state would provide the citizens of the other. These instructions were immediately sent to Franklin.

On November 9, 1782, Robert Livingston, the Secretary for Foreign Affairs of the Congress, wrote Franklin urging quick action on the treaty. Livingston told Franklin that "We are much flattered by the proposals of Sweden," which would widen the scope of foreign recognition of American independence and add weight to the forces driving the United Kingdom "to acknowledge us foreign and independent."

By November 1782 negotiations between the United States and United Kingdom on a preliminary peace treaty were well advanced, and the Swedish Government also wanted to speed up the negotiations on the treaty. The Swedish foreign office, on November 21, authorized Creutz to sign a treaty with

the United States. British and American negotiators signed a preliminary peace and requested ratification by their governments on November 30. On December 14 Franklin and Creutz exchanged the documents which granted them power to act for their governments in completing a treaty.

The Swedes, however, continued to pace their negotiations with Spanish, French, and British discussions on a preliminary peace in Europe. On December 24, Franklin reported to Livingston that after a number of conferences on the treaty, Creutz had suspended the talks pending new instructions from his government. Gustav III approved Creutz's view that the wisest course for Sweden was to delay negotiations with the United States until the signature of the preliminary peace among the European powers removed recognition as a *causus belli* with the United Kingdom. On

January 16, 1783, as European peace negotiations entered their last stage Gustav instructed his ambassador to view of the "high importance" of the negotiations with the United States Creutz should take no further action until he received specific instruction. However, Creutz acted before he received the King's orders.

Signature and Ratification

In early February Creutz decided that the time had come to conclude a treaty with the United States. On January 20, 1783, France and Spain finally came to terms with the United

U.S. Ambassador to Sweden



(Department of State photo)

Franklin S. Forsberg holds a B.S. in economics, an M.B.A. in foreign trade, and an honorary Doctor of Laws degree. He is the recipient of the U.S. Distinguished Service Medal; the Order of the British Empire; the Royal Order of Vasas from the Swedish King; and several awards from the publishing industry.

Before his appointment as U.S. Ambassador to Sweden in December 1981, he was President of Forsberg Associates, a New York organization consulting in communication matters with newspapers, magazines, books, radio, and television companies. He was also Executive Vice President and Director of Holt, Rinehart, & Winston; publisher of *Field and Stream* magazine; and four other periodicals; publisher and board member of Popular Mechanics Publishing Company and Street and Smith Publishing Company, Inc.; and publisher of *Mademoiselle* and *Charm* magazines.

During World War II, Ambassador Forsberg created *Yank* and reactivated *Saturday Evening Post* and *Stripes* for distribution to U.S. troops throughout the world. ■

The U.S. and Sweden: An Enduring Friendship

om. The three powers, together U.S. representatives, also signed an agreement which ended the war in Europe and formalized the peace which had been in effect in the United States since October 1781. On January 5, 1783, Creutz and Franklin signed a treaty of amity and commerce together with a separate article limiting the duration of the treaty to 15 years. The negotiators agreed to keep the treaty secret until they could exchange ratifications.

Creutz received Gustav's instructions following day, and immediately traveled to Stockholm that he had already signed the treaty. Explaining his mission, Creutz noted that in a recent message to parliament, King George III stated that U.S. sovereignty would be recognized as soon as the final treaty was signed. Since other powers were lining up to grant recognition and establish commercial and diplomatic ties, Creutz felt that Sweden should firmly establish itself in the name of the new republic by being the first neutral to grant it recognition.

Creutz then met with Franklin and explained the predicament in which he found himself. Franklin's instructions placed him in a delicate position. Recognizing that cooperation with the American cause would win more for the American cause than any other, Creutz immediately agreed to destroy the original treaty and sign another which would be ratified only after the ratification of the preliminary peace between the United States and United Kingdom. The American representative also agreed to a public signing of yet another copy of the treaty at a later date and to continue to keep the existence of the agreement secret until that time. In return, Creutz asked that the public ceremony be held as soon as possible after the signing of the preliminary peace treaty with the European powers.

The formal ratification of the treaty took place on events in the United States. On February 14, King George III formally declared the termination of the war with the British Government. However, Lord Shelburne's ministry fell as a result of a severe parliamentary attack on January 20, and Lord North returned

to power. Charles Fox, an early proponent of American independence, took over the foreign office, and the new government pledged only to seek modifications in the preliminary peace with the United States. Creutz decided he could proceed with the signature of the treaty and on March 2, 1783, he reported that he would immediately set a date for the formal signature of the treaty. He and Franklin then dated the earlier signed copies of the treaty and sent them to their respective governments for ratification. The formal signing ceremony took place in Paris on April 3, 1783. During the ceremony, Creutz informed Franklin that Sweden was favorably disposed to the ideas of a special reduction of its port duties in favor of American shipping.

Shortly after the signature of the

treaty, Creutz was recalled to Stockholm to become foreign minister. His replacement, Baron de Stael, informed Franklin that he had received Sweden's ratification of the treaty on June 12, 1783. Franklin, meanwhile, was reaping the diplomatic rewards of American military and political success as other neutral states lined up to negotiate recognition and commercial treaties. The Swedish treaty served as the model for these settlements.

On July 29, 1783, the Continental Congress took up and speedily approved the Swedish treaty. Instructions sent to Franklin that same day authorized him to deliver the U.S. ratification as quickly as possible to the Swedes. Franklin exchanged ratifications with Baron de Stael on February 6, 1784.

Ambassador to the United States

Count Wilhelm Wachtmeister was born in 1923. Upon completion of his law studies in 1946, he began his career in the Swedish Foreign Ministry. His first assignments sent him to Vienna, Madrid, and Lisbon.

During the mid-1950s, Ambassador Wachtmeister was stationed in Moscow for 3 years and was a personal assistant to U.N. Secretary General Dag Hammarskjöld (1958-61). Following 5 years in Stockholm as head of the U.N. section of the Foreign Ministry, he was named Ambassador to Algeria. After a year in Algeria, he was recalled to Stockholm to take the position as head of the Political Department. He was appointed Ambassador to the United States in May 1974. ■



(Courtesy Embassy of Sweden)

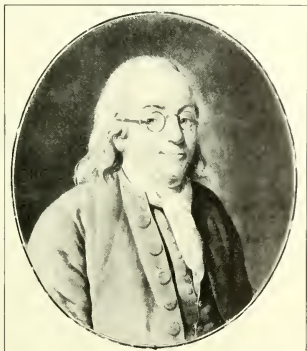


Gustav Philip Creutz: Poet and Diplomat

Count Gustav Creutz (1731–85), scholar, linguist, and poet, was also one of Sweden's most successful diplomats. Creutz began his diplomatic career in 1764 as Minister to Spain. After his apprenticeship at Madrid, the Swedish Government nominated Creutz Minister to France in 1766. Thoroughly steeped in the culture of the French Enlightenment, Creutz won the admiration and trust of Kings Louis XV and Louis XVI and the affection of Voltaire. In the 1760s he repaired Sweden's damaged relations with France and was promoted to full ambassador for his achievements. During the American Revolution, Creutz managed to keep those relations in good repair despite Sweden's refusal to join France in a war against the United Kingdom. An early supporter of American independence and a warm friend of Benjamin Franklin, Creutz was the ideal man to negotiate a treaty with the United States. In 1783, King Gustav III recalled Creutz from Paris to serve as his foreign minister and chancellor. In addition to his broadened diplomatic duties, Creutz used his new position to promote educational reforms during the brief period before his death. ■

(Courtesy Embassy of Sweden)

The U.S. and Sweden: An Enduring Friendship



Benjamin Franklin

(National Portrait Gallery, Smithsonian Institution)

Benjamin Franklin (1706-90) was the embodiment of the American Enlightenment with its emphasis on the practical application of scientific knowledge. In establishing a successful printing press in Philadelphia, Franklin attended Colonial and then European attention with his *Poor Richard's Almanac*, a collection of useful information and witticisms which he published from 1732-1757. A passionate believer in self-improvement, Franklin founded the first lending library in the Colonies in 1731, launched the American Philosophical Society in 1743, and founded the first city hospital in Philadelphia in 1765. He served as an assemblyman in Pennsylvania's legislature and as deputy minister for the Colonies from 1751-1774. In 1754 Franklin became active in the colonial struggles against arbitrary British laws. He twice went to the United Kingdom for extended missions as representative of Colonial interests.

In 1775-76, Franklin, as a member of the Second Continental Congress, helped to organize the national government which led the Colonies through the American Revolution. Late in 1776, the Congress sent him to France to seek an alliance. Franklin's fame preceded him, and he shrewdly cultivated his popular image as an American sage. Utilizing his immense popularity, Franklin established a close working relationship with the French Government and organized the shipment of badly needed supplies to the embattled American patriots. In 1778, he took a leading role in negotiating a formal alliance with France which proved to be the key to eventual American victory. In 1781, Congress appointed Franklin one of the commissioners to conclude peace with the United Kingdom. At his own request, Congress finally recalled Franklin from France in 1785. He then served as a delegate at the constitutional convention of 1787, playing an important role in forging the compromises which produced the U.S. Constitution. ■

Conclusion

The Swedish treaty of 1783 provided a major psychological boost for the new American Republic. Following quickly on the military successes of the war for independence, Sweden's offer of diplomatic recognition opened the way for a rapid normalization of relations with the states of continental Europe and gave legitimacy to the state created by the American Revolution. The treaty also regularized commercial relations between the two states and prompted Sweden to expand its trade and investment in the United States. Within weeks of the ratification, the Swedish Government sent communications to Richard Soderstrom and Charles Hellstedt to serve as its counsels in Boston and Philadelphia. This friendship, established during the American Revolution, has endured for 200 years. ■

James Edward Miller is with the General European Division, Office of the Historian, Bureau of Public Affairs.

Peace and National Security

by President Reagan

*Address to the nation
Washington, D.C.,
March 23, 1983¹*

The subject I want to discuss with you, peace and national security, is both timely and important. Timely, because I've reached a decision which offers a new hope for our children in the 21st century, a decision I'll tell you about in a few minutes. And important because there's a very big decision that you must make for yourselves.

This subject involves the most basic duty that any President and any people share—the duty to protect and strengthen the peace. At the beginning of this year, I submitted to the Congress a defense budget which reflects my best judgment of the best understanding of the experts and specialists who advised me about what we and our allies must do to protect our people in the years ahead. That budget is much more than a long list of numbers. For behind all the numbers lies America's ability to prevent the greatest of human tragedies and preserve our free way of life in a sometimes dangerous world. It is part of a careful, long-term plan to make America strong again after too many years of neglect and mistakes.

Our efforts to rebuild America's defenses and strengthen the peace began 2 years ago when we requested a major increase in the defense program.

Since then, the amount of those increases we first proposed has been reduced by half, through improvement in management and procurement and other savings.

The budget request that is now before the Congress has been trimmed to the limits of safety. Further deep cannot be made without seriously endangering the security of the nation. The choice is up to the men and women you've elected to the Congress, and it means the choice is up to you.

Tonight, I want to explain to you what this defense debate is all about and why I'm convinced that the budget now before the Congress is necessary, responsible, and deserving of your support. And I want to offer hope for the future.

But first, let me say what the defense debate is not about. It is not about spending arithmetic. I know that in the last few weeks you have been bombarded with numbers and percentages. Some say we need only a 5% increase in defense spending. The so-called alternate budget backed by liberals in the House of Representatives would lower the figure to 2%-3%, cutting defense spending by \$163 billion over the next 5 years.

The trouble with all these numbers is that they tell us little about the kind of defense program America needs

enefits and security and freedom our defense effort buys for us. seems to have been lost in all this is the simple truth of how a se budget is arrived at. It isn't by deciding to spend a certain er of dollars. Those loud voices re occasionally heard charging that overnment is trying to solve a ty problem by throwing money at nothing more than noise based on nce. We start by considering what e done to maintain peace and v all the possible threats against curity. Then, a strategy for rthening peace and defending st those threat must be agreed . And, finally, our defense establish- must be evaluated to see what is ary to protect against any or all of ential threats. The cost of achieve- ese ends is totaled up, and the is the budget for national defense. here is no logical way that you can t's spend X billion dollars less. an only say, which part of our e measures do we believe we can out and still have security t all contingencies? Anyone in the ss who advocates a percentage or ific dollar cut in defense spending e made to say what part of our es he would eliminate, and he e candid enough to acknowledge is cuts mean cutting our com- ts to allies or inviting greater -both.

Defensive Strategy

ensive policy of the United States d on a simple premise: The l States does not start fights. We ver be an aggressor. We maintain rength in order to deter and de- gainst aggression—to preserve m and peace. nce the dawn of the atomic age, sought to reduce the risk of war ntaining a strong deterrent and king genuine arms control. "Deter- means simply this: making sure iversary who thinks about attack- e United States, or our allies, or al interests, concludes that the o him outweigh any potential . Once he understands that, he attack. We maintain the peace h our strength; weakness only in- ggression. is strategy of deterrence was not d. It still works. But what it o maintain deterrence has d. It took one kind of military o deter an attack when we had

far more nuclear weapons than any other power; it takes another kind now that the Soviets, for example, have enough accurate and powerful nuclear weapons to destroy virtually all of our missiles on the ground. Now this is not to say that the Soviet Union is planning to make war on us. Nor do I believe a war is inevitable—quite the contrary. But what to be recognized is that our security is based on being prepared to meet all threats.

There was a time when we depended on coastal forts and artillery batteries because, with the weaponry of that day, any attack would have had to come by sea. Well, this is a different world, and our defenses must be based on recognition and awareness of the weaponry possessed by other nations in the nuclear age.

We can't afford to believe that we will never be threatened. There have been two World Wars in my lifetime. We didn't start them and, indeed, did everything we could to avoid being drawn into them. But we were ill prepared for both—had we been better prepared, peace might have been preserved.

For 20 years the Soviet Union has been accumulating enormous military might. They didn't stop when their forces exceeded all requirements of a legitimate defensive capability, and they haven't stopped now. During the past decade and a half, the Soviets have built up a massive arsenal of new strategic nuclear weapons—weapons that can strike directly at the United States.

As an example, the United States introduced its last new intercontinental ballistic missile, the Minuteman III, in 1969; and we're now dismantling our even older Titan missiles. But what has the Soviet Union done in these intervening years? Well, since 1969, the Soviet Union has built five new classes of ICBMs [intercontinental ballistic

missiles] and upgraded these eight times. As a result, their missiles are much more powerful and accurate than they were several years ago; and they continue to develop more, while ours are increasingly obsolete.

The same thing has happened in other areas. Over the same period, the Soviet Union built four new classes of submarine-launched ballistic missiles and over 60 new missile submarines. We built two new types of submarine missiles and actually withdrew 10 submarines from strategic missions. The Soviet Union built over 200 new Backfire bombers, and their brand new Blackjack bomber is now under development. We haven't built a new long-range bomber since our B-52s were deployed about a quarter of a century ago, and we've already retired several hundred of those because of old age. Indeed, despite what many people think, our strategic forces only cost about 15% of the defense budget.

Another example of what's happened. In 1978, the Soviets had 600 intermediate-range nuclear missiles based on land and were beginning to add the SS-20—a new, highly accurate mobile missile with three warheads. We had none. Since then the Soviets have strengthened their lead. By the end of 1979, when Soviet leader Brezhnev declared "a balance now exists," the Soviets had over 800 warheads. We still had none. A year ago this month, Mr. Brezhnev pledged a moratorium, or freeze, on SS-20 deployment. But by last August, their 800 warheads had become more than 1,200. We still had none—some freeze. At this time Soviet Defense Minister Ustinov announced "approximate parity of forces continues to exist." But the Soviets are still adding an average of three new warheads a week and now have 1,300. These warheads can reach their targets in a matter of a few minutes. We still have none. So far, it seems that the Soviet definition of parity is a box score of 1,300 to nothing, in their favor.

So, together with our NATO allies, we decided in 1979 to deploy new weapons, beginning this year as a deterrent to their SS-20s and as an incentive to the Soviet Union to meet us in serious arms control negotiations. We will begin that deployment late this

INTERCONTINENTAL MISSILES



(White House photos)

INTERMEDIATE RANGE WEAPONS (LAND BASED)



year. At the same time, however, we're willing to cancel our program if the Soviets will dismantle theirs. This is what we've called a zero-zero plan. The Soviets are now at the negotiating table, and I think it's fair to say that without our planned deployments, they wouldn't be there.

Now, let's consider conventional forces. Since 1974, the United States has produced 27 while the Soviet Union has produced 61. For armored vehicles, including tanks, we have produced 11,200. The Soviet Union has produced 54,000—nearly 5 to 1 in their favor. Finally, with artillery, we have produced 950 artillery and rocket launchers while the Soviets have produced more than 13,000—a staggering 14-to-1 ratio.

Spread of Soviet Military Influence

There was a time when we were able to offset superior Soviet numbers with higher quality. But today, they are building weapons as sophisticated and modern as our own. As the Soviets have increased their military power, they have been emboldened to extend that power. They are spreading their military influence in ways that can directly challenge our vital interests and those of our allies.

The following aerial photographs, most of them secret until now, illustrate this point in a crucial area very close to home: Central America and the Caribbean Basin. They are not dramatic photographs. But I think they help give you a better understanding of what I am talking about.

WEAPONS PRODUCTION 1974-1982



AIRCRAFT



ARMOR



ARTILLERY



SUBMARINES

This Soviet intelligence collection facility less than 100 miles from our coast is the largest of its kind in the world. The acres and acres of antennae fields and intelligence monitors are sited on key U.S. military installations and sensitive activities. The installation in Lourdes, Cuba, is manned by 5,000 Soviet technicians. And the elite ground station allows instant communications with Moscow. This 100-acre facility has grown by more than 60% in size and capability during the past decade.

In western Cuba, we see this military airfield and its complement of modern, Soviet-built MiG-23 aircraft. The Soviet Union uses this Cuban airfield for its own long-range reconnaissance missions. And earlier this month, modern Soviet antisubmarine warfare aircraft began operating from it. During the past 2 years, the level of Soviet arms exports to Cuba can only be compared to the levels reached during the Cuban missile crisis 20 years ago. This third photo, which is the only one in this series that has been previously made public, shows Soviet military hardware that has made its way to Central America. This airfield with its Mi-8 helicopters, antiaircraft guns, and ground fighter sites is one of a number of military facilities in Nicaragua which has received Soviet equipment funneled through Cuba and reflects the massive military buildup going on in that coun-

try. On the small island of Grenada at the southern end of the Caribbean chain, the Cubans with Soviet financing and assistance are in the process of building an airfield with a 10,000-foot runway. Grenada doesn't even have an air force. What is it intended for? The Caribbean is a very important passageway for our international commerce and military lines of communication. More than half of all American oil imports now pass through the Caribbean. The rapid buildup of Grenada's military potential is unrelated to any conceivable threat to this island country of under 110,000 people and is only at odds with the patterns of the other Caribbean states, most of which are unarmed.

The Soviet-Cuban militarization of the Caribbean, in short, can only be seen as



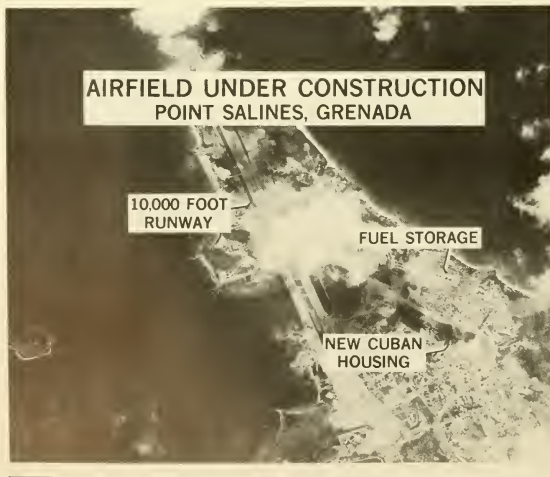


power projection into the region. And it is in this important economic and strategic area that we're trying to help the Governments of El Salvador, Costa Rica, Honduras, and others in their struggles for democracy against guerrillas supported through Cuba and Nicaragua.

These pictures only tell a small part of the story. I wish I could show you more without compromising our most sensitive intelligence sources and methods. But the Soviet Union is also supporting Cuban military forces in Angola and Ethiopia. They have bases in Ethiopia and South Yemen, near the Persian Gulf oil fields. They have taken over the port that we built at Cam F Bay in Vietnam. And now for the first time in history, the Soviet Navy is a force to be reckoned with in the South Pacific.

Some people may still ask: Would the Soviets ever use their formidable military power? Well, again, can we afford to believe they won't? There is Afghanistan. And in Poland the Soviets denied the will of the people and, in doing, demonstrated to the world how their military power could also be used to intimidate.

The final fact is that the Soviet Union is acquiring what can only be considered an offensive military force. They have continued to build far more intercontinental ballistic missiles than they could possibly need simply to deter attack. Their conventional forces are trained and equipped not so much to defend against an attack as they are to permit sudden surprise offenses of their own.



Repairing U.S. Defenses

Our NATO allies have assumed a great defense burden, including the military draft in most countries. We're working with them and our other friends around the world to do more. Our defensive strategy means we need military forces that can move very quickly, forces that are trained and ready to respond to emergency.

Every item in our defense program—our ships, our tanks, our planes, our funds for training and spare parts—is intended for one all-important purpose: to keep the peace. Unfortunately, a decade of neglecting our military forces has called into question our ability to do that.

When I took office in January 1981, I was appalled by what I found: American planes that couldn't fly and American ships that couldn't sail for lack of spare parts and trained personnel.

cient fuel and ammunition for training. The inevitable result of this was poor morale in our Armed Forces, difficulty in recruiting the best young Americans to wear the uniform, and difficulty in convincing our experienced military personnel to reenlist.

There was a real question then about how well we could meet a crisis. It was obvious that we had to begin a modernization program to ensure we could deter aggression and preserve the peace in the years ahead. We had to move immediately to improve our readiness and staying power of our conventional forces, so they could stand, and, therefore, help deter—and we had to make up for lost years of investment by moving forward with a firm plan to prepare our forces to meet the military capabilities our adversaries were developing for the

future. Now that all of you want peace, I do. I know, too, that many of you seriously believe that a nuclear war would further the cause of peace. Freezing now would make us less secure, more vulnerable, and would raise, not lower, the risks of war. It would be unverifiable and would seriously undermine our negotiations on arms control. It would reward the Soviets for their massive military buildup while punishing us from modernizing our forces and increasing our vulnerability. Our present margin of superiority should be enough for arms negotiations knowing that we were profiting from catching up?

I believe me, it wasn't pleasant for me who had come to Washington to try to reduce government spending, but we had to move forward with the task of repairing our defenses which would lose our ability to deter now and in the future. We had demonstrated to any adversary that our position could not succeed and that our only real solution was substantial, verifiable, and effectively verifiable arms control—the kind we're working for now in Geneva.

Thanks to your strong support, and your support from the Congress, we can turn things around. Already we're seeing some very encouraging results. Quality recruitment and retention have improved dramatically—more high school graduates are choosing military careers and more experienced career personnel are choosing to stay. Our men and women in uniform at last are getting the tools and training they need to do their jobs.

Ask around today, especially among our young people, and I think you will find a whole new attitude toward serving their country. This reflects more than just better pay, equipment, and leadership. You, the American people, have sent a signal to these young people that it is once again an honor to wear the uniform. That's not something you measure in a budget, but it's a very real part of our nation's strength.

It'll take us longer to build the kind of equipment we need to keep peace in the future, but we've made a good start. We haven't built a new long-range bomber for 21 years. Now we're building the B-1. We hadn't launched one new strategic submarine for 17 years. Now we're building one Trident submarine a year. Our land-based missiles are increasingly threatened by the many huge, new Soviet ICBMs. We're determining how to solve that problem. At the same time, we're working in the START [Strategic Arms Reduction Talks] and INF [intermediate-range nuclear forces] negotiations with the goal of achieving deep reductions in the strategic and intermediate nuclear arsenals of both sides.

We have also begun the long-needed modernization of our conventional forces. The Army is getting its first new tank in 20 years. The Air Force is modernizing. We're rebuilding our Navy which shrank from about 1,000 ships in the late 1960s to 453 during the 1970s. Our nation needs a superior Navy to support our military forces and vital interests overseas. We're now on the road to achieving a 600-ship Navy and increasing the amphibious capabilities of our Marines, who are now serving the cause of peace in Lebanon. And we're building a real capability to assist our friends in the vitally important Indian Ocean and Persian Gulf region.

The Need for Defense Resources

This adds up to a major effort, and it isn't cheap. It comes at a time when there are many other pressures on our budget, and when the American people have already had to make major sacrifices during the recession. But we must not be misled by those who would make defense once again the scapegoat of the Federal budget.

The fact is that in the past few decades we have seen a dramatic shift in how we spend the taxpayer's dollar. Back in 1955, payments to individuals took up only about 20% of the Federal budget. For nearly three decades, these

payments steadily increased, and this year will account for 49% of the budget. By contrast, in 1955 defense took up more than half of the Federal budget. By 1980, this spending had fallen to a low of 23%. Even with the increase that I am requesting this year, defense will still amount to only 28% of the budget.

The calls for cutting back the defense budget come in nice, simple arithmetic. They're the same kind of talk that led the democracies to neglect their defenses in the 1930s and invited the tragedy of World War II. We must not let that grim chapter of history repeat itself through apathy or neglect.

This is why I'm speaking to you tonight—to urge you to tell your Senators and Congressmen that you know we must continue to restore our military strength. If we stop in mid-stream, we will send a signal of decline, of lessened will, to friends and adversaries alike. Free people must voluntarily, through open debate and democratic means, meet the challenge that totalitarians pose by compulsion. It's up to us, in our time, to choose and choose wisely between the hard but necessary task of preserving peace and freedom and the temptation to ignore our duty and blindly hope for the best while the enemies of freedom grow stronger day by day.

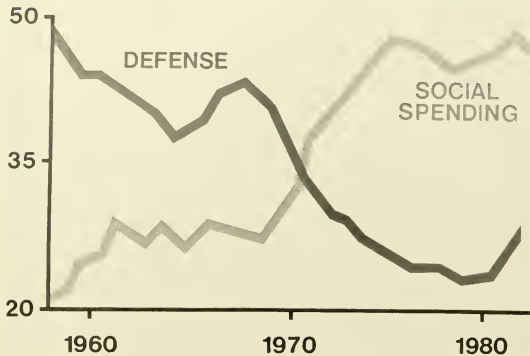
The solution is well within our grasp. But to reach it, there is simply no alternative but to continue this year, in this budget, to provide the resources we need to preserve the peace and guarantee our freedom.

Commitment to Arms Control

Now, thus far tonight I've shared with you my thoughts on the problems of national security we must face together. My predecessors in the Oval Office have appeared before you on other occasions to describe the threat posed by Soviet power and have proposed steps to address that threat. But since the advent of nuclear weapons, those steps have been increasingly directed toward deterrence of aggression through the promise of retaliation. This approach to stability through offensive threat has worked. We and our allies have succeeded in preventing nuclear war for more than three decades.

In recent months, however, my advisers, including, in particular, the Joint Chiefs of Staff, have underscored the necessity to break out of a future that relies solely on offensive retaliation for our security. Over the course of these discussions, I've become more and more

PERCENT OF BUDGET



deeply convinced that the human spirit must be capable of rising above dealing with other nations and human beings by threatening their existence. Feeling this way, I believe we must thoroughly examine every opportunity for reducing tensions and for introducing greater stability into the strategic calculus on both sides.

One of the most important contributions we can make is, of course, to lower the level of all arms and particularly nuclear arms. We are engaged right now in several negotiations with the Soviet Union to bring about a mutual reduction of weapons.

I will report to you a week from tomorrow my thoughts on that score. But let me just say, I am totally committed to this course. If the Soviet Union will join with us in our effort to achieve major arms reduction, we will have succeeded in stabilizing the nuclear balance. Nevertheless, it will still be necessary to rely on the specter of retaliation, on mutual threat. And that's a sad commentary on the human condition. Wouldn't it be better to save lives than to avenge them? Are we not capable of demonstrating our peaceful intentions by applying all our abilities and our ingenuity to achieving a truly lasting stability?

I think we are. Indeed, we must. After careful consultation with my advisers, including the Joint Chiefs of

Staff, I believe there is a way. Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the awesome Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base and that have given us the quality of life we enjoy today.

What if free people could live secure in the knowledge that their security did not rest upon the threat of instant U.S. retaliation to deter a Soviet attack, that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?

I know this is a formidable, technical task; one that may not be accomplished before the end of this century. Yet, current technology has attained a level of sophistication where it is reasonable for us to begin this effort. It will take years, probably decades of effort on many fronts. There will be failures and setbacks, just as there will be successes and breakthroughs. And as we proceed, we must remain constant in preserving the nuclear deterrent and maintaining a solid capability for flexible response.

But isn't it worth every investment necessary to free the world from the threat of nuclear war? We know it is. In the meantime, we will continue to pursue real reductions in nuclear arms, negotiating from a position of strength

that can be ensured only by modernizing our strategic forces.

At the same time, we must take steps to reduce the risk of a conventional military conflict escalating to nuclear war by improving our non-nuclear capabilities. America does possess—now—the technologies to provide very significant improvements in the effectiveness of our conventional, non-nuclear forces. Proceeding boldly with these new technologies, we can significantly reduce any incentive that the Soviet Union may have to threaten a attack against the United States or its allies.

As we pursue our goal of defense technologies, we recognize that our reliance upon our strategic offensive power to deter attacks against them. Their vital interests and ours are inextricably linked. Their safety and ours are one. And no change in technology can or alter that reality. We must and shall continue to honor our commitments. I clearly recognize that defensive systems have limitations and raise certain problems and ambiguities. If paired with offensive systems, they can be viewed as fostering an aggressive posture and no one wants that. But with the considerations firmly in mind, I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents to the cause of mankind and world peace, to give us the means of rendering these nuclear weapons impotent and obsolete.

Tonight, consistent with our obligations of the ABM (antiballistic missile) Treaty and recognizing the need for closer consultation with our allies, I'm taking an important first step. I am directing a comprehensive and intense effort to define a long-term research development program to begin to achieve our ultimate goal of eliminating the threat posed by strategic nuclear missiles. This could pave the way for arms control measures to eliminate weapons themselves. We seek neither military superiority nor political advantage. Our only purpose—one all people share—is to search for ways to reduce the danger of nuclear war.

My fellow Americans, tonight we are launching an effort which holds the promise of changing the course of human history. There will be risks, the results take time. But I believe we can do it. As we cross this threshold, I call for your prayers and your support.

¹Text from White House press release.

The Trade Challenge for the 1980s

Address before the Commonwealth
San Francisco, California, on
July 4, 1983.¹

pleasure to be back here where
crossroads of trade are meeting
for ideas that stretch our sights
limits of the horizon and beyond.
Golden Gate city is a place where
preneurs with great dreams, dan-
dard determination chart new paths
gress through the winds and
s of commerce.

ou provide an appropriate setting
American challenge for the 1980s.
the help of your vision, courage,
adership, we can begin the first
a new voyage into the future, a
in which commerce will be king,
gle will soar, and America will be
ghtiest trading nation on Earth.
haven't come here to echo those
earts who have little faith in
an enterprise and ingenuity.
lead for retreat and seek refuge
rusty armor of a failed, protec-
past. I believe, and I think you do
at the world hungers for leader-
nd growth and that America can
e it. And my message is that our
istration will fight to give you the
ou need, because we know you
et the job done.

ur forefathers didn't shed their
to create this union so that we
become a victim nation. We're not
daughters of second-rate stock.
ve no mission of mediocrity. We
born to carry liberty's banner and
the very meaning of progress, and
opportunities have never been
r. We can improve the well-being
people, and we can enhance the
for democracy, freedom, peace,
uman fulfillment around the world,
stand up for principles of trade ex-
through freer markets and
er competition among nations.

dealing with our economy, more
question than just prosperity.
ately, peace and freedom are at
The United States took the lead
World War II in creating an inter-
national trading and financial system
imited government's ability to
ot trade. We did this because
y had taught us the freer the flow
de across borders, the greater the
economic progress and the
er the impetus for world peace.

But the deterioration of the free world
and the U.S. economy in the 1970s led
to the decline of Western security and
the confidence of the people of the free
world.

Too many otherwise free nations
adopted policies of government inter-
vention in the marketplace. Many people
began thinking that equity was incom-
patible with growth. And they argued
for no-growth societies, for policies that
undermined free markets and com-
promised our collective security. There
can be no real security without a strong
Western economy. And there can be no
freedom unless we preserve the open
and competitive international and finan-
cial systems that we created after World
War II. Prosperity alone cannot restore
confidence or protect our basic values.
We must also remember our objectives
of peace and freedom. And then we can
build a prosperity that will, once again,
lift our heads and renew our spirits.

Now, I'm not going to minimize the
problems that we face or the long, tough
road that we must travel to solve them.
For a quarter of a century after the Sec-
ond World War, we exported more
goods each year to the rest of the world
than we imported. We accumulated a
surplus of funds which was invested at
home and abroad and which created jobs

***Since 1976, imports have
exceeded exports every
year. And our trade
deficit is expected to rise
sharply in this year of
1983.***

and increased economic prosperity. But
during the past decade, we began im-
porting more than we were exporting.
Since 1976, imports have exceeded ex-
ports every year. And our trade deficit
is expected to rise sharply in this year of
1983.

In the past few years, high real in-
terest rates have inhibited investment,
greatly increased the value of the dollar,
and made our goods—as a result—less
competitive. High interest rates reflect
skepticism by financial markets that our
government has the courage to keep in-
flation down by reducing deficit spend-
ing.

The Potential for Growth

If the history of our great nation and
the character of this breed called
American mean anything at all, it is
that, when we have believed in
ourselves, when we pulled together—
putting our wisdom and faith into
action—we made the future work for
us. And we can do that now.

Wealth is not created inside some
think tank on the Potomac. It is born in
the hearts and minds of entrepreneurs
all across Main Street America. For too
long, government has treated the en-
trepreneur more as an enemy than an
ally. Our Administration has a better
idea. We'll give you less bureaucracy, if
you give America your audacity. We
want you to out plan, out produce, and
out sell the pants off this nation's com-
petitors. You see, I believe in what
General Patton once said, and I'm par-
tial to cavalry officers. He said, "Don't
tell people how to do things. Tell them
what needs doing and then watch them
surprise you with their ingenuity."

Every citizen has a role and a stake
in helping the United States meet her
trade challenge in the 1980s. We need
jobs. Well, one of the best job programs
we can have is a great national drive to
expand exports and that's part of our
program. We have only to look beyond
our own borders. The potential for
growth is enormous: a \$2-trillion market
abroad, a chance to create millions of
jobs and more income security for our
people. We have barely seen the tip of
that iceberg. Four out of five new
manufacturing jobs created in the last 5
years were in export-related industries.
And yet, 90% of American manufac-
turers do not export at all. We believe

tens of thousands of U.S. producers of fer products and services which can be competitive abroad. Now, many of these are small- and medium-sized firms.

Our Administration has a positive plan to meet the trade challenge on three key points.

First, to lay a firm foundation for noninflationary growth based on enduring economic principles of fiscal and monetary discipline, competition incentives, thrift, and reward;

Second, to enhance the ability of U.S. producers and industries to compete on a fair and equal basis in the international marketplace, to work with our trading partners to resolve outstanding problems of market access, and to chart new directions for free and fair trade in the products of the future.

Third, to take the lead in assisting international financial and trade institutions to strengthen world growth and bolster the forces of freedom and democracy.

Taken together, these actions give the United States a positive framework for leading our producers and trading partners toward more open markets, greater freedom, and human progress.

But progress begins at home. Our economic reforms are based on time-tested principles: spending and monetary restraint to bring down inflation and interest rates and to give lenders confidence in long-term price stability; less regulatory interference so as to stimulate greater competition; and growth of enterprise and employment through tax incentives to encourage work, thrift, investment, and productivity.

Now, we've suffered a long, painful recession brought about by more than a decade of overtaxing and spending and, yes, government intervention. But recession is giving way to a rainbow of recovery, reflecting a renaissance in enterprise. America is on the mend. Inflation has plunged from 12.4% in 1980 to just 3.8% in the last 12 months. And in the last 6 months, it's been running at 1.4%. We've sought common sense in government and competition, not controls, in the marketplace. Two years ago, we accelerated the deregulation of crude oil. And we heard ourselves denounced for fueling inflation. The national average for a gallon of gasoline when we took office was \$1.27, and now you can buy it in most places for less than a dollar. The prime interest rate was a crippling 21.5%. Now, it's down to 10.5%. Tax rates have been cut. Real

wages are improving. Personal savings and productivity are growing again. The stock market has hit a record high. Venture capital investments have reached record levels. Production in housing, autos, and steel is gaining strength. And new breakthroughs in high technology are busting out all over. Katie, bar the door. We're on our way back.

Let me say to the pessimists who would cancel our remaining tax incentives, I have one thing to say: Don't lay a hand on the third year of the people's tax cut or the indexing provision. Indexing is our promise to every working man and woman that the future will not be

made America the greatest nation on Earth. Let us create more opportunity for all our citizens. And let us encourage achievement and excellence. We want America to be a nation of winners again.

Promoting Free Trade

So you might as well know that we do not turn our backs on the principles of our recovery programs, especially our principles of free trade. The great English historian, Thomas Babington Macaulay, wrote more than a century ago that free trade, one of the great blessings which a government can offer

America is on the mend. Inflation has plunged from 12.4% in 1980 to just 3.8% in the last 12 months. And in the last 6 months, it's been running at 1.4%.

like the past. There will be no more sneaky, midnight tax increases by a government resorting to bracket creep to indulge its thirst for deficit spending. To pretend eliminating indexes is somehow fair to working people reminds me of Samuel Johnson's comment about the fellow who couldn't see any difference between vice and virtue. He said, "Well, when he leaves the house, let's count the spoons."

Capping the third year tax cut and eliminating indexing and our remaining tax cuts would send the worst possible signal to potential exporters. As I mentioned, 90% of U.S. businesses do not export at all. And about 85% of our firms pay their taxes by the personal income tax. If those who would dismantle the tax cuts get their way, the chilling message to the business community will be: "Don't scrap and struggle to succeed, export, expand your business, and hire more workers because we won't thank and reward you for helping your country. We'll punish you."

Well, maybe I'm old-fashioned, but I don't think pitting one group of Americans against another is what the Founding Fathers had in mind. This nation was not built on a foundation of envy and resentment. The dream I've always believed in is, no matter who you are, no matter where you come from, if you work hard, pull yourself up, and succeed, then, by golly, you deserve life's prize. And trying for that prize

on a people, is unpopular in almost every country. Well, for some, times haven't changed.

There's a great hue and cry for bend to protectionist pressures. I've been around long enough to remember that when we did that once before in this century, something called Smokey Hawley, we lived through a nightmare. World trade fell by 60%, contributing to the great depression and to the political turmoil that led to World War II. We and our trading partners are in the same boat. If one partner shoots a hole in the bottom of the boat, does it matter to the other partner to shoot another hole in the boat? There are those who say yes and call it getting tough. I call it getting wet—all over.

We must plug the holes in the bottom of open markets and free trade and sail again in the direction of prosperity. No one should mistake our determination to use our full power and influence to prevent anyone from destroying our boat and sinking us all. There's a fundamental difference between positive support of legitimate American interests and rights in world trade and the negative actions of protectionists. Free trade can only survive if all parties are by the same rules. But we're determined to insure equity in our markets. Defeating workers in industries from unfair

regulatory trade practices is not protectionism. It's legitimate action under international law.

Now, one example of protectionism is that could quickly sabotage the free trade agreement. The local content rule. This is the one that the Congress, in the trade agreement, proposed in the Congress, to force foreign and domestic manufacturers of automobiles sold in the United States to build their cars with a certain percentage of U.S. parts and American labor. The Congressional Budget Office concluded that this would create more jobs than it would save. That's true. It would add substantially to the cost of a new car.

That the proponents of this protectionism never point out is that the protectionism for one group of exporters is always passed on to another group down the line. And once legislation is passed, every other industry would be a target for foreign protection. We would buy less from our exporters. They'd buy less from us. The economic pie would shrink. Conflicts for political turmoil would intensify dramatically.

Rather than reacting in fear with protectionist policies, let us lead the world in strength and believe in our own strength. Let's work at home and abroad to enhance the ability of U.S. producers in various industries to compete on a fair and equal basis in the international marketplace.

I'm very excited about some legislation that I signed last year. It's a matter of fact, here in California—the Export Trading Company Act. It's an innovative idea based on the free market. I'm confident it will create thousands of new exporters, and I hope that many of them are sitting in this room. The law is designed to attract manufacturers, export-management companies, freight forwarders, and other exporters into joint efforts to gain access to new markets. The Commerce Department is holding seminars across the country to promote the legislation, and the response has been remarkable. Thousands have attended, and in many cases, the numbers were so overwhelming people had to be turned away. A majority of attendees have not been lawyers, tax accountants, or, forgive me, accountants, but business people—the people who can take this legislation and use it to expand our markets, become exporters, or sell to export trading companies who can do it for them. The bottom line will be a breakthrough in ex-

ports, higher growth, lower deficits, and a tremendous surge in new jobs and opportunities for our people. Each billion dollars that we add in exports means tens of thousands of new jobs.

More companies will seek the world of exports when they realize that government is not an adversary. It's your partner. And I don't mean senior partner. We have eased, substantially, taxation of foreign-earned income, and introduced a 25% tax credit for research and development. We're also working to reform the Foreign Corrupt Practices Act, not to weaken safeguards against bribery but to remove disincentives that discourage legitimate business transactions overseas.

Another obstacle is export controls on technology. A backlog of two thousand applications greeted us when we arrived in office. We eliminated those and relaxed export controls on low technology items that do not jeopardize our national security. Still, there are limits. I'm confident each of you

will increase this year in the regular loan guarantee program for promoting U.S. farm exports.

To retain America's technological edge—which there is no greater evidence than California's Silicon Valley—and to revive our leadership in manufacturing, we've implemented a research and development policy to enhance the competitiveness of U.S. industry in the world economy. In our 1984 budget, we've asked for significant increases for basic research. And we will seek to improve the teaching of science and mathematics in secondary schools, so tomorrow's work force can better contribute to economic growth. We will also seek to encourage greater and more creative interaction between university and industry scientists and engineers, through programs similar to the one between Hewlett Packard and Stanford University.

Finally, we're taking steps to encourage more industrial research and development through changes in our tax

Either the free world continues to move forward and sustain the postwar drive toward more open markets, or we risk sliding back to the tragic mistakes of the 1930s, when governments convinced themselves that bureaucrats could do it better than entrepreneurs. The choice we make affects not only our prosperity but our peace and freedom.

understands that we must avoid strengthening those who wish us ill by pursuing short-term profits at the expense of free-world security. Trade must serve the cause of freedom, not the foes of freedom.

To export more, we must do a better job promoting our products. We're strengthening our export credit programs by increasing the level of the Export-Import Bank ceiling on export guarantees. We're also designing a tax alternative to the Domestic International Sales Corporation that will fully maintain existing incentives to our exporters. We've begun a Commodity Credit Corporation blended export credit program for our farmers. And that's in addition

and antitrust policy. And we will attempt to remove legal impediments that prevent inventors of new technology from reaping the rewards of their discoveries.

Supporting American producers gives us the means to press our trading partners toward more free and open markets. We're challenging the unfair agricultural trade practices of Japan and the European Community. And we're charting a new course for the products of the future. We have agreed to a work program with the Government of Japan to eliminate trade and investment barriers to high technology industries. We have also established a working group with the Japanese to actively explore opportunities for the development of abundant energy resources.

Leading Role of the U.S.

By restoring strength to our economy, enhancing the ability of our producers to compete, America is leading its trading partners toward renewed growth around the world. The world economy, like ours, has been through a wrenching experience: a decade of inflation, ballooning government spending, and creeping constraints on productive enterprise. Other countries, including many of the developing countries, are now making major efforts to restrain inflation and restore growth. The United States applauds these efforts, and we're working in the International Monetary Fund to keep a firm focus on the role of effective domestic policies in the growth and stability of the world economy.

But for all countries, international trade and financial flows are extremely important. Either the free world continues to move forward and sustain the postwar drive toward more open markets, or we risk sliding back to the tragic mistakes of the 1930s, when governments convinced themselves that bureaucrats could do it better than entrepreneurs. The choice we make affects not only our prosperity but our peace and freedom. If we abandon the principle of limiting government intervention in the world economy, political conflicts will multiply and peace will suffer, and that's no choice at all.

The United States will carry the banner for free trade and a responsible financial system. These were the great principles at Bretton Woods, New Hampshire, in 1944, and they remain the core of U.S. policy. We will do so well aware of the changes that have occurred in the international trade and monetary system.

In trade, for example, we've practically eliminated the barriers which industrial countries maintain at the border on manufactured products. Today, tariffs among these countries average less than 5%. Our problems arise instead from nontariff barriers which often reflect basic differences in domestic economic policies and structures among countries. These barriers are tougher to remove. We're determined to reduce government intervention as far as possible and, where that is unrealistic, to insist on limits to such intervention.

In trade with developing countries, on the other hand, tariffs and quotas still play a significant role. Here, the task is to find a way to integrate the developing countries into the liberal trading order of lower tariffs and dismantled quotas. They must come to experience the full benefits and responsibilities of the system that has produced unprecedented prosperity among the industrial countries. We've taken the lead, proposing the Caribbean Basin initiative to encourage poor and middle-income countries to trade more, and we proposed a North-South round of trade negotiations to maintain expanding trading opportunities for more advanced developing countries. We seek to build a collective partnership with all developing countries for peace, prosperity, and democracy.

At the GATT [General Agreement on Tariffs and Trade] ministerial meeting last November, the United States took the lead in resisting protectionism, strengthening existing institutions, and addressing the key trade issues of the future. While we're not totally satisfied with the outcome of that meeting, we'll continue in our support of free and equal trade opportunities for all countries.

Expanding trade is also the answer to our most pressing international financial problem—the mounting debt of many developing countries. Without the opportunity to export, debt-troubled countries will have difficulty servicing, and eventually reducing, their large debts. Meanwhile, the United States will support the efforts of the international financial community to provide adequate financing to sustain trade and to encourage developing countries in the efforts they are making to improve the basic elements of their domestic economic programs.

Earlier this week I forwarded draft legislation to the Congress for additional American support for the International Monetary Fund. Lending by the IMF has a direct impact on American jobs and supports continued lending by commercial institutions. If such lending were to stop, the consequences for the American economy would be very negative.

This spring, in May, the United States will host the annual economic summit of the major industrial countries in Williamsburg, Virginia. The leaders of the greatest democracies will have a

quiet opportunity to discuss the critical issues of domestic and international economic policy and reflect on their individual and collective responsibilities free peoples throughout the world. It's not a forum for decisionmaking. Each leader is responsible primarily to his or her own electorate. But by exchanging views, these leaders can gain a better understanding of how the future of our own people depends on that of others.

And may I just interject here, something brand new in international relations has been brought about by our Prime Minister Margaret Thatcher. When we sit around those summit tables, the protocol is gone, and we're on a first-name basis. And she saw that.

I began today by saying that if I believe in our abilities and work together, we can make America the mightiest trading nation on Earth. In this room, and not far from this building, are people and companies with the burning commitment that we want to make our country great. One of our companies, the Daisy Systems Corporation, is a computer firm in Sunnyvale, California. It was formed in August 1980, and it made \$7 million in sales its first shipping year. This year it expects to earn \$25 million and by 1986, \$100 million. Daisy Corporation is already selling its products in the markets of France, Norway, Belgium, Great Britain, Germany, Israel, and Japan. Its work force has nearly quadrupled last year.

Well, my dream for America, that you know it's one you share, is to take that kind of success story and multiply it a million. We can do it. Albert Einstein told us, "Everything that is really new and inspiring is created by individual labor in freedom." With all the wisdom in our minds, and all the love in our hearts, let's give of ourselves to make these coming years the greatest America has ever known.

¹Text from Weekly Compilation of Presidential Documents of Mar. 7, 1980.

Strategic Importance of El Salvador and Central America

*Address before the National Association of Manufacturers, Washington, on March 10, 1983.*¹

didn't come to Washington at an time, and we've certainly had our of problems. But the signs of ery are springing up all around us. e's no mistaking the fact that, at last, America is on the mend, and ourage and the vision of the people institutions represented here today ve a big share of the credit for this earned but inflation-free recovery. n behalf of all your fellow citizens have been freed from the ravages naway inflation and can look again tuture of better times and then new rtunity, I thank you.

America is meeting her challenge at home. But there are other enges, equally important, that we face. And today I'd like to talk to about one of them. Late last year, I ed Central America. Just a few s ago, our U.N. Ambassador, Jean epatrick, also toured the area. And e last few days, I have met with ers of the Congress to discuss recent is in Central America and our es in that troubled part of the l. So, today I'd like to report to you ese consultations and why they are rtant to us all.

The nations of Central America are ng our nearest neighbors. El Salva- for example, is nearer to Texas Texas is to Massachusetts. Central rica is simply too close, and the egic stakes are too high, for us to re the danger of governments seiz- power there with ideological and ry ties to the Soviet Union.

Let me show you just how important r America is. At the base of Cen- America is the Panama Canal. Half l the foreign trade of the United es passes through either the canal r other Caribbean sealanes on its way from our ports. And, of course, to orth is Mexico, a country of enor- s human and material importance, which we share 1,800 miles of eful frontier.

And between Mexico and the canal Central America. As I speak to you, its countries are in the midst of

the gravest crisis in their history. Ac- cumulated grievances and social and e- nomic change are challenging traditional ways. New leaders with new aspirations have emerged who want a new and bet- ter deal for their peoples. That is good.

The problem is that an aggressive minority has thrown in its lot with the Communists, looking to the Soviets and their own Cuban henchmen to help them pursue political change through violence. Nicaragua has become their base. These extremists make no secret of their goal. They preach the doctrine of a "revolu- tion without frontiers." Their first target is El Salvador.

Importance of El Salvador

Why is El Salvador important? Well, to begin with, there is the sheer human tragedy. Thousands of people have already died, and, unless the conflict is ended democratically, millions more could be affected throughout the hemi- sphere. The people of El Salvador have proved they want democracy. But if guerrilla violence succeeds, they won't get it. El Salvador will join Cuba and Nicaragua as a base for spreading fresh violence to Guatemala, Honduras, Costa Rica—probably the most democratic country in the world today. The killing will increase and so will the threat to Panama, the canal, and ultimately Mex- ico. In the process, vast numbers of men, women, and children will lose their homes, their countries, and their lives.

Make no mistake. We want the same thing the people of Central America want—an end to the killing. We want to see freedom preserved where it now ex- ists and its rebirth where it does not. The Communist agenda, on the other hand, is to exploit human suffering in Central America to strike at the heart of the Western Hemisphere. By preventing reform and instilling their own brand of totalitarianism, they can threaten free- dom and peace and weaken our national security.

I know a good many people wonder why we should care about whether Com- munist governments come into power in Nicaragua, El Salvador, or such other

countries as Costa Rica, Honduras, Guatemala, and the islands of the Carib- bean. One columnist argued last week that we shouldn't care because their products are not that vital to our economy. That's like the argument of another so-called expert that we shouldn't worry about Castro's control over the island of Grenada—their only important product is nutmeg.

Well, let me just interject right here. Grenada—that tiny, little island with Cuba at the west end of the Caribbean, Grenada at the east end—that tiny, lit- tle island is building now, or having built for it, on its soil and shores a naval base, a superior air base, storage bases and facilities for the storage of mun- itions, barracks and training grounds for the military. I'm sure all of that is sim- ply to encourage the export of nutmeg.

People who make these arguments haven't taken a good look at a map late- ly or followed the extraordinary build- up of Soviet and Cuban military power in the region or read the Soviets' dis- cussions about why the region is impor- tant to them and how they intend to use it.

It isn't nutmeg that is at stake in the Caribbean and Central America. It is the U.S. national security. Soviet military theorists want to destroy our capacity to resupply Western Europe in case of an emergency. They want to tie down our attention and forces on our own southern border and so limit our capaci- ty to act in more distant places such as Europe, the Persian Gulf, the Indian Ocean, the Sea of Japan. Those Soviet theorists noticed what we failed to notice—that the Caribbean Sea and Cen- tral America constitute this nation's fourth border.

If we must defend ourselves against a large hostile military presence on our border, our freedom to act elsewhere, to help others, and to protect strategically vital sealanes and resources has been drastically diminished.

They know this. They have written about this. We have been slow to under- stand that the defense of the Caribbean and Central America against Marxist- Leninist takeover is vital to our national security in ways we're not accustomed to thinking about. For the past 3 years, under two presidents, the United States has been engaged in an effort to stop the advance of communism in Central America by doing what we do best—by supporting democracy. For 3 years, our goal has been to support fundamental

change in this region—to replace poverty with development and dictatorship with democracy.

These objectives are not easy to attain, but we're on the right track. Costa Rica continues to set a democratic example, even in the midst of economic crisis and Nicaraguan intimidation. Honduras has gone from military rule to a freely elected civilian government. Despite incredible obstacles, the democratic center is holding in El Salvador, implementing land reform and working to replace the politics of death with the life of democracy.

So the good news is that our new policies have begun to work. Democracy, with free elections, free labor unions, freedom of religion, and respect for the integrity of the individual, is the clear choice of the overwhelming majority of Central Americans. In fact, except for Cuba and its followers, no government and no significant sector of the public anywhere in this hemisphere want to see the guerrillas seize power in El Salvador.

The bad news is that the struggle for democracy is still far from over. Despite their success in largely eliminating guerrilla political influence in populated areas, and despite some improvements in military armaments and mobility, El Salvador's people remain under strong pressure from armed guerrillas controlled by extremists with Cuban-Soviet support.

The military capability of these guerrillas—and I would like to stress military capability, for these are not peasant irregulars, they are trained military forces—this has kept political and economic progress from being turned into the peace the Salvadoran people so obviously want. Part of the trouble is internal to El Salvador. But an important part is external: the availability of training, tactical guidance, and military supplies coming into El Salvador from Marxist Nicaragua.

I'm sure you've read about guerrillas capturing rifles from government national guard units, and recently this has happened. But much more critical to guerrilla operations are the supplies and munitions that are infiltrated into El Salvador by land, sea, and air—by pack mules, by small boats, and by small aircraft. These pipelines fuel the guerrilla offensives and keep alive the conviction of their extremist leaders that power will ultimately come from the barrels of their guns.

Now, all this is happening in El Salvador just as a constitution is being written, as open presidential elections are being prepared, and as a peace commission named last week has begun to work on amnesty and national reconciliation to bring all social and political groups into the democratic process. It is the guerrilla militants who have so far refused to use democratic means, have ignored the voice of the people of El Salvador, and have resorted to terror, sabotage, and bullets instead of the ballot box.

It isn't nutmeg that is at stake in the Caribbean and Central America. It is the U.S. national security.

Questions Concerning El Salvador

During the past week, we have discussed all of these issues and more with leaders and Members of the Congress. Their views have helped shape our own thinking, and I believe that we've developed a common course to follow. Here are some of the questions raised most often.

First: How bad is the military situation? It is not good. Salvadoran soldiers have proved that when they are well trained, led, and supplied, they can protect the people from guerrilla attacks. But so far, U.S. trainers have been able to train only 1 soldier in 10. There is a shortage of experienced officers; supplies are unsure. The guerrillas have taken advantage of these shortcomings. For the moment, at least, they have taken the tactical initiative just when the sharply limited funding Congress has so far approved is running out.

A second vital question is: Are we going to send American soldiers into combat? And the answer to that is a flat no.

A third question: Are we going to Americanize the war with a lot of U.S. combat advisers? And again the answer is no. Only Salvadorans can fight this war, just as only Salvadorans can decide

El Salvador's future. What we can help to give them the skills and support they need to do the job for themselves. That mostly means training. Without playing a combat role themselves, without accompanying Salvadorans into combat, American specialists can help the Salvadoran Army improve operations. Over the last year, they've manifested needs for more training, and we have scrupulously kept our training activities well below our self-imposed numerical limit on numbers of trainers. We are currently reviewing what we do to provide the most effective training possible to determine the minimum of trainers needed and where the training should best take place. We think the best way is to provide training out of El Salvador, in the United States, elsewhere, but that costs a lot more than the number of U.S. trainers in El Salvador will depend upon the results available.

Question four: Are we seeking political or a military solution? I think all of us and others have said, some people still seem to think that our concern with security assistance means that all we care about is a military solution. That's nonsense. Bullets are no answer to economic inequities, social tensions, or political disagreements. Democracy is what we want. And what we want is to enable Salvadorans to stop the killing and sabotage so that economic and political reforms can take root. That solution can only be a political one.

This reality leads directly to fifth question: Why not stop the fighting and start talking? Why not negotiate? Well, negotiations are already a key part of our policy. We support negotiations among all the nations of the region to strengthen democracy, to halt subversion, to stop the flow of arms, to respect borders, and to remove all the foreign military advisers—the Soviets, the Cubans, the East German PLO [Palestine Liberation Organization], as well as our own—from the region. A regional peace initiative is emerging. We've been in close touch with its sponsors and wish it well. We support negotiations within the region aimed at expanding participation in democratic institutions—at getting all parties to participate in free, non-partisan elections.

What we oppose are negotiations that would be used as a cynical device for dividing up power behind the people's back. We cannot support

ations which, instead of expanding strategy, try to destroy it—negotiations which would simply distribute among armed groups without the aid of the people of El Salvador. I made that mistake some years ago as when we pressed and pressured the Guatemalan Government to form a government, a co-op, with the Pathet armed guerrillas who'd been doing the guerrillas are doing in El Salvador. And once they had that tripartite government, they didn't rest unless the guerrillas, the Pathet Lao, had total control of the government of

the thousands upon thousands of guerrillas who risked their lives to last year should not have their bodies thrown into the trash heap simply by letting a tiny minority on the one side of a wide and diverse political spectrum shoot its way into power. No, the only legitimate road to power, the road we can support, is through the ballot box, so that the people can vote for themselves—choose, as His Holiness the Pope said Sunday, "far from error and in a climate of democratic conviviality." This is fundamental, and it is a moral as well as a practical matter that all free people of the earth share.

Policy Toward El Salvador

I am consulted with the Congress, let me tell you where we are now and what we will be doing in the days ahead. We will do all we can to help you as we can. We will be submitting a comprehensive, intelligent, economic and military assistance program for Central America.

First, we will bridge the existing gap in military assistance. Our project of the amount of military assistance needed for El Salvador have remained relatively stable over the past 2 years. However, the Continuing Resolution budget procedure in the Congress in December led to a level of U.S. military assistance for El Salvador in 1982 below what we'd requested, below the level for 1984. I am proposing that \$1 billion of the monies already appropriated for our worldwide military assistance programs be immediately re-directed to El Salvador. Further, to build the kind of disciplined, skilled army that can take and hold the initiative while respecting the rights of its people, I will be amending the supplemental that is currently before

the Congress, to reallocate \$50 million to El Salvador. These funds will be sought without increasing the overall amount of the supplemental that we have already presented to Congress. And, as I have said, the focus of this assistance will remain the same: to train Salvadorans so that they can defend themselves. Because El Salvador's security problems are not unique in the region, I will also be asking for an additional \$20 million for regional security assistance. These funds will be used to help neighboring states to maintain their national security and will, of course, be subject to full congressional review.

Second, we will work hard to support reform, human rights, and democracy in El Salvador. Last Thursday, the Salvadoran Government extended the land reform program which has already distributed 20% of all the arable land in the country and transformed more than 65,000 farm workers into farm owners. What they ask is our continued economic support while the reform is completed. And we will provide it. With our support, we expect that the steady progress toward more equitable distribution of wealth and power in El Salvador will continue.

Third, we will, I repeat, continue to work for human rights. Progress in this area has been slow, sometimes disappointing. But human rights means working at problems, not walking away from them. To make more progress, we must continue our support, advice, and help to El Salvador's people and democratic leaders. Lawbreakers must be brought to justice, and the rule of law must supplant violence in settling disputes. The key to ending violations of human rights is to build a stable, working democracy. Democracies are accountable to their citizens. And when abuses occur in a democracy, they cannot be covered up. With our support, we expect the government of El Salvador to be able to move ahead in prosecuting the accused and in building a criminal justice system applicable to all and ultimately accountable to the elected representatives of the people.

Now, I hope you've noticed that I was speaking in millions, not billions, and that, after 2 years in Federal office, is hard to do. In fact, there are some areas of government where, I think, they spill as much as I've talked about here over a weekend.

Fourth, the El Salvador Government proposes to solve its problems the

only way they can be solved fairly—by helping the people decide. President Magana has just announced nationwide elections moved up to this year, calling on all to participate—adversaries as well as friends. To help political adversaries participate in the elections, he has appointed a peace commission, including a Roman Catholic bishop and two independents. And he has called on the Organization of American States (OAS) and the international community to help. We were proud to participate, along with representatives of other democratic nations, as observers in last March's Constituent Assembly elections. We would be equally pleased to contribute again to any international effort, perhaps in conjunction with the OAS, to help the government insure the broadest possible participation in the upcoming elections—with guarantees that all, including critics and adversaries, can be protected as they participate.

Let me just say a word about those elections last March. A great worldwide propaganda campaign had, for more than a year, portrayed the guerrillas as somehow representative of the people of El Salvador. We were told over and over again that the government was the oppressor of the people.

Came the elections, and suddenly it was the guerrilla force threatening death to any who would attempt to vote. More than 200 busses and trucks were attacked and burned and bombed in an effort to keep the people from going to the polls. But they went to the polls, they walked miles to do so and stood in long lines for hours and hours. Our own congressional observers came back and reported one instance that they saw themselves of a woman, who had been shot by the guerrillas for trying to get to the polls, standing in the line refusing medical attention until she had had her opportunity to go in and vote. More than 80% of the electorate voted. I don't believe here in our land, where voting is so easy, we've had a turnout that great in the last half century. They elected the present government, and they voted for order, peace, and democratic rule.

Promoting Regional Economic Progress

Finally, we must continue to help the people of El Salvador and the rest of Central America and the Caribbean to make economic progress. More than

three-quarters of our assistance to this region has been economic. Because of the importance of economic development to that region, I will ask the Congress for \$65 million in new monies and the reprogramming of \$103 million from already appropriated worldwide funds for a total of \$168 million in increased economic assistance for Central America. And to make sure that this assistance is as productive as possible, I'll continue to work with the Congress for the urgent enactment of the long-term opportunities for trade and free initiative that are contained in the Caribbean Basin initiative.

In El Salvador and in the rest of Central America, there are today thousands of small businessmen, farmers, and workers who have kept up their productivity as well as their spirits in the face of personal danger, guerrilla sabotage, and adverse economic conditions. With them stand countless national and local officials, military and civic leaders, and priests who have refused to give up on democracy. Their struggle for a better future deserves our help. We should be proud to offer it, for, in the last analysis, they are fighting for us, too.

The Need for U.S. Support

By acting responsibly and avoiding illusive shortcuts, we can be both loyal to our friends and true to our peaceful, democratic principles. A nation's character is measured by the relations it has with its neighbors. We need strong, stable neighbors with whom we can cooperate. And we will not let them down.

Our neighbors are risking life and limb to better their lives, to improve their lands, and to build democracy. All they ask is our help and understanding as they face dangerous, armed enemies of liberty, and that our help be as sustained as their own commitment. None of this will work if we tire or falter in our support. I don't think that is what the American people want or what our traditions and faith require. Our neighbors' struggle for a better future deserves our help, and we should be proud to offer it.

We would, in truth, be opening a two-way street. We have never, I believe, fully realized the great potential of this Western Hemisphere. Oh, yes, I know in the past we have talked of plans, we've gone down there every once in a while with a great plan somehow for our neighbors to the south, but it was always a plan which we—the big

colossus of the north—would impose on them. It was our idea.

On my trip to Central and South America, I asked for their ideas. I pointed out that we had a common heritage. We'd all come as pioneers to these two great continents. We worshipped the same God, and we'd lived at peace with each other longer than most people in other parts of the world.

There are more than 600 million of us calling ourselves Americans—North, Central, and South. We haven't really begun to tap the vast resources of these continents.

Without sacrificing our national sovereignties, our own individual cultures or national pride, we could as neighbors make this Western Hemisphere—our hemisphere—a force for good such as the Old World has never seen. But it starts with the word neighbor. And that is what I talked about down there and sought their partnership—their equal partnership—in we of

the Western Hemisphere coming together to truly develop fully the potential of this hemisphere has.

Last Sunday, His Holiness Pope John Paul II prayed that the message announced by President Magana would "contribute to orderly and peaceful progress" in El Salvador, progress "founded on the respect for the rights of all, that all have the possibility to cooperate in a climate of true democracy for the promotion of the common good."

My fellow Americans, we in the United States join in that prayer for democracy and peace in El Salvador and we pledge our moral and material support to help the Salvadoran people achieve a more just and peaceful future. And in doing so, we stand true to the highest values of our free society and our own vital interests.

¹Text from Weekly Compilation of Presidential Documents of Mar. 14, 1982

News Conference of February 16 (Excerpts)

Q. The Senate Foreign Relations Committee today held off your nomination of Kenneth Adelman as arms control director, and several Senators asked that you withdraw his nomination. Will you?

A. No, I believe the young man is eminently qualified for this. All of his experience indicates it. He is well educated. He is a very intelligent man—his experience with Jeane Kirkpatrick up at the United Nations and all. And I don't believe that they, in delaying this, have done anything to help us in our efforts to get an arms reductions agreement. I look very much forward to having him doing this, and I have to disagree with those who—

First of all, arms reduction should not be a political problem on the Hill. It's too serious, and we are too concerned with it. Frankly, I feel that since I was the one who took the lead in bringing about the first real arms reduction talks that we've ever been able to hold with the Soviet Union—and they are engaged in those talks right now—I believe that I had a right to ask for my choice of whom I thought could be of help to me in that.

Q. What do you expect to do the next week to turn around that majority that is now against Mr. Adelman? And if Mr. Adelman can win the confidence of the Republican majority in the Senate Foreign Relations Committee, how do you expect him to be an effective spokesman for the United States with the Soviet Union and our European allies?

A. I think that what I'll do—you don't give away trade secrets or anything, but I will try to be as persuasive as I can and make them see the light. If that falls short, maybe I'll try to make them feel the heat.

Q. Since November 1981 your administration has stuck to the so-called zero option in the INF [intermediate-range nuclear forces] phase, and that tack so far has just led to deadlock. There's been a good deal of debate inside the Administration about offering a different position, one that might lead to more bargaining. You've apparently chosen not to do that. Can you tell us why?

A. No, the situation is just exactly what [Vice President] George Bush is telling our friends in Europe—calling attention back to when I first, before e

Club, introduced this proposal for option—I said that we would negotiate in good faith any legitimate proposal that might be offered. We still have the same thing. So far, no legitimate proposal has been offered that would warrant negotiation or study. But I don't believe that the zero option is the high ground in this situation, that opportunity in that area to get rid of the entire class of weapons and release the Soviet Union, the Eastern bloc, Western Europe from the threat of nuclear weapons hanging over them warrants our best to get that solution.

Q. By clinging to that position, if it leads nowhere, don't you run the risk of the worst of both worlds—no agreement with the Soviets and a coming down by the European allies if deployment of the new cruise missiles and Pershings?

A. Let me just say, without getting into the strategy of negotiating, I don't believe we've reached that point yet. I don't think that's a valid threat.

Q. Back on your arms control proposal nomination, Kenneth Adelman. He was quoted today in the *Washington Post* Foreign Relations Committee hearing as having said that, "Arms control proposals are a sham that we just have to ignore to keep the American people and European allies happy." With that kind of statement on the record from Adelman and with the fact that he doesn't have a lot of practical experience in arms control negotiations, are you not going to let the Soviet Union use its propaganda advantage in that propaganda war in Europe by presenting this man as the lead man on arms control?

A. No, I don't believe so, and I don't know that he is aware of what he's proposing and what we're trying to do. And it isn't—he knows it isn't a sham, that we're as on the level as he can be in trying to promote this. I think he can be helpful in that. I don't think that it would be far more destructive to our allies and their peace of mind if we were repudiated by a Senate committee on someone that I want to help in the future after the great success that George Shultz has had and George Shultz in Asia.

Q. In not voting on him today, as you've said, to understand the committee action, is it better than vote against your choice, or is it just asking you not to make them

do that, but to withdraw him so they won't have to. But if they did have a vote, they would have voted against him. So—

A. Either way I would lose then, wouldn't I? And what's the difference between my surrender or they beat me by one vote?

Q. There's a report tonight that we have sent AWACS [airborne warning and control system] to Egypt and that we've sent a carrier nearby. And I wanted to ask you, do you fear that there's going to be a Libyan attack on Egypt, or could you explain why we've taken these actions that we apparently have taken?

A. I don't believe that there's been any naval movement of any kind. And we're well aware of Libya's attempts to destabilize its neighbors and other countries there in that part of the world.

But the AWACS, this is not an unusual happening. We have conducted joint exercises and training exercises with the Egyptian Air Force—one, last year. We'll do more in the future. These planes have been there for quite some time in Egypt, the AWACS planes, for this kind of an exercise, and that's what they're going to conduct.

Q. You don't see, then, any unusual or particular threat from Libya toward Egypt or its neighbors at this moment beyond the general attitude the Libyans have had?

A. As I've said to you, we're well aware of their propensity for doing things like that, so we wouldn't be surprised. But this is an exercise that we've done before, are going to do again, and going to do it now. And there, as I say, has been no naval movement at all.

Q. We understand that the threat may be from [Col. Muammer] Qadhafi to the Sudan. How serious is the threat to the Sudan? And, if necessary, would you use American forces to stop Qadhafi?

A. I don't think there's any occasion for that; it's never been contemplated. But we've known that the Sudan is one of the neighboring states that he has threatened with destabilizing and so

forth, just as he has with Chad. And that's all I can say about that. But, no, we don't have any forces in that area that would be involved.

Q. The question arises because, you'll remember very well, in 1981 we shot down two of Qadhafi's aircraft that we said were challenging us in the Gulf of Sidra. I take it if we do have naval forces there we'd repeat that, if necessary?

A. This was an exercise that is held annually by our Navy, and part of the force was deployed narrowly in the Gulf of Sidra, which he had tried to claim—international water or was—non-international waters, I'm sorry—was his waters. This is as if we ran a line from the Texas border over to the tip of Florida and said the Gulf of Mexico is American waters. No one else can get in.

But in that instance, it was just very clearcut. They sent out planes, and they shot missiles at two of our airplanes. And two of our airplanes turned around and shot missiles at them. We were just better shots than they were.

Q. Would we do it again if necessary?

A. I think that any time that our forces, wherever we have put them, are fired upon, I have said, they've got a right to defend themselves, yes.

Q. In a recent interview, you indicated that if the stabilization of Lebanon would require more peace-keeping forces that we ought to be willing to do that. Is the United States proposing or is it backing a plan that would include more peace-keeping forces in Lebanon, and would those forces be somewhere other than the Beirut area?

A. We have said—and there had been talk of this with regard to the difficulty in getting the present forces of the PLO, the Syrians, and the Israelis out of Lebanon while they establish themselves and their government—we have said that if in consultation with our allies, the multinational forces, if an increase and redeployment of those forces could aid and speed up this getting of the other forces out of there, I would be willing to go along with that. Of course, we would have to have the equal agreement of our allies in that, or maybe other countries could join, too.

I think it would be well worth it, because this is too great an opportunity to finally bring peace to the Middle East for us to let this go by. And I would like—as I say, I think it would be well worth the price to have them there. It doesn't mean that their duty would be very much different than it is today. It's to be a stabilizing force while Libya [Lebanon] recovers from this long period of warlords with their own armies and so forth, and establishes its sovereignty over its own borders.

Q. You seem to be indicating that you have decided. Have you proposed it? Is it part of the plan that Mr. Habib [Philip C. Habib, special representative of the President to the Middle East] has taken?

A. No, this is just, as I've said, that if this should become a factor, and this could be the key element in resolving this situation, this departure of forces from Lebanon. Then, yes, I would be willing to go along with this.

Q. As you know, there's an election approaching in West Germany, and the latest polls appear to give the opposition a prospect at least of winning those elections in March. What do you think the consequences would be for the Western alliance if a new German Government took office and declined to deploy the Pershing missiles?

A. I think it would be a terrible setback to the cause of peace and disarmament. So far, I've had no indication that

that would be a possibility. Herr Vogel [Hans-Jochen Vogel, Social Democratic Party candidate for chancellor] has been here in this country. He indicated support of what it is that we're proposing in the arms reduction talks, and he seemed to indicate his knowledge of how important our continued plan to deploy—remember, at their request—those missiles would be in securing this reduction in armaments.

So, we're not going to inject ourselves into anyone else's internal affairs or elections at all. But I believe that the Vice President's trip there found great support all over Europe of what it is we're doing, and in Germany, even, from the fact that there is—they're preparing for an election.

Q. So you think the deployment question will not turn on the West German elections, then?

A. No, I don't. I don't really believe that.

When I said it would be terrible, I did not mean that to infer as that someone else might win an election. I meant that it would be terrible if any of our allies withdrew from their present position of support for this.

Q. The message that Vice President Bush seemed to bring back and that we heard from him on television last week was that they do support your zero option proposal, but since it has gotten nowhere that they would

very much like the consideration of so-called interim move toward less progress. Coming out of your spokesman in the past 2 or 3 days seems to be a very hard line against that, and wonder, don't you think that is making it politically more difficult for NATO leaders to—

A. No, what he came back with support expressed for our zero option. And what he also did—there's no question about, they wanted to know whether we're going to be willing to other issues—and he pointed out to them my original statement, and that has been our position. If somebody wants to present another offer, we'll negotiate in good faith with this.

Q. Since your zero option, Mr. Andropov [Yuriy V. Andropov, General Secretary of the Communist Party the Soviet Union] made a counterproposal which has been rejected. Doesn't that leave a lot of NATO leaders feeling like the ball should be in your court if there is going to be some—

A. No, when you—you know, I a reasonable proposal. A hundred or a sixty-two missiles with three warheads on each one—we are up to the neighborhood of 500 missiles—and we would still be zero; we would not have any deterrent force on our side—that does not sound to me like a reasonable proposal. Now, I think the ball is still in their court.

Text from Weekly Compilation of Presidential Documents of Feb. 21, 1983. ■

Foreign Aid and U.S. National Interests

Secretary Shultz's address before the Fern Center for International Studies, Atlanta, Georgia, on February 19, 1983.¹

ch such as today's provides an opportunity for me to use a wide-angle lens. Although the broad picture is ever in my mind, the day-to-day business of the Department generally finds us not with the broad brush but the fine-toothed comb. As we examine the world through the lens of our national individual issues on which our relations turn. So today I want to begin by opening the lens full scope. I describe the fundamental tenets underlie President Reagan's foreign policy.

When I'd like to turn the lens down to successive notches: first, a late turn to discuss the importance of foreign policy of the more than 120 developing countries of the Third World—Asia, Africa, and South America.

Secondly, I plan to focus way down in this time of tight budgets—the funds which the United States must expend to achieve its objectives—contrary to popular opinion, the priority of foreign affairs is not secondary. It takes resources—modest but essential, applied credibly over time—to international peace, foster economic growth, and help insure the well-being of each of our citizens. But I start with the broader view.

Fundamental Tenets of Foreign Policy

At his inauguration 2 years ago, President Reagan has sought to reexamine U.S. foreign policy. He is determined to reduce a decade's accumulated doubt about the U.S. commitment to staying power. Our watchword in doing this are four ideas:

First, we start with realism. Second, we build our strength. Third, we stress the indispensable need to negotiate and to reach agreements.

Fourth, we keep the faith. We believe that progress is possible even when the tasks are difficult and complex.

Let me take each of these very briefly in turn. I'm very conscious of

them, because as I get caught up in the day-to-day details of foreign policy and go over to the White House to discuss my current problems with the President, he has the habit of bringing me back to these fundamentals. And I believe they are truly fundamental.

Realism. If we're going to improve our world, we have to understand it. And it's got a lot of good things about it; it's got a lot of bad things about it. We have to be willing to describe them to ourselves. We have to be willing if we see aggression to call it aggression. We have to be willing if we see the use of chemical and biological warfare contrary to agreements to get up and say so and document the point. When we see persecution, we have to be willing to get up and say that's the reality, whether it happens to be in a country that is friendly to us or not.

When we look at economic problems around the world, we have to be able to describe them to ourselves candidly and recognize that there are problems. That's where you have to start, if you're going to do something about them. So, I think realism is an essential ingredient in the conduct of our foreign policy.

Strength. Next, I believe in strength. We must have military strength, if we're going to stand up to the problems that we confront around the world and the problems imposed on us by the military strength of the Soviet Union and the demonstrated willingness of the Soviet Union to use its strength without any compunction whatever.

So, military strength is essential, but I think we delude ourselves if we don't recognize—as we do, as the President does—that military strength rests on a strong economy; on an economy that has the capacity to invest in its future, believe in its future—as you do here in Atlanta; an economy that brings inflation under control and that stimulates the productivity that goes with adequate savings and investment and has given us the rising standard of living and remarkable economic development that our country has known. But more than that, we have to go back to our own beliefs and ideals and be sure that we believe in them. And there is no way to do that better than to live by them ourselves. So, we have to maintain our own self-confidence and our own will

power and our own notion that we are on the right track to go with the strength in our economy and our military capability.

Negotiation. Of course, beyond this, if we are realistic and we are strong, I believe it is essential that we also are ready to go out and solve problems, to negotiate with people, to try to resolve the difficulties that we see all around the world—not simply because in doing so we help the places where those difficulties are but because in doing so we also help ourselves, we further our own interests. So, negotiation and working out problems has got to be a watchword for us, and we do that all around the world. I think it is no exaggeration to say that the efforts of the United States resulted in saving the city of Beirut from complete destruction. We are active in trying to resolve difficulties in Kampuchea. We have called attention to the problems in Afghanistan. We're working in southern Africa in a most difficult situation to bring about a resolution of the Namibia issues, and so on around the world. But I like to think that the United States must be conceived of as part of the solution and not part of the problem. That's where we want to be standing.

Finally, if we can achieve these things, if we can be strong enough so that people must take us seriously, and put our ideas forward in a realistic manner, then we will be able to solve problems and have some competence to be successful, and, if we're successful, certainly the world can be better.

Relations With the Third World

Against that background, let me turn to the problems of the Third World and our dealings with them and our stake in doing so successfully. Many of our citizens still see the developing countries as accessories to our basic interests. But over the past two decades, these countries have increasingly moved to the front of the stage where issues of peace and prosperity are played out. I believe this trend has assumed such proportions that I can advance two fundamental propositions.

First, there will be no enduring economic prosperity for our country without economic growth in the Third World.

Second, there will not be security and peace for our citizens without stability and peace in developing countries.

Let me explain these propositions. For the past 15 years, until the current recession took its toll, the developing countries as a whole have been growing more rapidly than the United States and Europe. As they have grown, they have become increasingly important as customers and suppliers for ourselves and other industrial nations.

In 1980, developing countries purchased about 40% of U.S. exports—more than bought by Western Europe, Eastern Europe, the Soviet Union, and China combined. These countries have accounted for more than half the growth in U.S. exports since 1975. At this juncture, approximately 1 out of every 20 workers in our manufacturing plants and 1 out of every 5 acres of our farmland produce for Third World markets. I might say that 2 out of every 5 acres of our farmland produce for export. That's how interrelated our farm community is with the international community.

The current worldwide recession has vividly—if painfully—highlighted these relationships. In the past several years, growth rates in the developing countries have dropped from over 5% per year to around 2%. Partly as a result, our exports to these countries—which were increasing at more than 30% a year in the late 1970s—have tapered off. For example, in the first 8 months of 1982, U.S. exports to Mexico dropped 26%; to Chile, 59%; and to Thailand, 25%. According to estimates, every \$1 billion decline in U.S. exports erases 60,000–70,000 U.S. jobs after multiplier effects are taken into account. There's a direct correlation. Today some of the workers in our unemployment lines and some of the businesses and farms on the auction block are living, if unwanted, proof that the well-being of our citizens is linked to the well-being of citizens in the Third World.

On the other side of the trade ledger, the developing countries supply about 40%–45% of the goods which we import for our factories and consumers. Although we are richer in minerals than most industrialized countries, the Third World supplies more than half the bauxite, tin, and cobalt used by U.S. industry. For some 11 other strategic metals and minerals, the developing countries supply more than half of our imports. For some natural products, such as rubber, coffee, cocoa, and hard fibers, the Third World supplies everything we use.

This intertwining of the European

and our economy with those of the Third World will increase in the 1980s and 1990s. As the recession fades, we can expect the faster growing countries—particularly in Asia but also in South America—to resume their role as engines of growth in the world economy. They will open up new opportunities for our exports and jobs for our citizens. We have an abiding interest in fostering this growth.

It is for this reason that we are joining with other industrial nations to add funds to the International Monetary Fund. These funds are critical to helping debt-plagued developing countries make painful but unavoidable adjustments in their economies and thereby resume healthy growth rates. We have a direct stake in their success.

For this reason, also, we resist—and call on all Americans to resist—pleas for further protectionism. Putting up barriers to imports will only result in losing markets for our exports and paying higher prices for goods. Resorting to protectionism as an antidote to recession is like turning to alcohol to ward off the cold. It may feel good at first, but it shortly becomes corrosive. The tonic for our ills is noninflationary growth, not stiff draughts of old Smoot-Hawley.

Beyond the demands of economies, the Third World is fundamental to our aspirations for security and peace.

Beyond the demands of economies, the Third World is fundamental to our aspirations for security and peace. Since 1950, most of the major threats to international stability, and the chief opportunities for expansion of the Soviet Union's political reach, have come in the Third World. The headlines have rung with now familiar names: Korea in 1950; Dienbienphu in 1954; Suez, Cuba, and more recently Iran, Angola, Afghanistan, Kampuchea, El Salvador, and Ethiopia.

A study by the Brookings Institution has identified no fewer than 185 incidents in developing countries since the end of World War II when U.S. military forces were used in situations which threatened our political or economic interests. As we speak today, 1,200 Marines are on duty in Lebanon helping again to patch the torn fabric of peace.

The point is clear. The fault line of

global instability runs strongly across the continents of the Third World. That instability is inimical to our security many ways. Small incidents can flare to larger conflagrations and potentia into confrontations between the superpowers. Korea and Cuba teach this lesson well.

More subtly, the Soviet Union and its allies are able to feed on political stability. Some of the most significant uses by the Soviets of military power since World War II have been in the developing world. The Soviet deployment of a deepwater navy, an airlift capacity, and mobile ground forces given them the ability to intervene where they perceive opportunities.

In addition, the Soviet Union supports 870,000 troops in North Korea—60% more than maintained South Korea. It bankrolls the Vietnamese Army, which has positioned 180,000 troops directly on the border of Thailand. It supports about 40,000 Cuban troops in Angola, Ethiopia, and Mozambique. In 1981, the Soviet Union supplied about three times as many tanks, aircraft, and artillery pieces did the United States.

We cannot ignore these realities they challenge our national interest. Strategically, some of the least secure Third World countries are sources of critical raw materials or lie astride sealanes which carry our military and world commerce. The premier example is the Persian Gulf. About 30% of the free world's oil supplies is pumped there. The region is vital to the economic and political security of Europe, Japan, and the United States. It is in our interest to build stability in this region and thereby help assure access to those supplies.

As a parenthetical remark, I would mention my belief that the recent decline in oil prices—and the possibility of further declines—will spur the free world's economic recovery. For some countries—such as Venezuela and Mexico—cheaper oil surely means tougher times. But it will be good for most. I have seen one illustrative estimate: a decline in oil prices to \$20 per barrel would boost real growth rates in the industrial countries by up to 1.5%. A steep decline would have proportionally positive effects. So, I have the sense that as people contemplate the decline in oil prices, there's a tendency for people to wring their hands about what has happened to this or that business or financial institution or country—and that there are problems and we need to look at them, all right. But let's not forget

point, it's going to be good for us
 food for economic growth, which
 need.

the job of building our security also
 res that we maintain military
 ties and strengthen indigenous
 se forces around the world. This
 es U.S. bases in the Philippines
 Turkey, the Azores, Morocco, and
 strategically placed countries.

ne United States cannot defend its
 ts by operating out of the United
 s and Europe alone. We need the
 ration of countries in the Third
 l to grant transit, refueling, and
 rights. Otherwise, while we may
 o build up a rapid deployment
 we will be unable to deploy it
 ut Third World friends who will
 us to use their facilities. We must
 pared, in turn, to help these key
 rties achieve their aspirations for
 ty and economic growth. This is
 st a short-term proposition. The
 ss of mutual cooperation weaves
 interdependence and friendship
 will redound to our benefit in
 to come.

goes without saying that the least
 ble method for preserving our
 ic interests and insuring stability
 developing countries is by sending
 s. forces. The 185 incidents which I
 oned earlier represent, in essence,
 ultures to resolve problems by more
 red means. If we are to reduce in-
 ns in the future, we need a signifi-
 program—sustained over time—to
 ce peace and economic well-being in
 ns vital to our security.

Security and Development eration Program

t, we have such a program. It is
 the U.S. Security and Develop-
 ooperation Program. Although
 ministration has clarified its goals
 sharpened its focus, it is essentially
 me program endorsed by every
 President since Harry Truman. It's
 times called foreign aid and all too
 depicted as a giveaway. But that is
 nomer. The program's purpose is
 ate those conditions of growth,
 ity, and freedom in developing
 rtries which serve the fundamental
 ts of each U.S. citizen.

et me give some examples of how
 ks. Our highest priority in this
 am is bringing peace to the Middle

East. Because of the ties between the
 United States and Israel, a crisis in this
 region has always placed us in the
 center of a potentially serious world con-
 frontation. This has been so for more
 than 25 years. Achieving a lasting peace
 in the Middle East will not only benefit
 each and every citizen in those lands but
 will ease one of the fundamental threats
 to world peace and our own security.

Making peace there means more
 than holding talks, as vital as these are.
 Sustained economic growth is needed in
 Egypt, Israel, and Jordan. Lebanon
 needs to open roads, restore electrical
 service, restart its economic engines,
 and resume its place as a stable and
 friendly nation in that part of the world.
 These countries also need to be able to
 defend themselves against those they
 see as aggressors. In this circumstance,
 we and other nations provide both
 economic and military aid. This aid is in-
 dispensable to the peace process.

Another program—with particular
 bearing here in the south—is the Presi-
 dent's Caribbean Basin initiative. Some
 of you have dealt directly with the con-
 sequences of poverty, political turmoil,
 and Soviet/Cuban interventionism near
 our shores. These have come in human
 form—off airplanes and out of boats—
 to present in person their claims for a
 better deal. For the south, the need to
 help the Caribbean and Central
 American nations grow economically and
 build democratic institutions is not an
 abstract issue. It is one which can direct-
 ly affect your economy and society.

Another part of our program is help-
 ing curb the rampant population growth
 which underlies much of the Third
 World's poverty and threatens our
 planet's resource base. The arithmetic is
 inexorable. Before World War II there
 were more than 2 billion people in the
 world. Now there are 4.3 billion. Even
 though growth rates have slowed in re-
 cent years, 17 years from now, in the
 year 2000, there will be 6 billion. If we
 act effectively, the world population may
 stabilize at between 12 and 16 billion in
 the last half of the next century. That's
 12–16 billion people to feed, clothe, and
 provide jobs for.

To bring it closer to home, Mexico
 currently has 62 million people. If they
 are able to lower their birth rate to the
 two-children-per-family level in the first
 20 years of the next century, they will
 have "only" about 250 million people
 when their population stops growing.

Faced with these numbers, the
 United States provides direct technical

advice and training to 27 countries to
 assist them to mount voluntary family
 planning programs. It's been an effective
 effort. We have a deep interest in
 continuing it.

Similarly, we provide funds for U.S.
 agricultural universities to help develop-
 ing countries grow more food. Although
 there are food surpluses now, population
 increase, plus growth in the world
 economy, means that food production in
 the developing countries must keep
 growing at 3%–4% per year, or we may
 all face shortages and rising prices again
 by the end of the decade.

So with U.S. funds, Mississippi State
 is introducing improved seed in
 Thailand. The University of Florida is
 increasing crop production in Ecuador.
 Auburn is working in Jamaica and In-
 donesia on fish production. It is in all
 our interests that these universities, and
 others across our agricultural heartland,
 continue with our support to devote
 some of their considerable talents to
 building secure food supplies in the
 world.

Let me give one more example, this
 time on the security side. A glance at a
 map indicates the importance of Turkey
 to our strategic interests. It sits like a
 wedge between the Soviet Union, the
 Middle East, and the western flank of
 the Persian oil fields. With Iran and Iraq
 in turmoil, the importance of an
 economically and militarily strong
 Turkey has increased. In the last few
 years, the Russians have increased the
 size of their forces stationed north of
 Turkey.

Hence, we and other countries of
 Europe, led by the Germans, are helping
 the Turks spur their economy and
 replace obsolete tanks and other equip-
 ment in their armed forces. The cost to
 us of assisting Turkey maintain strong
 defense forces between Russia and the
 Middle East is less than one-sixth of the
 cost of maintaining U.S. soldiers over-
 seas for the same purpose.

These are examples of how an in-
 vestment of our resources contributes to
 the well-being and security of each of us
 in this room. The cost is modest. For the
 coming fiscal year, the amounts we've
 requested from the Congress for the ex-
 amples I've given work out as follows
 for each U.S. citizen:

For building peace in the Middle	
East	\$12.35 per person
For the Caribbean Basin	\$3.84 per person
For curbing population growth	92¢ per person
For building secure food supplies	\$3.15 per person
For helping Turkey	\$1.78 per person

The total request for all our security and economic assistance programs in the developing countries is \$43.91 per person.¹ By contrast, we Americans spend \$104 per person a year for TV and radio sets, \$35 per person per year for barber shops and beauty parlors, \$97 per person per year for soap and cleaning supplies, and \$21 per person per year for flowers and potted plants.

I'm not belittling any of these expenses. That's not my intent. They're part of our commerce, which provides us with jobs as producers and satisfies us as consumers. I am simply trying to establish some relative values.

Every American must understand that it's necessary to spend a fraction of our collective resources to secure our most precious goals of freedom, economic well-being, and peace. An esteemed son of Georgia and predecessor of mine, Dean Rusk, said it succinctly: "Freedom is not free."

Progress Is Possible

Let me close by opening my lens back up and reverting to the fourth of the tenets which guide our conduct of foreign affairs: namely, our conviction that progress is possible. We Americans have lived for over 40 years in a tumultuous world in which we have pursued four basic goals:

First, building world peace and deterring war—above all, nuclear war which would threaten human existence;

Second, containing the influence of nations which are fundamentally opposed to our values and interests—notably the Soviet Union and its allies;

Third, fostering a growing world economy and protecting U.S. access to free markets and critical resources; and

Fourth, encouraging other nations to adopt principles of self-determination, economic freedom, and the rule of law which are the foundation stones of American society.

In these endeavors, we have had some signal successes. Some formerly

troubled countries of the world—for instance, the countries of East Asia—are now relatively strong and prosperous. Western Europe, a cockpit of warring nationalities for a century, has been at peace for 37 years. Progress has been made in fundamental areas affecting the mass of mankind: better health, longer life expectancy, more schooling, increased income. We have a chance in the coming year to make major strides in fashioning peace in the Middle East.

Americans as a people are pragmatists, suspicious of grand assurances or easy promises. But I'm convinced that if we persevere—proceeding realistically, backed by strength, fully willing to negotiate and search for agreement—we

will be able to brighten the future for ourselves and for others throughout the world.

¹Press release 62.

The figures cited are derived by dividing the Administration's FY 1984 request for development assistance, PL 480 economic support funds, military education and training program, military assistance foreign military grants by the U.S. population of approximately \$230 million. The figure not include foreign military sales guarantee loans which are extended at market or near market rates to foreign governments. The loans by law are not included in the U.S. budget. ■

Question-and-Answer Session Following Atlanta Address

Following is an excerpt from a question-and-answer session Secretary Shultz held with the audience at the conclusion of his address before the Southern Center for International Studies in Atlanta on February 24, 1983.

• • •

Q. Today's *New York Times* reports on page 1 that Moshe Arens is reported to be saying that Jordan is the Palestinian homeland. Would you comment on that?

A. There are many Palestinians living in Jordan. The point is, however, that there are also many Palestinians living on the West Bank and Gaza. There are also many Palestinians who are homeless and refugees in other countries, notably Lebanon. And it must be true that one of the principal reasons why we have so much difficulty with peace in the Middle East is that we haven't been able to find the answer to the legitimate rights and aspirations of the Palestinian people. We have to address ourselves to that issue, and the President's September 1 "fresh start proposal"—fully consistent with the Camp David accords which have tremendous ingenuity and creativity in them—aspires to do that. So, without in any way commenting on whatever the context was of that comment, I don't think you can pass off the Palestinian

issue with a statement about the Palestinians and Jordan. The problem is deeper and bigger than that. [Applaud]

Q. What strength and special skills does Mr. [Kenneth] Adelman bring to his new post? What special duty do you expect him to accomplish?

A. First of all, he is smart; second, he works hard—he is full of energy; third, he knows a good bit about the subject; fourth, he is quite experienced in this area; and finally—I would say this particularly since he has been criticized on this score heavily—he is 36 years old. Now, some of my kids think that when you're 36 years old, you're pretty old guy. But the point is this: Someone who is in his 30s is going to have to live with the results of what fruits we're able to get from arms control negotiations a lot longer than some of the older people who are criticizing him for being young. So I'm for him and I think some of the 36-year-olds our country ought to get a crack at this issue.

Q. During your recent visit to the People's Republic of China, was the textile quota dispute discussed in detail? And was an agreement reached to resume negotiations on it?

A. The textile negotiations which reached an impasse, as you perhaps know, were discussed, although I did go there to negotiate a textile agreement and made that clear. It is very important, as we have negotiations going

great variety of subjects all over world, that we support the people have put out there to do the negotiating, not to undercut them by going to make a deal by the Secretary or some other intermediary who goes along. It you want the negotiator to be effective, you have to support him back him up, and that's what we're doing.

U.S. positions in that negotiation are reasonable, and we're ready to return to that bargaining table whenever they are ready. So, I think, finally, the subject was discussed; I say that I made any particular way about it, although it may be as a result of the conversations we have had they understand a little more clearly our position is, what some of the pending negotiations have brought about, and why it is that we feel as strongly as we do about the positions we have taken.

Q. How low do you expect the price of oil to go before it stabilizes?
A. I don't have any idea, but I know it's going down. And as I said to after due regard to the problem—and there will be some severe problems for some countries, some social institutions, and for some companies—the overall result of a significant fall in the price of oil will be good news. [Applause]

Q. Could we fight a conventional war with the Soviet Union and win where in the world?
A. I don't like to think, talk about whether you win a war or not. Certainly we want to equip ourselves so that we can defend our interests and help our friends and allies defend our interests. I have spent quite a number of years working in a very fine company, and like many companies, you wind up with lawsuits lawyers advising you on this, that, and the other. We would occasionally get our lawyer come in and pound the table and say, "By gosh, we can win this lawsuit." We would say to him, "Look! I don't want to be in court." [Applause] I think the United States is doing very well; we're going to continue our strength, but we don't want to be in a war. We want to avoid war. [Applause]

Q. When you have facts, you argue facts; when you have the law on your side, you argue the law. When you have neither, you pound on the table.
A. I didn't pound on the table. You've got both. [Laughter]

Q. How much of a threat does Libya pose to peace in the Middle East? Did the Sixth Fleet play a pivotal role in the recent Sudan crisis? And how far is the nation prepared to go to contain Libyan terrorism?

A. Libya is a threat to peace and stability because it supports terrorism. Remember what country harbored the murderers in the Munich Olympics? They have supported assassinations. They have threatened their neighbors—Chad and the Sudan—there's no question about it. They say so. So, they are a problem. It behoves us all to watch them and to see to it that they know that we're watching, and that there is the strength and determination to see that they don't succeed in these efforts to destabilize their region and peoples' lives.

Now what the actions the President took may have had to do with their not being able to carry off their effort to destabilize Sudan, you'll have to ask them. I don't know. All I know is that there was very clear evidence of a plot; there was definite movement of Libyan armed forces. The President, to quote myself from last Sunday, "acted decisively, quickly, and effectively; and at least for now, Qaddafi is back in his box where he belongs." [Applause]

Q. Could you give us your view of the future relationship between the Soviet Union and the People's Republic of China?

A. That, of course, is something that they are working on, and I would hesitate to try to put forth some view about that. Many of the issues that trouble the People's Republic of China about the behavior of the Soviet Union are, for example, the Soviet invasion of Afghanistan and the Soviet support and instigation through Vietnam of the turmoil in Kampuchea; they both the People's Republic of China, and they bother us.

If, through their negotiation, they can do something about those problems, I'm all for it. It bothers us that there are so many SS-20s in Asia. I wonder who those SS-20s are pointed at? It bothers us that the so-called proposal made by Mr. Andropov [Yuriy V. Andropov, General Secretary of the Communist Party of the Soviet Union] on arms reduction seemed to contemplate, to the extent you can read it at all, taking these mobile SS-20s and moving some of them from being a threat to Europe, to being a threat to Asia. That didn't

thrill our Asian friends at all; the Chinese can talk to them about that. That's fine with us.

We thought the Andropov proposal, if I may again revert to the kind of lingo we used to use when I was in the business world—if a business guy made you that kind of a proposition, you'd say he offered you the sleeves from his vest. [Laughter] So, as far as where their relationship may go, I don't know, but there are lots of difficult problems between them and between us and the Soviet Union. If the Chinese can resolve some of them, I'm for that.

Q. It has been reported that Ambassador [Soviet Ambassador to the United States Anatoly F.] Dobrynin will be recalled to the Soviet Union. Is there any particular significance to that, in your view?

A. I've read rumors. I don't pay any attention to them. When there is a reality, then we'll deal with that as it comes. But I don't want to comment on what the future plans of the Soviet Union may be for Ambassador Dobrynin. He has been in Washington a long time; he is well known in Washington—a very effective ambassador.

Q. Given Mexico's dire economic predicament, what can the United States do to keep Mexicans from fleeing to the United States?

A. Part of the burden of my talk here today was to that point, namely, we want to do everything we can to restore the international economy to a healthy state, to a point where it is growing vigorously and where inflation, by and large, is under control. There are a lot of things that we are trying to do now, and must do, to make that happen.

I mentioned the IMF [International Monetary Fund] quota increase, on which we have agreed with other countries. This is designed to give the IMF, which I might say has outstanding leadership from a truly gifted international civil servant, a man named Jacques de Larosiere—more funds to use in helping debt-ridden countries that are having great difficulty with their balance-of-payments bridge over from the situation they are in to one where more disciplined programs will bring them out. I think we want to support that kind of an effort, efforts that will promote prosperity in the world.

Beyond that, of course, we have worked directly with Mexico to help resolve some of its problems during the last 3, 4, or 5 months. And I think Secretary [Donald T.] Regan, in the

Treasury, and Paul [A.] Volcker, [Chairman of the Board of Governors] in the Federal Reserve, working with the IMF, have really done a brilliant job of it. But there are different problems, and as I said earlier, we have to look at them realistically and deal with them.

It is the case that all the programs having to do with debt rescheduling and rearrangements, and so forth, ultimately depend for their success on economic growth in the world. This is the underlying ingredient that we must have. I think that we can see some pretty good signs that it is coming.

First, The U.S. economy is starting its upward movement. In concept, as you look at it, as an economist, we have a very expensive policy in place. When you look at the statistics, the statistics are almost unambiguous that the beginning of growth is occurring.

Second, the fall in the price of oil, difficult though it may be for Mexico, will be a great stimulant to economic growth in the industrialized countries and for most of the developing countries, which are importers of oil, and which have been hurt badly by the increasing prices. So that is, basically, a very positive factor in the outlook.

Third, with growth in the U.S. economy and in the growth stimulated by a lower price for a key resource, we will see the other industrial economies pick up a little bit more than they might otherwise have done—Japan, a very important country, and the European countries.

Finally, if we keep our wits about us, the developing countries again can resume growth, and there is plenty of room for it and plenty of need for it, and plenty of drive to get it out there.

The key here, if this starts to take place, is to keep our markets open and to persuade others to do likewise so that the interactive effects of these developments can have their impact. It would be a terrible thing if, in the light of these positive things, the world turns inward, country by country, and insulates one country from another, and aborts the kind of prosperity that we can see. That is why, with all of the cries for protection, we pound the table and say, "Let us keep our markets open. Let us work on others to do the same," so that the interactive effects of these developments can take hold. It's that kind of expansion that is going to help Mexico, that is going to help us, that is going to help everybody!

Q. Would an expanded Bretton Woods conference help get some order back into the world economy?

A. Of course, a conference doesn't mean anything; it's what takes place and whether there are some ideas that somebody has that are concrete and operational and will really help.

I believe, to a certain extent, those kind of questions focused on currency relationships in the system which governs international exchange markets. I believe that there is too much volatility in exchange markets. We saw, for example, a situation involving the yen/dollar relationship, where it went from about 230 yen to the dollar, in mid-May last year, to 276, I think—a big depreciation of the value of the yen in the fall some time—and by the end of the year was back to 230. In the process of doing that, it changed the relative cost of a Japanese and American piece of manufactured product tremendously, just to take that example, in a way that no amount of managerial improvement, or whatever, could account for. We had outstanding companies like Caterpillar Tractor priced out of third markets. That's a problem. I don't by any means suggest that the Japanese manipulated the yen. There is absolutely no evidence of that.

I think our dollar right now is feeling what we might call a "Switzerland" effect; that is, a lot of money is coming into the United States, to be sure, in part because of high interest rates here, although it's interesting that as interest rates decline, it still comes. So, it must be that there is a big "safe haven" effect. But in the meantime, of course, what that means is that the dollar is very, very strong. So, we feel that in our trade relationships.

This is a long way around to say that if the problem you're speaking of is volatility in the exchange markets, I've scratched my head about that, and I acknowledge it is a problem. If you asked me what to do about it, well, I've got an idea or two, but I wouldn't want to advance them in a serious international conference designed to solve the world's problems—at least not yet, until they're thought through some more.

Q. Back to Japan and China, do you foresee closer relationships growing between those two countries?

A. There is a close relationship, a working relationship, between Japan and China. They live right next door to each other; they have a lot to offer each other just as we have a lot to offer

mutually with China and with Japan. I would certainly expect to see that relationship grow.

Q. The Reagan Administration policy of constructive engagement is friendly way with the Government South Africa has come under recent criticism. Do you see this policy as useful in producing a real change in the apartheid policies of South Africa or in a successful conclusion to the negotiations for an independent Namibia?

A. I do. I think it is helpful to have a relationship and to work with the South Africans. That doesn't by any means condone the existence of an apartheid policy which is reprehensible and unacceptable. We have to be absolutely clear about that. However, there are important problems in the region. There is the possibility of sor progress, and we should be on the side of that progress.

Furthermore, insofar as the emergence of an independent, self-governing Namibia is concerned, obviously, the attitudes and policies of South Africa will be an important ingredient in bringing that about. And if you're going to have some impact on what their policies are, you have to be able to talk to them. So we are trying to have ourselves in a position of talking them, even though on the apartheid policy, we have no time at all for the policy.

Q. Does the United States also endeavor to get not only Israel but Syria to withdraw from Lebanon?

A. Of course. And people frequently say, "Why is it that you're spending your time on the negotiations with Israel and not with Syria?" The answer is this: The Lebanese have talked to the Syrians; so have we and others, and Syrians say that when the Israelis withdraw, they will withdraw. In order to call that card, we then have to go and say, "All right," to Israel, "What are conditions under which you will withdraw?" In view of the history where southern Lebanon has been a base for which guerrilla war, in effect, was conducted on Israel, it's true and justified that Israel would be concerned about creating conditions in that part of Lebanon that will avoid having that threat exist again. We agree on that and so do the Lebanese.

Having said that, though, it poses

The U.S. and East Asia: A Partnership for the Future

Address before the World Affairs Council in San Francisco on March 5, 1983.¹

Phil Habib's [Philip C. Habib, special representative of the President to the Middle East] magnificent work in the Middle East has made him almost a legend—and in his own time no less. We salute him for his tireless efforts and for what those efforts have achieved. But remember: In the course of his outstanding career, he has been involved in every part of the world. In East Asia and the Pacific, he served with distinction as ambassador and assistant secretary. The ambassador's residence in Seoul is known admiringly as "the house Habib built." Phil will agree and note ruefully that he never lived in it. I have just returned from a trip to Phil's old stomping ground convinced more than ever that if you want to understand the future, you must—like Phil—understand the Pacific region.

Understanding Asia and the Pacific

My recent trip to Northeast Asia, and 2 days of meetings with our chiefs of missions from all of the Asian Pacific area, underlined for me the importance of this vibrant area for the United States and for the world. The dynamism that I saw convinces me that, as important as the region is today, it will only be more important tomorrow. The people are smart, they learn, they work, they have resources. They have an important future, and we should be part of it. Nothing underscores the direct interest of the United States in this region more than two simple facts.

- We trade more today with the nations of the Asian Pacific than with any other region on Earth.

- We have fought three wars in the Pacific in the last 40 years. We do not want to fight another, and this is a reason why the United States will continue to maintain a presence there.

My trip left me with many strong impressions. Some features of the region—such as its economic and political progress—offer great hope.

Others—such as the poverty and injustice that can still be found and the menacing military postures of Vietnam, North Korea, and the Soviet Union—present all too familiar challenges. But all observers would agree that the region is less troubled than it was in the early 1970s.

The great majority of nations in the region have used the last decade well. They have developed a new self-confidence, and they have much to be self-confident about. It is a confidence born of economic success and of an emerging political maturity. Responsible leadership has come to the fore in Asia and the Pacific. The result is that our relations with most nations of the region are strong and getting stronger. If there is a symbol of the dramatic change that has marked the region in recent years, and of the benefits that such developments can bring to us all, it is perhaps China's emerging role as a constructive force. But this is only one of many important factors in the region's success and in the progress that has been made since earlier years of the post-World War II period.

The new success and maturity in Asia today provide a pattern for the future but, as well, valuable lessons for the present. Tonight, I would like to discuss four of these lessons.

First, there is a need for a global, not merely a regional, view.

Second, despite great diversity, a growing community of interests is appearing in the Pacific region.

Third, the extension of economic and political freedom is of essential importance to the region's future.

Fourth, the United States has both vital interests and a unique and critical role to play in the area.

The Need for a Global View

First and foremost, the trip reinforced what we all know: The fate of regions and nations around the world are intertwined. No one area of the world can pull up the drawbridge and ignore problems elsewhere.

tough issues for negotiation about how you bring that about, while same time being consistent with idea of a free and sovereign nation. It's not the easiest problem in the world, but it is being given very high priority, and I'm sure that before long, it will be resolved. Out of it, we will have a program under which the forces will withdraw; and at that time the Syrians will be confronted with that, and I expect them to draw as they have said they would. In the meantime, I believe, will go the PLO (Palestine Liberation Organization) forces that remain in Lebanon.

How do you feel the United Nations could make more effective use of the United Nations?

I think the way to behave in the United Nations is to be realistic about it is that our interests are, to put it unceasingly about it, not have to make outrageous statements, and just let it go, but get up and say what we object to and why. And when we see outrageous behavior such as the case of Puerto Rico, to work with our friends. Then we will see, as we did last year, that we got a very vote. When the United Nations tends to expel Israel, for no reason, and up and say, as we did last year, "to expel Israel, good-bye. We'll take our money with us." [Applause]

... saying said that, I think, "Why do we care that much? I think the United Nations is that the United Nations can and has been under many circumstances, a constructive course for peace and stability. The United Nations peace-keeping forces in various situations. That is useful. It provides a place for dialogue and dialogue, and it has spun a number of things, might say, technical or professional organizations such as the World Health Organization or Relief and Rehabilitation Administration.

... Relief and Rehabilitation Administration] that perform very useful services and which we should support. The way to get something out of the United Nations, our money's worth, you might say, is as one of the advocates puts it, "the old fashioned way to work at it," and that's what we're doing. [Applause]

¹ Press release 62A of Feb. 28, 1983. ■

Thirty years ago, in his famous farewell address to Congress, General MacArthur said:

The issues are global and so interlocked that to consider the problems of one sector, oblivious to those of another, is but to court disaster for the whole.

While Asia is commonly referred to as the gateway to Europe, it is no less true that Europe is the gateway to Asia, and the broad influence of the one cannot fail to have its impact upon the other.

MacArthur's statement is today more true than ever.

- Decisions about nuclear missile deployments in Europe could have a major impact upon Asian security, a fact dramatized by proposals by the Soviet Union which would have the effect of shifting the Soviet intermediate-range missile threat from Europe to Asia.

- Decisions on trade and free markets in Asian lands influence the actions of legislators in Washington and governments worldwide. The world is watching Japan, in particular, to see if its markets will be more open to competition from abroad.

- The continued growth of Asian economies is an essential element of U.S. and European recovery, while improvement in those economies will send waves coursing across the Pacific.

- The sealanes and resources of the region are not only of strategic importance to the countries in the region, they are crucial to the defense of the Indian Ocean, East Africa, and the Middle East.

As East Asian and Pacific nations prosper, we hope to see them adopt an increasingly global view. Indeed, we already see encouraging steps in this direction.

- East Asian and Pacific nations, and most importantly Japan, have acknowledged their responsibilities for strengthening the General Agreement on Tariffs and Trade (GATT) and maintaining an open international trading system, as they see with growing clarity the threat of protectionism around the world.

- Even smaller Asian countries, such as Korea, see that they must consider modification of their own protectionist policies (local content legislation, for example) to help insure their own continued access to larger markets.

- On the security front, Australia, New Zealand, and Fiji have contributed peacekeeping forces for the Sinai.

- ASEAN [Association of South East Asian Nations] governments are playing an effective and constructive role in the Nonaligned Movement, the Islamic Conference, and other international fora.

- Japan has provided economic assistance to states in the Middle East and Caribbean.

- China, while not yet a wealthy nation, has proven itself among the most sophisticated, with a decidedly global approach to economic and security issues and a clear view of the importance of resisting Soviet aggression.

As the Pacific region gains strength and confidence, it will be increasingly aware of, and increasingly influential in, the global agenda.

A Growing Community of Interests

The second lesson about the Pacific region is that our policy must reflect the growing community of interests among nations there in preserving peace and promoting economic progress. There are no broad regional institutions like NATO and the European Communities (EC) to provide a framework for regional cooperation. The great differences and historical animosities that separate different countries probably preclude the establishment of such institutions for the immediate future. But, despite enormous diversity, the nations of the region are increasingly cooperating with one another. This new and encouraging pattern is driven by two factors:

- The immense stake that they have in continued economic growth and an open world economy and

No one area of the world can pull up the drawbridge and ignore problems elsewhere.

- A clear-eyed perception of the military threat posed by the forces of the Soviet Union, Vietnam, and North Korea.

Economically, the area leads the world in economic growth. During the 1960s, Japan's annual rate of growth

averaged above 10%. Later, during the 1970s, Hong Kong, Taiwan, Singapore and Korea all achieved average growth rates above 8%, while the Philippines, Thailand, Indonesia, and Malaysia posted average growth rates of from 8%—all above the average even for developing countries.

These economic achievements have given the nations of the Asian Pacific new weight in the world. For example the region now accounts for one-sixth total world trade. These achievements are not accidental. They are the fruit of a commitment to hard work, a willingness to sacrifice immediate benefits for future growth, and generally sound policies of economic management. The Pacific region nations recognize that continued success is dependent on a healthy world economy.

Nations of the region are similarly aware of the keen threat to the region's security posed by the Soviet Union and its clients. A decade and a half ago, Soviet warships seldom ventured so far into the Pacific. Now, the Soviets have their largest fleet in that ocean, backed by modern, long-range bombers. So land forces in the region have also grown during that time, from 20 to more than 50 divisions. Most ominous of all, some 100 intermediate-range SS-20 missiles, each equipped with three warheads, threaten Asia.

With massive Soviet assistance, 180,000 Vietnamese troops occupy the pueha, use toxin and chemical weapons on innocent civilians, and threaten the peace and stability of Southeast Asia. The North Koreans, who spend 20% of their gross national product on their armed forces, threaten their southern neighbors with an armed force of over 700,000, one of the largest armies in the world. When you visit the DMZ (demilitarized zone) in Korea, as I did recently, the tension is palpable. You know what it means to confront real danger, as American soldiers and their South Korean allies do every day.

Nonetheless, common economic security concerns are breaking down communication barriers, reducing historical animosities, and spurring the nations of the region to take responsible steps in their own interests. Let me just a few examples.

- The Japanese Government has acknowledged its responsibility for maintaining an open world economy and

ing its own markets for freer trade. The prime minister's attitude toward this effort is refreshingly operational, recognizing that procedures for licensing, inspection, and registration are as important as policy commitments. In addition, Japan has affirmed its commitment to undertake equal responsibilities for its own duties, appropriate to its abilities and its constitutional requirements.

Prime Minister Nakasone's recent trip to Seoul, and Japan's sizable economic assistance to Korea, have put an important Japanese-Korean relationship on a new and stronger footing.

The ASEAN states have put behind them many of their differences. They are working effectively together to counter Vietnamese aggression and to utilize international support for a peaceful outcome in Kampuchea.

Thailand, Malaysia, Indonesia, the Philippines, Australia, Hong Kong, and China have all played major roles in handling the massive exodus of Chinese refugees.

The new Pacific island states are forging both regional and national linkages simultaneously, with the help of their neighbors in Australia and New Zealand.

The Republic of Korea has initiated a productive dialogue with states in the region.

And China has begun to seek closer cooperation with a number of its neighbors and to play a constructive global role, especially in its efforts to halt Vietnam's aggression in Kampuchea and elsewhere.

Clearly, there is more that can be done and more that we would like to see done. We will continue to urge Japan to assume a greater share of the burden of its own defense and to open its own markets to the free competition that these products enjoy in the United States.

But both we and Japan must also go beyond these bilateral concerns to shared responsibilities. As President Reagan recently said, "... no two nations are more mutually dependent than the United States and Japan ... Our partnership is so essential, we have a moral obligation to our own peoples, to each other, to insure its continued vitality.

As Japan's weight has grown, so too have its responsibilities. Decisions on such issues, bank credit to developing countries in Asia and Latin America, official economic assistance must reflect Japan's global interests. If we are

patient, as well as persistent, we can do more than just maintain the remarkable post-World War II record of Japanese-American cooperation. We can build on it and make it an increasingly important part of our future.

China's new, more constructive, though guarded, role is welcome, and a closer relationship with China will benefit the people of both our countries. However, frustrations and problems in our relationship are inevitable. They will arise not only out of differences concerning Taiwan but out of the differences between our systems. We believe that these problems can be managed and that the community of interests that promises further progress is real. Our relationship with China has brought tangible results and can be a potent force for stability in the future of the region. As President Reagan has said, "Our relationship with the People's Republic of China is important not only for stability and peace in Asia but around the globe ... Despite our differences, it is clear that both sides value this relationship and are committed to improve it."

Progress in U.S.-China relations need not come at the expense of relations with our other friends in the region, including our close unofficial relationship with the people of Taiwan. To the contrary, it can contribute to the peace and economic progress of the entire region. The key to managing our differences over Taiwan lies in observing the commitments made in our three joint communiqués and allowing the parties themselves to resolve their differences peacefully with the passage of time. To improve our relations we must both work to reduce impediments to expanding trade in technology, as well as other economic relations, consistent with our long-term security needs. We must also seek to resolve any misunderstanding or dispute through consultations and negotiations rather than by unilateral action.

In so doing, we work to build a long-term, enduring, and constructive relationship on a basis of mutual confidence. As I made clear in Beijing, Chinese leaders will find the United States ready to join with them on that basis in pursuing our common interests in peace and modernization. We value Sino-American relations and want them to advance.

Importance of Economic and Political Freedom

The third lesson is the importance of economic and political freedom for the region's progress and security. Our bilateral relations are on their most solid footing with those countries that share our commitment to democratic values. We believe that democratic nations are more likely to follow the just and sensible policies that will best serve the future of the region and the globe.

The Pacific region's economic growth has shown the efficiency of a free-market system. The progress of the ASEAN states, South Korea, Hong Kong, and Taiwan has become a model of successful development for the Third World.

Political progress is more difficult to gauge than economic change. And usually it seems to move at a slower and less even pace than we would all desire. But a long-range perspective of free-market nations in East Asia and the Pacific clearly reveals, I believe, a trend toward the growth of democratic institutional arrangements for economic and political conduct.

Japan is the most obvious example, but younger nations are moving in a similar direction. Indonesia last year added to an increasingly long record of regularly held elections. And Malaysia has accomplished that most difficult task: peaceful changes of leadership through an electoral process. The new Pacific nations have laid strong foundations for popular participation in government. The Republic of Korea, despite continuing intense pressure from the north that creates severe internal pressures as well, has taken additional welcome steps recently toward liberalization and toward an eventual constitutional transition of power in 1987.

The extension of democratic processes and institutions and the respect of human rights in general are integral elements to the achievement of lasting progress and legitimacy. Abuses of human rights undermine the progress, legitimacy, and even the stability of governments, thereby vitiating other gains.

In the end, economic and political freedom, both important in their own right, are closely intertwined with security concerns. For economic and political progress provides the resources for defense and, at once, reduces the risks of internal chaos and the opportunities for external aggression. As

President Reagan has said, "economic freedom is the world's mightiest engine for abundance and social justice."

The Unique U.S. Role

The fourth and final lesson is that our role in the region is unique. We are the one nation of the region with both a worldwide view and the capacity to implement a worldwide policy. As a great power, we have great responsibilities. We have borne them well, and we must continue to do so.

It is necessary and proper that we encourage those countries that share the benefits of a peaceful and prosperous world order to assume greater responsibilities for maintaining it. We will not ask how we can perform that task by ourselves or how we can get others to do it for us, but how we can combine our strength with those who share our commitment to peace and economic progress. Fortunately, in the Pacific region there are many who share those interests, and their strength is growing.

Our goal in asking others to increase their efforts is to gain added strength together, not to decrease our own efforts. The United States will remain a Pacific power. Although specific tasks may change, our overall responsibilities will not be diminished in importance nor shifted to others. This is particularly true of our security relationships with our friends and allies in the area.

- Our treaty commitments—particularly to the front-line states of Korea and Thailand—are essential to give our partners the self-confidence necessary to face potential threats.

- These commitments and our alliances with Japan, with Australia and New Zealand, with the Philippines, and others provide a security framework and coordinating element in a region where broader alliance arrangements are not feasible.

- And because our influence is so broadly felt throughout the region, the way we handle each of our bilateral relationships affects the interests of many others. As we seek, for example, to build a stronger relationship with China and to manage the differences between us, we must remember that the interests of many other friends in the region may be affected as well.

- In Asia, as in the rest of the world, there remain threats that only the United States can meet. If we do not play our role, the shadow cast by Soviet military power will threaten the region's hopes for progress.

In playing that security role in the world, we intend to be attentive to Asian interests. That specifically includes our approach to the Geneva negotiations with the Soviet Union on intermediate-range nuclear missiles. As President Reagan recently said, "Soviet proposals which have the effect merely of shifting the threat from Europe to Asia cannot be considered reasonable. Security in this sense is—and will remain—indivisible."

In the years since the Vietnam war ended, we have made great progress in overcoming the inevitable doubts that arose in the region about the will and

Our goal in asking others to increase their efforts is to gain added strength together, not to decrease our own efforts.

capability of the United States to fulfill its important role in Asia. President Reagan's strong efforts to continue that progress have increased the credibility of our role in Asia and, in the process, increased the self-confidence of our friends in the area as well.

Conclusion

If it is true that much of the future will be shaped in Asia, then our policies toward this region are of special importance. The record of the nations of the Asian Pacific in recent years is encouraging too. Not that the region is free of problems—far from it. But the nations of the region—despite enormous differences of every kind—share a realistic and confident approach toward solving problems. And a dynamic community of economic, political, and security interests has begun to take shape.

- Most nations of the area have faced—and many still face—immense problems of poverty and dislocation. These problems are being addressed with imagination, with self-reliance, and with remarkable success.

- The countries of the region face great threats from the Soviet Union, Vietnam, and North Korea. But the meeting these threats with realism and with a determination not to be intimidated.

- Great national and cultural differences, deepened by historical antagonisms, place obstacles in the way of cooperation among nations of the region. But increasingly these nations are recognizing the overriding importance of working together in the interest of peace and economic progress.

We Americans recognize—and welcome—this progress. Our Asian Pacific partners are developing new relationships not only with us but with each other. They also are joining with us in cooperative efforts that extend beyond the Pacific region and increasingly bring their positive influence into the world at large. These steps are the basis for a global role that will be the region's growing strength and responsibilities. We Americans are determined to join in these steps to strengthen our community of interests. The results will have much to say about the future—for us and for others throughout the world.

¹Press release 68 of Mar. 7, 1983. 1

Question-and-Answer Session Following San Francisco Address

Following is the question-and-answer session Secretary Shultz held with the press at the conclusion of his address to the World Affairs Council in San Francisco on March 5, 1983.¹

Could you comment upon the talks between the United States and the People's Republic of China and the Soviet Union, and their effect, if any, on Sino-American relationships?

A. There are quite a number of issues that the Chinese and the Soviet Union have to discuss. Some of them involve problems in which we have an interest and stake as do the Chinese.

The Chinese believe, and we believe, that the Russians should get their share of Vietnam, out of Kampuchea, that we should have an independent, neutral Kampuchea. If they can find some headway on that with the Soviet Union, I'm all for it. The Chinese believe, and we believe, there is no excuse for the Soviet invasion of Afghanistan. The Soviets should leave Afghanistan. If they can make some progress in that, we're all

In other words, there are things that are in our concern about Soviet behavior, and we wish the Chinese luck in trying to do something about it. It is, nevertheless, true that the Chinese have to remember, as other countries do and we do, that those who are pointed at Asia.

Your comment in China regarding the problems which American businessmen were experiencing was particularly caustic. Why shouldn't the State Department help American businessmen?

A. The American businessmen that I met in Beijing had it coming to them. They had it coming to them because there I was negotiating on their behalf—I'm on your side, remember—not a whole range of extremely delicate and difficult issues. Everybody says that everything that is said in a ball room privately is listened to and is brought back into the kind of negotiations that I'm having. So after awhile, among the Chinese position thrown at me began to wonder who was on whose side. I knew pretty well what side I was on, so I gave them a piece of my

mind, and I don't apologize for it. [Applause]

Q. In Cambodia there is and has been genocidal taking place. How are we exerting our influence to end it?

A. It's interesting that you say Cambodia. It's hard to know what to call that poor country; some people say Kampuchea. It took me a while to catch up with that. We are exerting our influence to get Vietnam out of there by supporting countries in the region in all the effective ways that we can think of.

We are helping the ASEAN [Association of South East Asian Nations], countries which have taken a lead. We work with the Chinese, the People's Republic of China. We provide humanitarian help to those in need. There has been a tremendous exodus of refugees, as we all know. We've done our part in that. We have worked at the United Nations where Vietnam is totally isolated, and the Soviet Union isolated, on this issue. So we have worked with people in the region, and our approach has been to support their effort—they live there—and to make it clear on a world basis not only the wrongness of that invasion but the horrors that are taking place in that country. It makes you wonder about all the people who thought North Vietnam was such a wonderful country. [Applause]

Q. Are the Philippine bases in jeopardy because of political instability in the Philippines?

A. No. The Philippine bases are very important to us and to the Philippines. We have periodically and are now in the midst of base negotiations, and we believe that the Government of the Philippines is quite able to negotiate and carry through agreements with us.

Q. What are the chances of a nuclear arms reduction agreement with Russia on something other than the zero-option plan?

A. Are you trying to ask me whether we're going to change our position? [Laughter]

I don't know what the chances are. I know what we will do. We will take reasonable positions. We believe that the positions of eliminating a whole class of these destabilizing and lethal weapons from the globe is the right position; it's the moral position; it's the position that we can all be proud of.

The President has also said from the first speech he made on the subject that we recognize we're in a negotiation. Our position is not take-it-or-leave-it. We're flexible. We're willing to listen. But we think that the position the United States has taken on behalf of our allies, as well as ourselves, is a wonderful position to support.

Whether the Soviet Union would ever agree to the deployment of U.S. weapons replacing those that are there now, I don't know. But we will be there at the negotiating table, we will be reasonable, and in the meantime, we must be realistic about what is going on in the world and in the Soviet Union. We must maintain our basic strength so that we are able to continue as we can now to defend our interests around the world, and to help our allies defend theirs. [Applause]

Q. Yesterday President Reagan assured the American people that El Salvador would not become another Vietnam. It's difficult to deny, however, that the building tension and fighting there are reminiscent of the early days of Vietnam. How are we today better prepared to accurately assess the conflict in El Salvador?

A. Of course, we are constantly assessing what is taking place, and in recent days we have been especially working hard at that and consulting with the Congress. The President met with the bipartisan leadership last Tuesday and undoubtedly will be meeting again in the coming week to hear their views and to give ours.

I think it's important to recognize several things. First of all, there are many, many differences between the El Salvador situation and Vietnam. One of them is that El Salvador is nearby. It is part of an area of the region of the world that is literally connected geographically to us.

It is not a pleasant thing to contemplate that the Soviet Union might increase its influence from Cuba, Nicaragua, Grenada—where it now holds sway—to additional countries in Central America. So that's something we have to remember about the direct security interests of the United States.

But I think also we must remind ourselves that the program that the people of El Salvador, and the Government of El Salvador, have in place and are trying to implement and which we are trying to help them implement, has got several strands to it.

The first, of course, is to try to do everything we can to help those people

develop themselves economically. We have provided aid. We have provided encouragement for the development of economic capacity there. We have supported the land reform program, which has just been extended for another 10 months, and it's quite possible that it might be completed in that time.

We have sought to support the development of democratic government in El Salvador. We have supported a diplomatic initiative in the region which was taken in the first instance in San Jose as the democratic countries of the region came together and laid down a diplomatic program calling for the elimination of offensive weapons from the region, the cessation of the shipment of arms from one country to another on a verifiable basis, the removal of all foreign advisers of a military sort, and efforts toward reconciliation and amnesty in the region; all of this in the interests of trying to bring about peace. So I think those are all very strong and important efforts that are being made.

It must also be apparent to everyone that if you have a foreign-supplied, reasonably sizable guerrilla movement blowing up bridges—55 bridges—blowing up power plants, disrupting the infrastructure, it's very hard to imagine that you attain that threshold of security necessary for economic development to take place for people to serve their own interests and to be able to achieve a stable and decent life.

I think it's pretty apparent that the same people who tried desperately to stop an election about a year ago—threatened people to keep them away from the polls but nevertheless 80% of the people turned out to vote—are now trying to shoot their way into the government. I think the answer to that should be "no dice."

But we continue to support the efforts of the people not only in El Salvador but Honduras, Costa Rica, and throughout the Caribbean region in their effort to develop democratic institutions, to serve their own economic interests and development, and to resist efforts to destabilize them through the shipment of arms to guerrillas who are out to unseat those governments.

There is a great deal of discussion about military aid and should it be increased. That's not really the question. The numbers are as follows. Last year the United States helped the Salvadoran Government to the tune of \$80 million of military aid. In this fiscal year, which began October 1, through a curious

Washington program known as a continuing resolution, we have managed \$25 million.

You can take 25 as a proportion of 80 and compare it with 5 months out of 12, and you can see the kind of support that we are giving. It's not adequate. I believe very strongly that in our own security interests and in the interests of having in our neighborhood democratic governments in societies where people have a chance to develop themselves and achieve economic gains for themselves that we simply must continue to support the people who are on our side and resist those who are against us. [Applause]

Q. How will the outcome of the West German elections affect our policy toward that country, especially if the Social Democrats come out on top?

A. One of the things I've learned from Phil Habib [special representative of the President to the Middle East] and others is never comment on the internal political arrangements of another country. That is up to them to determine, and we will work with the government that the German people put there, and I believe we'll be able to work successfully with it. [Applause]

Q. Why should the United States support the IMF [International Monetary Fund] quota increase?

A. The IMF quota increase amounts to a commitment on the part of the United States to exchange assets for assets; that is, money that we put in, like a loan, and we get an asset back to the tune of \$5.8 million.

In addition, the Treasury, working with the 10 principal industrial countries—known as the Group of 10—has worked out an increase in the scope of what are called the general arrangements to borrow amounting, I think, to \$2.8 billion.

What is this money for? It is for the purpose of helping to keep the international financial system on an even keel. I believe this can be done without our losing money, and if we don't do it, we expose ourselves and all of the trading nations to a tremendous exposure of financial mishaps that could well be avoided.

I think it is especially important to do this and do it properly right now because, as it happens, with all of the economic troubles of the world, I think we are right now at a point where there's a good chance that we can see a kind of interacting expansion in the

world economy. And we don't want to see it aborted by the failure to do that we can do and that we should

I think it's clear, number one, the economy of the United States starting an expansion, one that I believe will be considerably more vigorous than was forecasted in the President's economic report issued about a month ago.

Second, fully recognizing the problems for some that a fall in the price of crude oil may bring, I think that a decline in the price of crude oil is basically very good news for most and it will have a positive effect on economic growth in our country and most other countries. So that's the good thing, and I think that in turn tend to have the other industrial countries' economies expand a little more than otherwise. Under those circumstances, perhaps the Third World developing countries—will once again be able to pick up the very pace of growth that they have sustained.

If those things happen, and if we have the wit to avoid the pressure protection which are fierce in this part of the world—but if we avoid that so that these developments can interact with each other, then we can see the kind of expansion in the world economy that will enable people to end to pay their debts.

So you ask about the IMF quota increase. It is connected with all the way of putting the IMF—which, in all, we're a big part of and which might say has superb leadership in a Frenchman named Jacques de Larosiere—enabling the IMF to do its job of keeping stability in the international financial house. I think it is very much to our advantage.

I have testified quite a bit on this and I find that people are terribly concerned that if this is done, there are some bankers who made bad loans and they won't pay a big enough penalty that misjudgment.

I believe that people who make bad judgments ought to pay a penalty, but I'm certainly not ready to say we would rather have the world go to the sake of seeing a few bankers suffer. [Laughter] Frankly, I would like to let some people get away with a little bit in order to have this economic expansion that we need, we can live, and I believe we will have if we keep it as we wish. [Applause]

¹Press release 68A of Mar. 7, 1968

Strengthening Democracy in Central America

statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee on March 22,

March 10, the President described clearly the national security stake we have in Central America and the region. Many factors are involved, but the remedies are complex, but the issues are relatively simple: Central America is in transition, trying to overcome the tensions of the past by strengthening democratic institutions and promoting reforms. Violent, antidemocratic minorities with close military and political ties to Cuba and the Soviet Union are attempting to disrupt this effort and seize power by force of arms. Central America is too close and of too great strategic importance for us to ignore while that happens. Our priority is at stake, and our most basic principles are being tested.

It is not surprising that our conclusions with the widest spectrum of the press over the last 3 weeks have convinced the President and all of us that a bipartisan consensus on goals in fact, exist. No one wants to see Communist guerrillas take power in El Salvador. No one wants to see a second or fourth Nicaragua in Central America. We are unanimous in wanting a peaceful outcome in the region to a peaceful and democratic.

I would like to focus today on the steps to achieve these common objectives. I would like to review our regional strategy and explain why we believe the regional strategy the President set forth in his March 10 speech can help end the conflict and produce a democratic outcome in El Salvador. I will then discuss the actions we need to make it work.

Regional Strategy

Our strategy proceeds from an analysis that recognizes, in fact emphasizes, that there are legitimate social, economic, and political grievances in many parts of the region. For example, many of El Salvador's problems stem directly from the actions of past Salvadoran governments—failings that often go back decades but which must be addressed

The second critical factor is the decision by Cuba with Soviet-bloc support to organize and arm guerrilla forces under Marxist-Leninist control. This tactic—and its fruits—are evident in Nicaragua, which since 1979 has become a base for the export of violence to its neighbors. Almost immediately after the Sandinista takeover in Nicaragua, El Salvador became a target, with the expectation that communist bloc training and supplies would bring a quick military victory to Cuban-backed extremists.

Our conclusion is that we face two related challenges: to help alleviate longstanding political, economic, and social problems; and to help counter a communist strategy which seeks to aggravate and exploit these problems and so to seize power by force of arms.

The strategy we have developed is comprehensive and regional. Much of it has been elaborated in consultation with the region's democracies. It consists of six mutually reinforcing elements. Each is necessary to ensure the success of the whole.

The first and critical component is **support for democracy, reform, and the protection of human rights.** Violence feeds on the failure of local institutions to provide responsive government, justice under law, or means to achieve peaceful social and economic change. We know that democratic governments are far less likely to abuse their citizens than dictatorial regimes whether of the right or left. And we know that democracy cannot flourish in the presence of extreme inequalities in access to land, opportunity, or justice. We cannot hope to succeed unless we address these first-order concerns.

The second element is **support for economic development.** Underdevelopment, recession, and, in the case of El Salvador, the guerrillas' "prolonged war" against jobs, transport, and crops create human hardship and misery that are being exploited by the enemies of democracy. Three-quarters of the resources in support of our Central American policy go to economic assistance.

The third element is **support for the security of the nations of the region.** We must provide El Salvador and our other friends struggling for democracy

enough military training and assistance to protect against the military power of the guerrillas so that nonmilitary solutions can be found. Security assistance is not an end in itself but a shield for the region's democratization and development.

The fourth element is to give the area **hope in the future.** That is why our economic efforts go beyond the traditional forms of assistance: the President's Caribbean Basin Initiative proposes unique long-term incentives to spur the sustained economic growth these countries have demonstrated in the past they are capable of achieving.

The fifth element is to **deter the Sandinista attempt to promote a "revolution without frontiers."** We are providing essential economic and security support to Costa Rica and Honduras. And together with other democratic countries of the region, we are working to persuade the Sandinistas that they should come to the bargaining table ready to come to terms with their own society and their neighbors.

The sixth element is **support for peaceful solutions.** Internal reconciliation—through democratic elections, guarantees of personal security, and amnesty—can be an alternative to violence and the consequences of violence for all concerned. Similarly, regional agreements can strengthen democracy and reduce sources of conflict and militarization.

All six of these elements must be applied and sustained for the strategy to succeed. No amount of reform alone can bring peace so long as the guerrillas expect and seek military victory. No amount of economic assistance alone can suffice if the guerrillas can destroy basic infrastructures again and again with impunity. And even sustained government military superiority alone will not bring sustained peace in the absence of more freedom and of better opportunities for social and economic development.

Situation in El Salvador

Let me turn now to El Salvador. How is our strategy working there?

First, respect for human rights has grown slowly, but steadily. Political

violence against noncombatants is a serious problem but is down markedly since our assistance began 3 years ago. Military operations have resulted in the capture of prisoners. The treatment of individuals in prison for security reasons has improved—international access to detained individuals is regular and prison facilities are cleaner and better administered. Even so, the criminal justice system remains a major concern, one I will examine in greater detail in a moment.

Second, in 3 short years and despite determined guerrilla opposition, El Salvador's Government has redistributed more than 20% of all arable land. Some 450,000 people—about 1 Salvadoran in every 10—have benefited directly. Strong peasant organizations have emerged. An AID-financed [Agency for International Development] study by independent consultants visiting El Salvador reported that: "Members of the team . . . were under the impression that the conservative coalition that won the March 1982 election had attempted to annul the reforms. During 2 months of field work, however, we discovered that reforms were still very much alive." The recent extension of land reform legislation confirms this judgment. The distributive aspects of the reform, if continued at the present pace, can be completed this year.

Third, the general economic situation is poor. In the last 4 years, the Salvadoran economy has contracted by 25%. Overall unemployment is in the neighborhood of 40%. Imports of medicines and food have been hampered. To maintain even zero growth in real terms, El Salvador needs substantial assistance to import materials, intermediate goods, and essential agricultural inputs for which it lacks foreign exchange.

Part of the problem is that the international recession has depressed commodity and agricultural markets on which El Salvador depends for foreign exchange. But the more serious weak point is that since the failure of their 1981 "final offensive," the guerrillas have moved against the economic infrastructure. They have destroyed 55 of the country's 260 bridges and damaged many more. The national water authority is carrying out 112 reconstruction

projects to restore facilities damaged by guerrilla action. Two hundred forty-nine separate attacks have caused millions of dollars of damages to the telephone system. Electrical systems have suffered over 5,000 power interruptions in a 22-month period ending last November—an average of almost eight a day. The eastern region was blacked out for over a third of the year in both 1981 and 1982. Thirteen crop-dusting planes have been destroyed or damaged since last October. Over 200 buses were destroyed in 1982 alone. Less than half the rolling stock of the railways remains operational.

In short, guerrilla sabotage is depriving the people of El Salvador of food, water, transportation, light, sanitation, and work.

It cannot be stressed enough that this guerrilla campaign of "rule or ruin" is contrary to the will of the overwhelming majority of Salvadorans. The Archbishop of El Salvador put it this way on March 18: "The population wants there to be peace. I do not see that the guerrillas, who have progressed militarily and in experience, have popular support . . . There have been about four or five offensives and who knows how many more to come. But the people want [peace]."

This brings me to a **fourth point**. The military situation is not desperate but could become so if we fail to help. The Salvadoran Armed Forces face the difficult task of fighting mobile and well-trained enemy units supported from the outside, while also protecting static targets and population and production centers. Ten days ago, we had to provide an emergency airlift of critically needed small arms ammunition. The Salvadoran soldier, when well-trained and well-led, is capable; guerrilla operations have for the most part been localized to certain areas of the country, and the government forces we have trained are performing effectively. The three U.S.-trained units conduct themselves professionally both on the battlefield and in their relations with noncombatant populations. But only 10% at most of the Salvadoran Armed Forces have received our training.

Fifth, democracy and reconciliation have made major advances this past year. The Constituent Assembly has engaged a wide and diverse political spectrum, from ARENA [National Republican Alliance] on the right to

Christian Democracy on the left. It has not been easy for often bitter political rivals to deal with each other in a parliamentary forum with the outside world watching skeptically. But greatly they are coming to listen to each other, moderate, compromise, accommodate. In addition to working on constitution, the Assembly has reached agreement on a Government of National Unity guided by the multiparty pact Apancea and proceeded seriously to land reform including the vital land-tiller program.

As envisioned in the pact of Apancea, the Salvadoran Government has designated three high-level commissions—on the political process, on human rights, and on peace. The Commission is specifically charged with developing measures of national reconciliation. Its members include a Catholic bishop and two civilians—one a representative of the political party, the other a former foreign minister. On March 17, this independent commission formally proposed legislation providing for a general amnesty.

It is this atmosphere—the yearning for peace, the viability of El Salvador's new democratic institutions, and Archbishop Rivera has called "a desire for understanding more than revenge"—that gives impetus to a decision to hold presidential elections this year—a decision greeted with approval by all, including His Holiness Pope John Paul II, when announced.

In sum, despite continued human rights problems and troubled economic and security conditions, particular side major population centers, healing progress has been made in political, economic, and social reform. Essential groundwork has been laid for progress in national reconciliation.

Resource Needs and Objectives

Economic assistance is vitally needed to permit the purchase of essential inputs and to help restore basic services infrastructure disrupted by the guerrillas. It is needed to strengthen the agricultural reform and to help finance labor-intensive reconstruction that will work to those deprived of it by guerrilla sabotage. It is needed to help the private sector, now cut off from credit markets, regain access to credit for critical imports.

to accomplish these objectives, we are planning to provide El Salvador \$227 million in FY 1983 economic assistance, including economic support (ESF), development assistance, L 480 commodity financing. This is \$67.1 million the President has asked to reallocate for El Salvador current funds. This additional assistance—for which no new appropriations are being sought—will be heavily allotted to public services, medical supplies, and food imports. A major commitment will support a comprehensive program of services and reconstruction in two parts of the country most heavily affected by the guerrilla war. We continue building the kind of well-trained, skilled armed forces that can hold the initiative while respecting the rights of its people, we submitted to Congress on March 10 a statement of our intent to reprogram \$100 million in foreign military sales to loan guarantees to El Salvador. We are also planning to reallocate to El Salvador \$50 million in grant military assistance program (MAP) funds from January supplemental request. As for economic assistance, none of this assistance will involve funds other than those previously requested.

We are not planning to send El Salvador advanced heavy weapons like Soviet tanks acquired by Nicaragua. We have no intention of Americanizing the fighting by introducing U.S. military advisers. Rather our emphasis is on greatly expanded training for Salvadoran soldiers, with all or most of this additional training taking place outside El Salvador if funds permit. The assistance we have requested would enable us to train some 50% of El Salvador's fighting units—compared to 10% now. They would also help El Salvador's Armed Forces to increase their mobility with additional aircraft, light aircraft, and trucks to acquire necessary munitions and spare parts. Some of this military assistance will also be used for engineering equipment and medical supplies to provide relief for the people suffering the effects of the guerrilla war. It is important to this objective that the more quickly we help these armed forces become more effective and mobile instruments of El Salvador's national policy, the sooner their shield will be available to protect the emerging democracy and developing economy we

all seek. To quote Senator Jackson, "if you're going to have the ballot box free and open, there must be a shield behind which the people can participate."

Let me return here to one problem that is not primarily a question of resources—the deeply troubling ineffectiveness of El Salvador's system of criminal justice. It is true that this stems directly from the larger problem of violence. But it is equally true that efforts to protect human rights and instill respect for the law are gravely hampered if the courts are unable to bring cases to a timely and impartial conclusion.

The Salvadoran Peace Commission and Human Rights Commission together have a mandate to review all laws and procedures governing political crimes and to make recommendations for improving the judicial system as a whole. Some problems may be subject to relatively prompt action; for example, increasing security for judges and other court officials or transferring jurisdiction over military offenders to military courts. Other problems, such as reviewing rules of evidence and substantive criminal law or upgrading case management, investigative techniques, and judicial administration will by their very nature take longer.

We have been asked for help in this delicate area and want to be of assistance. However, because El Salvador's judicial system is quite different from our own, specific recommendations will require more detailed knowledge and cooperative programs than we have now. We are working on both. And we hope that Latin American democracies, like Costa Rica and Venezuela whose legal systems are closer to that of El Salvador, will also help.

Negotiations

The President has emphasized our support for negotiations aimed at "expanding participation in democratic institutions—at getting all parties to participate in free, nonviolent elections." We will not support negotiations that short-circuit the democratic process and carve up power behind the people's back.

We will support negotiations to help provide guarantees of electoral fairness and protection for voters and candidates of all persuasions.

For 18 months, the Government of El Salvador has been attempting to open democratic political processes to all political forces including the Marxist ones. The Peace Commission has the specific mandate to help incorporate all social and political groups in the elections this year. The President of the Constituent Assembly has called for the main political unit of the guerrillas, the Frente Democratico Revolucionario (FDR), to take part in the election.

As the President indicated, we are willing to help. Surely there will be interest in measures which would guarantee the personal security of candidates and their supporters, in the provision of observers to encourage fairness and discourage coercion or intimidation, and in specific ways to ensure access to media, an accurate tally, and—ultimately—respect for the results.

We will be making proposals to the Salvadorans on how we, the Organization of American States, and other concerned countries can help to achieve each of these objectives. We are fully committed to this course.

We also support negotiations among countries, as the President has said, "to strengthen democracy, to halt subversion, to stop the flow of arms, to respect borders, and to remove all the foreign military advisers—the Soviets, Cubans, East Germans, PLO [Palestine Liberation Organization], as well as our own—from the region." Eight democratic countries of the region, meeting in San Jose, Costa Rica, in October 1982 called on Nicaragua to join them in pledging an end to cross-border support of guerrilla violence, a freeze on the growth of military arsenals, and freedom of action for peaceful democratic groups. Nicaragua refused to discuss these principles. The San Jose proposals, if accepted, would reduce East-West tensions in Central America and contribute to a regional political solution.

Discussion now centers on the possibility of a meeting of Foreign Ministers of the five Central American countries—Costa Rica, El Salvador, Honduras, Nicaragua, and Guatemala—observed by the Foreign Ministers of five other countries within the region—Colombia, the Dominican Republic, Mexico, Panama, and Venezuela. This is what the President referred to in saying that a regional peace initiative is emerging. Nicaragua would be engaged in the process. Its good faith, or lack of it, will be tested.

Regional Development and Security

Pending a peaceful solution, we must also seek to bolster Honduras and Costa Rica, two democracies with troubled economies where major externally directed terrorist incidents have occurred. These nations—on the borders of Nicaragua—feel most strongly the growing threat of Nicaraguan military power, which is fortified by some 2,000 Cuban and Soviet-bloc military advisers.

Both Honduras and Costa Rica have democratic systems. Yet they too are prey to self-proclaimed Marxist "liberators" who despise democracy and attack reform. By strengthening these democracies and by helping them to pass through difficult economic times, we can help both countries to provide stability and hope even in the midst of regional crisis.

We, therefore, plan to provide an additional \$101 million in economic assistance in FY 1983 for Honduras, Costa Rica, and Belize. With the critical \$67.1 million in additional economic assistance for El Salvador, this is a regionwide economic assistance increase of \$168 million, of which \$65 million has been added to our January supplemental request. With respect to military assistance, we are increasing our January supplemental request for MAP funding by \$20 million, mainly for Honduras, with some assistance for Costa Rica and the Panama Canal area schools. Thus, as called for by the President, total additional military assistance for Central America, including El Salvador, will be \$130 million in FY 1983.

Conclusion

Let me conclude with a final observation. The President eloquently set forth the reasons why the outcome of the current conflict in Central America is important to our national security. I would like to suggest an additional reason. Our communist adversaries the world over depict the United States as a reactionary, *status quo* power standing in the way of legitimate aspirations for change. Their propaganda dismisses the relevance of political democracy to the problems of the developing world and asserts that we seek weak, unstable neighbors that we can dominate and exploit.

These assertions are lies. We are, in fact, allied with progressive forces for economic development, reform and democracy. We seek not weak pliant neighbors but ones that are strong, secure, and independent. Democracy irrelevant to the problem faced by the developing nations. Democracy, not communism, is the way to deal with their problems. It is about the struggle in Central America that we are talking about.

¹Press release 80. The complete transcript of the hearings will be published by the committee and will be available to the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402. ■

American Principles and Foreign Policy

Following is a speech by Secretary Shultz and a question-and-answer session at the Conservative Political Action Conference on February 18, 1983.¹

SECRETARY SHULTZ

Thank you very much. I appreciate your introduction and especially the job history. Insofar as my business career is concerned, I do have some advice to you, and it's pretty unambiguous as to how to get ahead, and that is, start at the top. [Laughter]

As you can see, I've held many jobs, and the most recent one—the one I'm on now—I've been on for about 7 months. So, I thought I'd give you a little report on what it's like to be working for President Reagan in the foreign policy arena.

Of course, in my job, I'm sort of down in the problems all the time, and they have an endless amount of detail connected with them. Quite frequently, I'm over in the White House talking with the President and getting his guidance and advice on one thing or another, and I find that he has a perspective in quality that is very helpful to me and, I think, all of us who are working with him. That is a capacity to stand back from these details that tend to consume you all the time and take you back to certain fundamentals in your thinking. I thought what I might do—just informally here for a few minutes—is talk

about those fundamentals and why they mean and where they are leading our foreign policy.

Economic and Military Realities

The first one the President always comes back to is the importance of realistic and honest with yourself what is taking place. We have to be realistic about the problems we face, have to be realistic about the nature of the world that we're living in. The thing in the world we can do is be wishful thinkers about what is taking place.

Insofar as some of our economic problems and international economic problems are concerned, we have those in the eye and recognize that the President inherited in the world economy was way out of kilter; that taken some very tough action to correct those problems. There have been major results in terms of inflation, particularly.

Beyond that, there are many issues in the international economy we have to look at. Not all is well. On the other hand, the cure for most of all of the issues is expansion in the world economy—healthy expansion—and I think it is beyond doubt now that the world economy—namely, the global economy—is starting that expansion. Since the inflation rate is really coming down—and we're very conscious

tance of keeping it that way—we expect that expansion to be a primary one, and it is going to do that for everybody else around the world. I have said that, I think we have to recognize that our way of looking at the world, our organization in terms of the marketplace, in terms of freedom of movement, has a rival. That rival is the Soviet Union. That rival is the economic and political approach. We have found, in traveling around the world, as a businessman and in my presences, that it widely recognized—increasingly widely recognized—the command economy approach to economic development doesn't work. It doesn't serve people in a material way of course, everywhere it is associated with human repression that we wouldn't tolerate. Our way of organizing things—our way of doing things, we have our difficulties, we shouldn't kid ourselves about them, we're getting some place—is basic—different; the other way isn't, and people are increasingly realizing that fact. There is another reality, and it's a more military reality. Perhaps I don't tell it across to you—although I'm sure you all recognize it—by just a few examples. In the Christmas season of 1979, nearly 200,000 Vietnamese troops invaded Kampuchea. They're still there 3 years later along with 40,000 Vietnamese troops in Laos. That's a reality. In the Christmas season of 1979, nearly 100,000 Soviet forces invaded Afghanistan. They're still there 3 years later practicing chemical warfare. We shouldn't be realistic about these practices unless we're willing to say what we observe. We've been reassured to have been able to get to the NATO ministerial meeting in Brussels last December that all of the members present subscribe to a common sense of noting and condemning this use of chemical warfare. In the Christmas season of 1980, before President Reagan took office, Soviet- and Cuban-supported guerrillas sought to overthrow, by force, the government of El Salvador. Last spring El Salvador held free elections; the guerrillas continue their efforts, and this is a very considerable problem in El Salvador as a result of the Soviet- and Cuban-supported guerrilla efforts. In the Christmas season of 1981, the Vietnam Union culminated a year of economic and military pressure to crush North Vietnam's experiment in democratization, and we all know the sad results of that

These are realities, just as the thousand nuclear warheads on Soviet SS-20s are realities. We have to look at all of these things. There are some good things to look at on the economic side. There are some threatening things to look at, and we have to be clear about them.

At any rate, across the board—and I've just hit some examples, some good, some not so good—we have to be realistic about what is going on. That's the first thing the President always comes back to. Don't kid yourself now. What's really taking place? Good, bad, or indifferent—we have to call it as we see it.

Economic and Military Strength

The second thing that we must come back to always is the importance of strength. Economic strength—ourselves and our economy—and we all know our economy is fabulous. It's very productive. It is going through a rough spot, but it's coming out more healthy than it has been in the recent past. It's a very powerful, dynamic, strong economy, and we need to keep it that way.

We need to keep and develop our strength of will and our recognition and adherence to the principles and the values that we stand for; and that that strength we can muster seeks to defend and to find allies around the world who have the same values.

But, of course, beyond that, we must look to our military capabilities and our military strength. The President has placed tremendous emphasis on the importance of strength, and there is no substitute for it. There is no foreign policy for the United States unless we're strong and unless we have a healthy and vibrant economy. These are the fundamental underpinnings of anything you're going to do around the world.

There's no question about the fact that the President has been brilliantly successful in turning around the defense attitude and the defense strength of the United States. The battle continues, however, and it's certainly joined right now. I'm glad to notice on your program that Cap [Caspar] Weinberger will be here. Cap Weinberger seems to be the center of criticism these days. He gets a lot of criticism, and they say Cap is inflexible. Let me say, he has a lot to be inflexible about. [Applause] He needs support, and he's getting support. We

must recognize the importance of developing and maintaining our capacity to defend ourselves, to defend our interests, to defend our values, and to help our allies and friends around defend those same objectives. Strength—military strength, economic strength, strength of will and purpose are fundamentals that the President comes back to time and time again.

Constructive Problem Solving

That, of course, is not the end of the matter because, as you all know, the President is a problem solver. As we look at problems at home and around the world, we have to scratch our heads and say, "What can we do about them?" It's not enough just to be realistic and to be strong, we've got to be able to use that strength and determination for constructive purposes.

I believe we can be proud to say that around the world the United States is always trying to be part of the solution, not part of the problem. It's fair to say that the diplomacy of the United States under the President's direction saved Beirut from destruction. [Applause] We are striving to bring about a more peaceful situation in the Middle East. It's a tough struggle. It's been going on a long while. But we're making some headway. At any rate, in all cases we're trying to be part of the solution. We're bringing suggestions.

In another part of the world we are working with the ASEAN [Association of South East Asian Nations] countries to try to get the Vietnamese forces out of Kampuchea and to create a better situation there—a situation that will serve our interest as well as theirs. You can look at the situation in southern Africa and see similar efforts. You can look at the problems in the economic sphere of our friends around the world and see that the United States again is trying to be helpful, and, at the same time, trying to carry, with that help, a sense of the kind of principles on which we think economic development can properly proceed. I think that with our realism, with our strength, with our alliances—I've been in Asia recently, incidentally, visiting Japan and China, Korea—how many of you here have stood up at the DMZ [demilitarized zone] in Korea? Probably a few of you. [Show of hands] Let me tell you, if you ever have a chance to do that, go do it, because you can feel the hostility. You

know that you're on a front line. You can also be very proud of the American soldiers there and of the Korean soldiers who are there, and of our capacity to work together with them in defense of freedom.

But I found in all of the countries that I visited a very realistic and clear view of what country is the root cause of the big problems that we have around the world. That was reassuring. We are realistic, we are strong, we try to solve problems, and I suppose any tour of the horizon on those principles is incomplete without saying something about the Soviet relationship. This is something that we must address ourselves to. It's important because the Soviet Union is a large country with a tremendous military capacity and a demonstrated willingness to use that military strength without scruple. So it's there, and we have to deal with the Soviet Union.

Again, I think the principles the President has laid out are the ones to follow, and they're the ones he's following. Namely, be realistic, first of all. Don't allow yourself to kid yourself about what's going on. Be ready to say what's going on. Be strong, but also be willing to solve problems.

What has been happening in recent days is the President's policy has been in place—it is in place, it will be in place—based on those ideas. With new leadership in the Soviet Union the President has, on several occasions, sought to underline the third point: Don't forget the other two points. And in underlining the third point, always the message is, if you're genuinely ready to solve problems in terms of behavior—not words, deeds—then the United States will be there to be a constructive partner always, but with realism, strength, and determination.

I think there's also a fourth point, and it's a point that is very much in the spirit that the President brings to things. Because he is a great believer that if you will counsel realistically with yourself—you'll be strong and you'll solve problems on the basis of that kind of an approach—it's possible that life can be better; that we can have an economy that's more bountiful; that we can have a world that's more stable and peaceful if we're determined about it.

In terms of stability and economic terms—but not just in those terms—that we can have a world that's better in terms of freedom: Freedom to worship, freedom to vote, freedom to speak, freedom to write, freedom to object, to find peace, with liberty and justice for all. [Applause]

QUESTION-AND-ANSWER SESSION

Q. You said, during your speech, that the command economic approach doesn't work. Would you go so far as to recommend that we stop any and all taxpayers' guaranteed loans to Communist economies? If not, why not? [Applause]

A. I think always in our—your speaking of the multinational lending institutions, of course. In our policies toward those institutions, we need to represent and to call to their attention this fact of what works and what doesn't work, and to look for projects that are truly justified.

Countries vary across a broad spectrum as to how they're organized, and we don't have to make the decision in terms of the Soviet Union and its immediate bloc, which I think are the real typical command economies. In terms of others, of course, we are a participant in those multinational banks, and we have a strong vote and a strong voice. We get mileage out of our money by having it attract other money, and we have to compose ourselves with our allies in those banks. I would say, certainly, that is what we expect and that is mostly what happens. But, no doubt, there are some cases in which loans go to things that we would not particularly favor, and we can work against that. But I would not support withdrawing from all of the international financial institutions on that account, which I guess is the gist of your question.

Q. I meant the Export-Import Bank, particularly.

A. The Eximbank loans—certainly, I would expect to see that criterion upheld and to expect, also, to see us looking at projects in the Eximbank—a case, of course, that definitely benefits American exporters. That's the purpose of it.

Q. This Administration, as the previous Administration, in the Middle East has operated on the assumption that certain Arab nations were moderate and could be induced into more moderation. Therefore, President Reagan has proposed a peace plan in which King Hussein of Jordan would play an enormous role, and he has also led the fight to sell AWACS [airborne warning and control systems] to Saudi Arabia. At this point certain conservatives, including William Safire, asked what have we gotten in return. In light of Saudi Arabia's continuing funding of the PLO, what evidence is there that the original assumption is sound and that

the current policy is prudent? [Applause]

A. I don't like the alternatives effort to attain peace in the Middle East. It is terrifically important to everyone, including Israel—especially Israel—to have peace in the Middle East. Look at what has happened in Lebanon. Really savaged over many years by the fact that the problems the Palestinians have simply not been addressed in any legitimate way. I believe that unless and until they are dressed and some reasonable solution found to the legitimate rights of the Palestinians, we will not have peace in the Middle East.

They're people, they live there, they've lived there a long time, and can't be ignored. They won't go away. That being the case, it seems to me proper and prudent, necessary set policies to be seeking all the time. Kind of setting, the kind of negotiation that will lead to normal relations between the countries in that part of the world.

The President on September 1 posed a plan that is within the Camp David framework, and, of course, to bringing about the sort of result we seek, and the President seeks, is to get additional countries represented at a bargaining table and, particularly, Jordan. Certainly, we have been working with King Hussein to see if the conditions can't be created that will lead to the bargaining table, and with an implicit support from other Arabs from the Palestinian population, generally. I think it's a worthy objective, a necessary objective.

We're not there yet, but that doesn't mean that we can't get there or that we shouldn't be trying, because I think an alternative to trying is to throw up your hands and say, "Let there be what measure of security there can be based on armed force." In the end you have to reckon—and people are fond of quoting statements like "an eye for an eye" or "a tooth for a tooth"—I think you have to remember, too, that if you live by the sword, you can die by the sword. We try to be peacemakers in that part of the world and bring these populations together. That is what we're trying to do, and it's not impossible; it's sure difficult. [Applause]

Q. I'm from Phoenix, Arizona. I only state to defeat the nuclear [Applause] In light of that, I'd like to ask two questions. First of all, could

comment on the reported attempts of the Administration to suppress the investigation of the Italian Government that the Pope's attempted assassination was, in fact, headed up by the present Premier of the Soviet Union, Yuriy Andropov, who, at the time, was head of the KGB [Committee for State Security (U.S.S.R.)] in which nothing happens of that sort until they get the okay from the head of the KGB; and, if this were the case, it would be a tremendous in opposing present-day nuclear freeze.

Q. The second question: Would you comment on the Administration's attempt at the so-called playing of the China card and the selling of arms, in general, and the lack of control of the F-5C Tiger Shark, in particular, to Taiwan to defend her country. [Applause]

A. I can see that in addition to opposing the nuclear freeze, you're really concerned. [Laughter] I don't know of any effort on the part of the U.S. Government to suppress the investigation of the attempted assassination of the Pope. Quite the contrary. That investigation is being carried on by the Government of Italy. We await the results of what the Italian Government has to say up with. We regard it as a most important matter and look to the Italian Government to conduct that. We're not going to discourage them in any way or suppress any evidence whatsoever. [Applause]

Q. As far as the relationship of the United States and the People's Republic of China is concerned, I believe that it is important for us to have a reasonable relationship with the country. It's a vast country. It's an important country. It's important to develop—develop very strong relationships.

A. The issue of Taiwan is one of the issues that is very troublesome with respect to that relationship. On the one hand, the Chinese on Taiwan and the people on the mainland both agree that Taiwan is part of China. We say, "Well, let's let them try to work out." But we've been friends of the United States for a long while.

They've fought on our side in Korea. They fought on our side in Vietnam. They have constructed a very interesting and strong economy and society. We're not going to turn our backs on them, by which we mean that we will have commercial and cultural relations with the people of Taiwan, and we stand for the idea that whatever compromise of the issues comes about, it must be by peaceful means. Therefore, as specified in the Taiwan Relations Act, we'll sell them the armaments to Taiwan needed to uphold that idea. [Applause]

I think what is said in the communication simply describes, following the statement made on the Chinese side, that the situation is peaceful, but the level of arms needed basically is a reflection of the conditions that exist. If there is a peaceful situation, one could expect the level of armaments to decline, but that doesn't change our commitment that any resolution of the issues would be by peaceful means.

This is one of the issues that makes our relationship with the People's Republic of China difficult to achieve—one kind of relationship we want. It's a hard issue to manage, but I believe that we can do so and do so with honor to our commitments to longstanding friends and with a sense of reason and good sense about the importance of a relationship with the People's Republic of China. [Applause]

Q. I'm from Georgetown University. While President Reagan was in Europe last summer, he proposed U.S. action to promote democratic values in institutions across the globe. What specific steps will the Administration be taking in this initiative?

A. We've taken quite a few steps on that initiative. There have been a couple of conferences attended by people from throughout the world, including people from totalitarian, Communist societies, and we have talked in those conferences. They've gotten a fair amount of publicity—about democratic values, about free elections, and it has been surprising to me to see how much reaction we've gotten from the Soviet Union. They sort of shake their finger at us and say, "What do you mean talking about

principles of freedom and democracy around the world." So it's got their attention.

Beyond that, we seek to put these values forward as part of an effort of what is being called "public diplomacy." We're seeking, in connection with the President's budget, a fair sum of money to help us to do that—to take concrete steps, to call attention to these values, to put them forward, to see that people come here, and back and forth, and get exposed, and so on—a program of promoting the values that we believe in rather than just sitting here and expecting people will naturally recognize them. We're very much in favor of this effort that flows from the President's speech before the British Parliament, and it's getting a lot of attention and a lot of effort.

Q. In light of the constant covert terror emanating from Bulgaria, what is Bulgaria's status of relations with the United States, and what do you see as its future status of relations?

A. The harboring of terror is something that we abhor, and we don't have any prospect of any kind of a fruitful relationship with a country that does that, as Bulgaria does.

¹Press release 54. ■

Interview on "This Week With David Brinkley"

Secretary Shultz was interviewed on ABC-TV's "This Week With David Brinkley" on February 20, 1983, by David Brinkley, Sam Donaldson, Peter Jennings, and Pierre Salinger, ABC News, and George F. Will, ABC News analyst.¹

Q. We've had now roughly 100 days of the new administration in the Soviet Union, Mr. Andropov. What are your impressions of him at this point?

A. My impression is, starting with my observations at the Brezhnev funeral, that he has taken charge; he's the person with authority. So far, the efforts that we have made to emphasize our willingness to discuss substantive problems and work them out have not produced anything fruitful; nevertheless, we continue to follow our policies—the President's policies—of being realistic, of being strong, and of being ready to seek constructive solutions to problems.

Q. Would you say he is less difficult or more difficult to deal with than his predecessor?

A. He has said that his policy is to continue those of his predecessor, and so far as we can see, that's what he's doing.

Q. Just below the general issue of the economy, which is worldwide, in Europe, as you well know, is the subject of intermediate-range nuclear missiles. Can you point publicly to some evidence now that the intermediate-range missile negotiations at Geneva are not stalemated?

A. The negotiations are taking place, the Soviet negotiators are there, we have very good proposals on the table, they are supported by our allies. I think it's quite apparent that the Soviet Union does not want to see the Pershing IIs and the ground-launched cruise missiles deployed in Europe, as the allies and we have agreed to do.

So with a proposal for eliminating that whole class of missiles on the table, I think there are big incentives on everyone's part to do just that. We have a good proposal, we're discussing it, and that's the way you conduct a negotiation.

Q. There is a certain feeling in Europe that negotiations and really serious debate about deployment is suspended until after the German elections on March 6th. Do you think that election is so crucial to the NATO deployment?

A. I don't think there is such a big debate about deployment, especially among the leaders. They all have said that it's important to deploy on schedule unless there is some breakthrough in negotiations. That is our position; that is their position.

The negotiations themselves have to follow their own pace, and any developments in the negotiations, it seems to me, can't be connected to any particular election.

Q. My point about the German election was that we're not altogether sure who the leader will be after March 6th; whether it will be Mr. Vogel, the opposition candidate, who is not altogether sure that he would deploy the missiles.

A. We can't try to predict election results. They're difficult to predict anywhere, and I think it's very important, from the standpoint of the United States, to be neutral in elections. So I don't want to comment on the candidates.

Q. One of the most predominant European perceptions is that the zero option, while being a very good plan and even a moral plan, is unattainable. When Vice President Bush was in Europe, he kind of threw open the debate, suggesting that maybe if somebody had some ideas, they could put them on the table.

Now, former French President Valérie Giscard d'Estaing yesterday in a very long article in the French newspaper *La Monde* did make a proposal. What he suggested was to change the zero option to the zero objective, and what he said was that the missiles should be deployed, but deployed on a staged basis, agreed to by the governments of the countries where they're going to be deployed, and if the Soviet Union decided to destroy part of their SS-20s and other missiles, you could stop the deployment at a point of equality between

the East and West and Europe, but the final objective being no medium range missiles on either side. What do you think of that proposal?

A. I like very much the emphasis that Giscard put on deployment and importance of that unless there is a satisfactory agreement. Of course, the fact of the matter is that these deployments don't take place instantaneously, all at once; they take place a schedule over a period of time, the first being toward the end of this year. So there's plenty of time for the Soviet Union to come forward with worthy suggestions.

Q. What about the part of Mr. Giscard d'Estaing's proposal which suggests that the European leaders of the countries involved get together and work out the stages, in conjunction with the United States? Would you approve such a plan?

A. I think that it's very important that the allies together work out what the strategy should be. First of all, strategy of a two-track approach, that is, deployment and negotiations, worked out jointly, and the zero option so-called the elimination option, was a product of joint consultations. The consultations are going on constantly. As I have watched the cable traffic and forth across the Atlantic and to people, one of the refrains that I heard is how appreciative people are of the fact that there is a rich and full consultative process going on. It should be an alliance process, not a European or then a U.S. one.

Q. Haven't we lost sight of a less or portion of the negotiating process, a lot of talk about numbers—reduce the SS-20s, not put in the Pershing, not put in the cruise? Is there a more basic problem? We've a worldwide limit on intermediate range nuclear missiles and the Soviet want ceilings only on those in Europe. Is the Administration—and this concerns Europeans—flexible enough to be able to harmonize those two positions?

A. I think you make a very good point, and, of course, we are harmonizing those positions. The zero option is a global proposal, and one of the things that was wrong with the proposal offered by Mr. Andropov was that it simply seemed to propose moving a lot of SS-20s from the European theater

ar Eastern theater. I happen to been in the Far East recently, and proposal was not a hit in the Far by a long shot. There's very firm rt there for the U.S. position.

The proposal of Mr. Andropov, if body had made that to me when I businessman, I would have said sed to give me the sleeves from his All he was going to do was move missiles over here, and they could be moved back again.

think there's another point, h, that I'd like to comment on in ction with your question. I think right in saying that with all of the asis on arms and missiles and so there is an important point being d, and there is. And the important is this: What this is all about is not it's about values, the values of om—of the freedom to speak, the om to vote, the freedom to wor—the freedom to choose the way of at we want. That's what it's all

he only reason why we have the fense effort that we have in this ry and abroad and the only reason ve are debating these things is that ognize that we have to be willing end these freedoms. But the oms are what this is all about.

. Another European perception e United States no longer has any nge over the State of Israel and, fore, it cannot move the State of toward adoption of the Reagan What would you say to that ption?

. I think the leverage, not only e State of Israel but everybody in gion, is the leverage given by the ility of peace. That is the goal that ve talked about and others have about. I think it is increasingly ized as something that is obviously desirable but perhaps even at- ple, and it's that possibility that ve o keep in front of people as the reason why an effort should be to sit down and work out the cons- s that will lead to peace.

. Have you heard any more news e King Hussein about the peace e progress? Is he going to join ill he take part in it? Anything on that?

. There's nothing new that can be ublicly, but I think it is well n by this time that King Hussein e to enter the peace process. He izes the importance of working

out peace problems with Israel, and I'm pretty optimistic that one of these fine days the conditions will be right for raising that negotiating level a new notch.

Q. He was on this program a few weeks ago, and one of the conditions he seemed to be insisting on was the Israeli withdrawal, or something, from the West Bank, which does not seem to be a live prospect.

A. Of course, one of the issues in what are called final status negotiations, whenever those are gotten to, will be the jurisdiction over those territories and the establishment of that in a way that's consistent with the security needs of Israel. There are a lot of difficult issues there.

There is also in the Camp David process envisaged something called the transition arrangements. I think that they are perhaps less controversial but very important, so presumably that would be the first thing that would be tackled if these negotiations can be gotten going again.

Q. This Administration came into power with a lot of hopes that the Saudis would play a moderating and constructive role, and to that end a lot of sophisticated weaponry was sold to them. It is not perhaps the case that one reason Hussein won't enter is the Saudis won't give him the go-ahead, and he's afraid they'll do to him what they did to Sadat, which is cut off their substantial support to him, which would be much more damaging to him, even than it was to Egypt?

A. No, I don't think so. I think that the Saudis have been playing a constructive role in the region, not only with respect to King Hussein but also with respect to Lebanon. It doesn't mean that they have done everything that at least we think they might do, but they've done a lot and will continue to do a lot. I think they're a very constructive partner in this whole process.

Q. Do they want Hussein to enter the negotiations?

A. Under the right conditions, I think they do.

Q. It's reported that the President has ordered the return of the four AWACS [airborne warning and control system] planes sent to Egypt. Can you tell us about that, and what is the threat at the moment from Libya toward the Sudan?

A. As far as we know, the threat that was clearly present has receded. I

don't want to go into all of the ins and outs of it, but I think the net of the whole thing is, as your broadcast brought out, that the President of the United States acted quickly and decisively and effectively, and at least for the moment, Qadhafi is back in his box where he belongs.

Q. For the moment. What are the plans for the future? What can be done to keep Qadhafi in that box and to keep him from trying to break out again?

A. Of course, there is a long history of reprehensible behavior on the part of Qadhafi. Perhaps you remember the murders at the Munich Olympics and who harbored and gave asylum to those who conducted the murders. This is just one among a great many things that he has done, both in terms of destabilizing his neighbors and in various other ways.

So I expect that he will continue to cause trouble, and our approach, I think, is to let him see that his options are limited and we know what's going on and to conduct ourselves accordingly.

Q. You say his options are limited. Is one of the lessons the President wants out this week is that Qadhafi will not be allowed to cause trouble? Are you really serving notice to Qadhafi in Libya that he's not to try to destabilize his neighbors?

A. We certainly oppose these destabilization efforts, have consistently over a period of several Administrations and will continue to do so. I think that it's apparent that Qadhafi's actions are not at all appreciated by his neighbors. After all, it's interesting that the OAU [Organization of African Unity] meeting under his leadership never took place. Why? Not because of us, but because of the attitude of his neighbors toward him and his behavior.

Q. Your Assistant Secretary for African Affairs [Chester A. Crocker] has an essay or an article published today in which he says Qadhafi is trying to destabilize about half the countries in North Africa. That could keep us pretty busy if we are going to try to contain him.

A. I think the fact of the matter is that people are pretty well onto him. It isn't that we have to do everything; other people, too, have identified the nature of the problem he presents. So I think that he has been pretty well contained, and he'll continue to be so. It isn't just the United States that's involved or aware.

Q. American policy is a speedy withdrawal of Israel from parts of Lebanon it now occupies, but Lebanese politics seem to be at least as murderous as always with one faction murdering another and a third faction joining them. Is there not a danger that if Israel was to withdraw, you'd have a massacre, or many massacres, much more brutal than the one that occurred in the two refugee camps?

A. There are problems in Lebanon absent the foreign forces, although I think it's fair to say that the problems have been less evident in areas of Lebanon where the foreign forces have not been present and where the Lebanese Armed Forces have been responsible for security.

Having said that, I think it's an oversimplification that our policy is speedy withdrawal of Israeli forces. Our policies are speedy withdrawal of all forces in a manner that's consistent with the security needs of Israel, recognizing the implications of southern Lebanon and their historic destabilizing effect on Israel and the emergence of a Lebanon that can govern itself.

Q. That sounds like a very long process.

A. It will be long in some respects, but it can be rapid in others.

Q. You've just come back shortly from a trip to China, where you found, what I'm sure you already knew, that the—

A. I went to Japan, China, Korea, and Hong Kong, but China was a very important part of that trip.

Q. That's why I wanted to ask you about it. You heard what you already knew, that the Chinese are somewhat restless and irritable about the Taiwan issue and the American sale of arms to Taiwan. What can we do about it? Isn't that going to continue to—poison is too strong a word, but—make difficult our relations with China for the foreseeable future?

A. It's been a difficult part of our relations with China from the beginning, and each time a communique has been negotiated, that issue has been taken up and treated. I think that we must recognize that a relationship with China is a very important one to us, and insofar as the difficulty that our relations with the people of Taiwan, which are unofficial, pose a problem, it seems to me the thing for us to do is manage that in a way that meets the commitments that have been made in the various com-

munique, and that's what we undertake to do.

Q. Why can't Taiwan buy whatever weapons it needs somewhere else? The French are big weapons manufacturers, for example.

A. You mean you want us to take a cop-out? Why should we do that?

Q. No, they would just buy their weapons somewhere else and get us off the hook.

A. Oh, come on.

Q. What we've paid for our Chinese relationship is fairly clear—an attenuated, downgraded relationship with Taiwan. What have we got out of this in 11 years? What do we have to show for it? What value is China to us?

A. China is an important country now, it will be more important as time goes on. It has similar interests to ours in some respects, internationally, so we have been able to work effectively together there. I think that there is a strong possibility of a developing economic relationship with China, so I think that it's important for us to have a stable and reasonable relationship with China.

Q. In an interview this morning in *The New York Times*, Moshe Arens, the man selected by Prime Minister Begin to be the new Defense Minister of Israel—

A. Yes, outstanding man.

Q. He said some Washington officials have idealized notions of what's possible in Lebanon, as far as withdrawal. Are you one of them? Do you plead guilty to that?

A. I don't know who he's talking about, but if idealized means that we should aspire to help the Lebanese recreate their country so that the Lebanese people can live in peace and prosperity, I plead guilty. That is an important objective. I have been to Lebanon and Beirut in the days before the PLO [Palestine Liberation Organization] ravaged the country and seen what a beautiful and central place it can be in the Middle East.

Q. He seems to mean, judging from the interview, that some officials in Washington are putting too much pressure on Israel to withdraw too quickly, consistent with Israel's security needs.

A. Israel's security needs are an important and legitimate aspect of any

withdrawal plan, and there is no controversy about that whatever. The problem is how do you do it? I think that proposals to have a permanent Israeli armed force presence in Lebanon is hardly consistent with the idea of sovereignty for Lebanon. Nevertheless, it seems to me that there are ways to give the kind of insurance that Israel properly wants in southern Lebanon that are consistent with sovereignty. That's sort of the nature of the problem as we're trying to work it out.

Q. What is one of these ways?

A. There are a host of problems. There is the need for intelligence at what is going on, and is there any filtration taking place, and I think that kind of thing can be met. Of course, I think one of the important matters that she's sometimes talked about as separate, although I think it's common is the degree of normalization between Lebanon and Israel that is present. Some normalization in a process that can unfold I think is important, and, of course, the more of that there is, the more that lends to security aspects because there are people there going back and forth in the normal course of events, and they can see for themselves what's taking place.

Q. Nigeria this morning announced a cut of \$5.50 a barrel for oil, and Britain some \$3 earlier in the week. Is OPEC [Organization of Petroleum Exporting Countries] breaking up? Is this a good thing that's happening?

A. I think in the history of cartels takes time for them to run into the difficulties, but history shows that they always do. I think the fact of the matter is that the price that had been set earlier was too high for the economic situation, and the market has to move. Where it will go, I don't know. I think with whatever problems for individual countries a fall in the price of oil may pose, for the world in general it's a good thing. It will help us in our effort to have our GNP grow in real terms and to have inflation kept under control and deal with some of the international flows involved.

Q. The President has emphatically reaffirmed his support for Ken Adelman as his choice to be Director of the Arms Control and Disarmament Agency. Some Senators opposing say that you and the President as [Defense Secretary] Cap Weinberger are busy rookies, you don't know enough about this and your sched-

busy, and, therefore, you need a veteran of the arms control talks. Do you need Adelman, do you need Adelman, and how serious a job will it be if you can't get it done, you choose?

We need him and we want him to go to fight for him and to get him. He is a person, a person of great ability. He has a great ability to think about this subject a little over a period of time. The fact he's young—I don't know, but people who tell me that when you're 36 years old, they're old, depends on your perspective. But personally I think you can get some of that zest in him that he brings, it'll be a good thing. After all, we have to remember that people who are really going to change the future are not those of us who are in our sixties; it's the people in their thirties. And what's the picture with a little youth in this picture, as it's competent and conscientious which he is.

You mentioned the declining price of oil, which will be a difficulty for Mexico, for example, which owes a tremendous amount of money to American banks and others and will be unable to pay it, selling oil at low prices. You were Secretary of Defense before you were Secretary of Defense and an economist. Are you concerned about this—all the money going to American banks which seems to be increasingly unlikely to be paid?

The debt problems are a problem, but I think they can be handled with good results as we have been getting good results from our own Secretary of the Treasury, Don Regan, and from Paul Volcker at the Fed, working with Jacques de Larosiere, who is a terrific man at the IMF [International Monetary Fund], and people from other countries around. I think that problem can be handled, although it's a difficult

Even though the money seems, at the moment, unlikely to be paid, it can be handled?

The real way out of the dilemmas of the debt problems is expansion in the world economy. If we get expansion, everything gets into a little different perspective. That's the name of the game right now, in my opinion, and I think that the U.S. economy is poised to start a healthy expansion and that some others will be, too.

Project Democracy

Statement before the Subcommittee on International Operations of the House Foreign Affairs Committee on February 23, 1983.¹

On a few occasions since I became Secretary of State, a new policy or program has been presented to me whose purpose was so clearly in our interest that I asked, "Why hasn't this been done before?" I asked that question when presented with this democracy program. The answer was that although the U.S. Government has programs to support the development of democracy abroad, they are inadequate. Some programs have even been weakened in the past few years, victims of our all too typical preference for quick results over sustained effort.

The United States, as a great power with worldwide interests and obligations, must take a long-range view of the international environment. We cannot allow our preoccupation with the policies and events of the next days or months to lead us to neglect the trends in attitudes and values which will shape the world in the decades to come. The U.S. Government—the executive and the Congress—has a responsibility to look far ahead to insure that the values and principles that Americans of all political persuasions share with many peoples throughout the world will shape the course of events in the future and will insure that the world evolves in a way that will maximize the chances for peaceful cooperation, freedom, enhancement of human rights, and economic development.

President Reagan exercised this responsibility in his speech before the British Parliament on June 8, 1982. He promised that the United States would make a major effort to help "... foster the infrastructure of democracy—the system of a free press, unions, political parties, universities—which allows a people to choose their own way, to develop their own culture, to reconcile their own differences through peaceful means." He also called upon our country to stand up more vigorously for the principles and values which underpin our democratic society. He emphasized that the ultimate determinant in the struggle now going on for the world "... will not be bombs and rockets, but a test of wills and ideas, a trial of spiritual resolve. . . ."

The program I am presenting to you today is an important step in the implementation of President Reagan's London initiative. But it is just a beginning. It is the Federal Government's initial contribution to what must become a larger effort for all America. Support of democracy is an activity in which communities, organizations, and individuals throughout our country can and must participate. In this regard, we are especially pleased that the chairmen of the two political parties, the president of the AFL-CIO, and representatives from the Congress and business are conducting a study on how the United States—particularly its nongovernmental organizations—can work to strengthen democracy abroad. We are in close consultation with the study's executive board and staff and look forward to their recommendations. We believe that the program we are proposing today is compatible with the direction of this study, and, indeed, both will become part of a larger, broader effort.

Support for Democracy

Many in our society have for years advocated a stronger American effort to support the institutions and proponents of democracy abroad. They have recognized that only in democracies is there inherent respect for individual liberties and rights. In democracies, there is freedom of expression and real participation in choosing leaders, both of which insure that governments serve their citizens, not vice versa. In the postwar world, democracies have exhibited extraordinary economic vitality. With their more flexible economies, democracies have continued to demonstrate the efficiency and dynamism necessary to maintain strength in a complex and difficult international economic environment. Democracies stand for peaceful cooperation; they do not invade or subvert their neighbors.

If we are to achieve the kind of world we all hope to see—with peace, freedom, and economic progress—democracy has to continue to expand. Democracy is a vital, even revolutionary, force. It exists as an expression of the basic human drive for freedom. While it is threatened or repressed by those forces for whom power takes precedence

over liberty, with the hard work, perseverance, and courage of its proponents throughout the world, democracy will flourish. It is not the preserve of industrialized nations. Today, in a number of countries in varying stages of economic development, democracy is growing stronger. President Monge of Costa Rica pointed out to us last November that democracy can thrive in developing countries. Democracy is not just the hope of the distant future; it is the present.

Support for the development of democracy is an essential part of our human rights policy. This Administration is committed to promoting the observance of human rights worldwide through concrete actions. While we continue to talk to governments about specific human rights violations, we know well that the protection of human rights and liberties over the long term can only be insured by a democratic form of government.

We are not so naive to believe that imitations of the U.S. system will or even should spring up around the globe. Democracy is more a set of basic principles and institutions than a single, imitable model. The principles and basic institutions are valid worldwide; the overall structure has to be adapted to take into account historic, cultural, and social conditions.

It is naive to believe that we do not have to work for democracy—that merely its existence somewhere in the world is sufficient incentive for its growth elsewhere. Some claim that the United States must be a beacon for democracy, and that, if we make sure the beacon is bright, others will inevitably follow. Certainly, if we are successful in meeting the economic, social, and political needs of our own people, we will give democracy more momentum throughout the world. But that is not enough. Many in the world cannot see our beacon, and for many more it has been distorted. And still others who are able to see it and are inspired by it need help in the form of practical assistance.

We have provided assistance before, in postwar Western Europe and Japan. What we helped achieve there constitutes one of the most remarkable, positive chapters of recent history. Since then, we have let this critical dimension of our foreign relations atrophy. In some instances in the past it became a function of covert activity—to counter the substantial efforts by the Soviets and

their allies to spread their oppressive system throughout the world. Our support for democracy should not be hidden; we should be proud to be seen to provide it. Those nations and institutions—such as certain West European parties and our own labor unions—that have been active in supporting democratic forces in the past two decades have demonstrated that this is a legitimate and important activity that can and should be done openly. There is democracy today in Spain and Portugal in large part because of the substantial support provided democratic parties in these two countries by their West European counterparts.

We are interested in assisting constructive change which can lead to greater political stability, social justice, and economic progress. We do not seek destabilization. Change must come from within, not be imposed from outside. It

Democracies stand for peaceful cooperation; they do not invade or subvert their neighbors.

must follow a path dictated by national and local traditions. In some instances, the United States may not have that much to offer. Instead, assistance and guidance might better be provided by other democracies. And change may be slow. Patience, respect for different cultures and political traditions, and recognition of our own limitations must be hallmarks of our effort; but our ultimate objectives must remain uppermost in our minds.

Project Democracy

Project Democracy emphasizes five closely related areas.

Leadership Training. This includes making available to current and future leaders education and training in the theory and practice of democracy and the skills necessary both to build the basic institutions of democracy and to counter the actions of nondemocratic forces. Programs would be conducted both in the United States and foreign countries. Nongovernmental institutions

such as political parties, labor, universities, business, state and local government associations, legal and community action organizations, and others will be a key role.

Education. We should strive to encourage exposure to the principles practice of democracy and to the character and values of the United States the educational systems of other nations. We, therefore, intend to strengthen the book programs, American studies institutions, English teaching, scholarships and fellowships, and related programs.

Strengthening the Institutional Democracy. A number of our programs will strengthen the basic institutions of democratic society—unions, parties, media, universities, business, legal systems, religious and community action groups, and others. Here again we will rely on American nongovernmental organizations to carry most of the load.

Conveying Ideas and Information. Through conferences, meetings; distribution of books and journals; and programs in universities, other institutions, and the media, we hope to promote an intellectual and political interest in democracy and a reinvigoration of the shared values of democratic societies.

Development of Personal and Institutional Ties. Perhaps the most important result of all our programs will be the development of lasting working relationships between American individuals and organizations and their foreign counterparts. The project democracy need an international network which will provide them with moral support, intellectual stimulation, practical and technical assistance, protection against their adversaries.

The specific projects we are pursuing contain several traditional projects that need strengthening. There is increased support for nongovernmental organizations such as the AFL-CIO, the Asia Foundation, which over the years have built a unique and admirable record. There are new programs that are being developed in the areas of training and support for democratic institutions. There is an emphasis on developing regional approaches to promoting democratic development. And there is an important and urgent project

to assist Liberia in its ongoing transition to a democratic government. Most of the programs are directed in Africa, Asia, and Latin America. There are a few which involve Western Europe. While we hope that West Europeans will be our partners in supporting democracy in other areas of the world, we believe that we must give attention to strengthening the perception—particularly of the successor generations in Western Europe and the United States—of shared values and a common future. Our young people, who did not experience the postwar period, are getting farther apart. If this trend continues, democracy itself will ultimately be weakened. The economic summit has recognized this problem last year and agreed to take one important step forward—a substantial expansion of exchange programs. Other steps will follow. The democracy project contains a few suggestions, but even these are far from adequate.

Project Democracy also addresses the situation in Europe and the Soviet Union. Here we are limited in our ability to deal with such closed societies, we probably cannot strengthen, both in quality and quantity, our information programs reaching these countries. This includes the production of books and journals, reciprocal and reciprocal exchanges, support for research and publication on issues facing the Soviets and Europeans. Our goal is to make available to the people of the Soviet Union and Eastern Europe full, objective discussions of political, economic, and social concepts and events. We hope this will contribute to an evolution in

these countries toward more open, responsive, and humane societies—and eventually toward democracy. The Soviets and their allies accepted in Helsinki the concept of free flow of information and ideas. They are active throughout the world promoting their own ideology and their distorted version

While we are limited in our ability to deal with such closed societies [as the Soviet Union and Eastern Europe], we propose to strengthen, both in quality and quantity, our information programs reaching these countries.

of world events. They have no grounds to complain that our information programs are an interference in their internal affairs. We should not be inhibited in our proper mission to provide alternative sources of information to the people of these nations.

The proposed programs in Project Democracy are not set in concrete. A number need further refinement, and some may be dropped as they prove less feasible or productive than others. Three agencies—the U.S. Information Agency (USIA), State Department, and the Agency for International Development—have worked together to develop these proposals. Though Project Democracy is contained in the USIA budget, funds

will be allocated to the other agencies to carry out certain programs. Decisions on programs, allocation of funds, and ultimate recipients will be made by an inter-agency committee structure.

Conclusion

We invite this committee to work with us as we develop and implement this program. We want this to be a bipartisan effort. I believe that we all share the same objectives and that we must now create together a program that will last through many administrations—a program that will become a fundamental dimension of the foreign relations of the United States. This \$65 million proposal is just a beginning. The Administration, Congress, and the private sector should build a more comprehensive program over the course of the next few years.

I realize this is a difficult time to begin any new program. But we have neglected this area for too many years already, and we cannot afford to let any more time pass. The needs of those striving for democracy are immediate. They will grow in the years ahead. We must develop a better capability to help. This is a matter critical to our national security. I ask you to give it your sympathetic consideration.

¹Press release 60. 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. ■

The Search for Regional Security in Southern Africa

by Chester A. Crocker

*Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on February 15, 1983. Mr. Crocker is Assistant Secretary for African Affairs.*¹

It gives me great pleasure to be able to report to you on developments in southern Africa at the mid-point in the first term of President Reagan's Administration.

These hearings on progress toward independence for Namibia and the broader subject of "destabilization" in southern Africa are, indeed, important, for they address issues at the core of our southern Africa policy. Over the past 25 years, virtually all of formerly colonial Africa has gained independence from the European metropolitan powers. These newly independent nations, many of which we have significant economic, commercial, and political ties, have made clear the importance they attach to eliminating colonialism from their continent. Thus, even apart from the traditional American desire to help the spread of self-government and democracy, there are profound political reasons for engaging in the effort to bring independence to Namibia.

There are equally important reasons for our concern about tension and instability in the region. Clearly, our desire to strengthen economic and commercial links with Africa are not served by local conflicts or arms races, or by efforts of outside powers to exploit them from unilateral advantage. On the contrary, our national interests are best served by an atmosphere of political stability and economic growth, which alone can nurture modern African economic and political institutions. It is obviously to our advantage to do whatever we can to ease tensions and work toward the peaceful resolution of problems and disputes among the nations of the region. This is the fundamental principle behind our policy of constructive engagement in the search for a more stable, secure, prosperous, and democratic southern Africa.

I would like to start by restating the Administration's objectives, so it will be

clear that they have not changed and that we are continuing to pursue them with vigor and purpose.

- The United States seeks to help strengthen communication between the countries of southern Africa in order to ease tensions, bolster regional security, and encourage negotiated solutions and peaceful change.

- We are intent upon using every diplomatic tool at our command in order to bring about conditions which will lead to Namibia's independence at the earliest possible date.

- Believing that "apartheid," as a structure of legally entrenched racial separation, is morally unacceptable to a democracy such as ours, we have sought to encourage those elements within South Africa seeking constructive change, in order to see widened the base of participation in government and the economy to include all the elements of South Africa's varied population.

- Finally, we seek constructive engagement with all the states of the region which wish the same with us. We do not approach the region with the belief that our task is to choose sides; on the contrary, it is the fact of our desire for strengthened relations with all the states of the region that enables us to play a role—where such is welcome—in working for regional security, development, and peaceful change. The United States is on the side of peaceful change and negotiated solutions. This is where our interests lie, and this is what makes us uniquely relevant to the region.

REGIONAL SECURITY

It has long been clear to all who were genuinely concerned about Africa's efforts to develop modern democratic institutions and processes—social, economic, and political—that tension and hostility were inimical to those efforts. Certainly, a region threatened with the prospect of heightened violence and polarization would find it difficult, at best, to focus positive efforts on its own development.

The recent history of southern Africa must serve as a cause of alarm to us. With the collapse of the Portuguese

Empire in the mid-1970s, violence escalated throughout the region to a point today where the fact or threat of violence is a major feature of the area. Cross-border conflict risks becoming endemic. The question the United States faces—alone and with its allies—is whether diplomacy can provide an alternative to violence or whether southern Africa is in the process of condemning itself to violence as a way of life. We have seen this happen elsewhere in the world—in the Middle East—with calculable consequences for world peace and our national security. It is in our national interests to seek to avoid such development.

This Administration did not invent violence in southern Africa. We did make it our purpose to do something about it. We have set out as a consistent objective of policy to provide an alternative to conflict—not only in Namibia, our most visible effort, but throughout the region. We have made it our purpose to work with the nations of the region to see if a framework of respect and broad rules of conduct could be developed which could contain conflict and provide this basis for solutions. Vice President summed up our policy in Nairobi on November 19, 1982, when he said: "We are determined to help to avert the sad tide of growing conflict and anarchy in southern Africa."

U.S. Communication With African Nations

From the outset of this Administration we sought to establish effective communication with all those nations and other political elements with which our communication was inadequate or had lapsed. It seemed self-evident that unilaterally isolating ourselves from those with which we had differences, however strongly felt, served no purpose other than to cut us off from an ability to influence or affect their policies.

We began with a series of intensive discussions with all of the major actors in the region in order to identify their concerns, see how these fit in with our objectives, and determine how best we might proceed to advance American and Western interests. The priorities we seemed apparent to us were enumerated earlier: regional security, independence for Namibia, the encouragement of developments favoring peaceful change within South Africa away from the system of apartheid, and constructive engage-

regional states in tackling the problems of economic and political development.

With respect to regional security, it is clear that one of the major barriers is not the principle stumbling block—the inability or unwillingness to speak to each other. It is the borders on either side of South Africa, coupled with a self-imposed isolation on the part of the United States to act in concert with potential adversaries on behalf of our interests, had openings which were being exploited by our adversaries. Another major problem was our own lack of a credible dialogue with significant actors in the southern African region—not the fact that which were the Governments of South Africa and Angola.

Over the course of the past 2 years, we have worked assiduously to restore communication and get a dialogue going. I believe we can point to a credible record of success.

We have now had an extensive series of discussions at senior levels with the Angolan Government, exploring ways of improving our bilateral relationship with that country and seeking to identify circumstances which will allow a possible agreement on Namibian independence.

After a period of difficulty in our relationship with Zambia, we have managed to hard to re-establish a basis of confidence and improved communication in a highly successful meeting that Vice President Bush paid to Zambia in November 1982. We have had President [Kenneth] Kaunda visit the United States in the near future.

We have continued to attach a high priority to assisting Zimbabwe, now in its third year of independence, as it seeks to meet pressures from the world economic downturn, a devastating drought sweeping across much of southern Africa, and the stresses and strains from political divisions within. Zimbabwe has traveled a rough road over the past 2 years, but those who judge its performance should be humble to recall our own country at a similar stage in America's history, as well as the daunting challenges facing Zimbabwe's leadership. We intend to continue our efforts to assist this new country, convinced that it has important prospects for becoming a major force in the economic development and regional stability of southern Africa.

Just as we seek to foster a regional climate of security and confidence that will encourage constructive change in South Africa, so, too, do we seek a regional climate conducive to Zimbabwe's success as an independent nation.

• This Administration took office just as U.S. relations with Mozambique reached a low-water mark. Communication with the Mozambican Government was practically nonexistent; that country's policies seemed unalterably aligned with those of the Soviet Union and its satellites, its perceptions warped by hostile disinformation. But the utter incapacity of Marxist economics to cope with the problems of a developing country, and the conspicuous inability of the Soviet Union to assist Mozambique with security and political problems stemming from its isolation, led to indications that the Mozambican Government wished to reestablish communication with the United States. We responded by making clear that we were interested in a positive relationship based upon respect for each other's interests and were willing to engage in building bridges between us based upon mutual respect. Within just the past 3 months, we have had two sets of discussions between senior American and Mozambican officials aimed at engaging the Mozambican Government in a constructive effort to improve regional stability and restore communications between us. We believe that a solid basis now exists for a meaningful improvement in relations between us.

Similarly, in our contacts with South Africa, we quickly moved beyond discussion of the Namibia issue and bilateral questions to the overarching question of regional security. We believe our extensive contacts with Pretoria have enabled us to more fully grasp the South African Government's concerns about the region's dynamics while also making clear the terms on which we must operate if we are to be credible and effective there. While much remains to be done, the conditions now exist for a candid, sensitive, and productive dialogue on regional matters with that country.

Effective Communication Between Neighbors

I would like to turn now to another facet of our diplomacy in southern Africa—encouraging effective communication between South Africa and its neighbors. We have not engaged in this

effort as a search for glory or out of our own ambition. We have done so for the good and sufficient reason that it is obviously in our national interest. The cycle of violence that threatens southern Africa is antithetical to everything this country stands for. Militarized conflict and the recourse to violent means can only advance the interests of our adversaries.

Dialogue alone, of course, will not necessarily solve the problems, but communication among countries that have serious disputes and basic political differences is an obvious first step. Within the past 6 months, South Africa has had significant and positive discussions with Angola, with Mozambique, and, in fact, with virtually all of its immediate neighbors. It is difficult to overstate the significance of the developing dialogue between South Africa and its neighbors, a dialogue we have sought—in unintrusive ways—to further. We welcome the fact of these contacts and hope that by a thorough airing of differences, a constructive effort can be made toward their resolution.

It is important, we believe, to recognize that as dialogue itself is, by definition, a two-way street, so, too, is regional security. There is a compelling need for all the parties to recognize this. Although at any given moment, following some specific development or event, it might be possible to pronounce a moral or political judgment upon that event, it is not always useful, or even wise, to do so. For that matter, it is not always even possible to know precisely what has taken place, or why. Public posturing and the passing of judgment, however gratifying to those who do it, is not usually the most helpful way to deal with the root causes of disputes. We seek results. This Administration is profoundly conscious of the fact that southern Africa is a highly charged, politically polarized environment. Some would say it is a minefield. There is ample public posturing by the regional actors themselves without adding our own rhetoric to the mix.

Regional security runs in both directions across international borders, and in southern Africa each side in every dispute claims grievances against the other. We have not chosen to condemn each transgression by one or another of the parties, but have, rather, chosen the perhaps less gratifying but certainly more important long-term task of trying to ease tensions. In our view, our effectiveness depends on our ability to be a credible partner of all who wish our

partnership and are prepared to engage in good-faith efforts to solve problems. Apart from Namibia, all states of the region are sovereign and recognize each other's sovereignty. That is a fact, and it carries with it certain obvious implications. Some states are not more sovereign than others. We recognize no state's right to harbor plotters or perpetrators of violence across borders and against other lands.

I recognize that some observers are less than satisfied with the balance and discretion inherent in what I have just said. But we believe that those who would have us take sides among the parties in southern Africa would have us unlearn every important role of diplomacy. In southern Africa as in the Middle East, it is not by choosing sides that we shape events or resolve conflicts. Our nation should be proud to stand on the side of peace and diplomacy and be prepared to weigh the concerns and interests of the parties involved as we seek to build bridges and explore avenues for agreement.

NAMIBIA

When President Reagan took office in January 1981, the Namibia negotiations had broken down, despite the substantial efforts and accomplishments of our predecessors. There was an atmosphere of mutual suspicion and recrimination among the parties whose agreement was essential for Namibia to secure its freedom. The obstacles to agreement between the parties were so great that it would have been tempting for us to walk away from the problem, washing our hands of the negotiations, and leaving it to debate and doubtful resolution by others. Certainly, there were other urgent priorities.

Instead, partly in response to what we were clearly told by our African friends and our key allies in NATO, and partly because of America's historic tradition of support for self-determination, we set out to find a way to move toward Namibian independence. In preparation for this, we conducted extensive and exhaustive discussions with each of the major parties to the negotiation—the front-line states, SWAPO [South West Africa People's Organization], other states in Africa, the South Africans and the internal parties inside Namibia, and our European allies.

We concluded that Namibia's independence could not be achieved in the absence of conditions which gave all participants reasonable confidence that

their security interests would be protected. It was obvious to any observer that irrespective of the reasons for their being there, the presence of Cuban combat forces in Angola was an integral part of the regional security problem.

I know that the members of this distinguished subcommittee are familiar with the charges and countercharges from both Angola and South Africa about the fighting across the Namibian-Angolan frontier. My point is a simple one: The Cuban troop issue is not an issue we made up; it is an objective reality at the core of the question of regional security. The South Africans, whose concurrence and cooperation must be secured for any agreement leading to Namibian independence, have repeatedly made clear that they regard the Cuban troop issue as fundamental to their security concerns. Quite apart from that, the United States, as Vice President Bush said in Nairobi on November 19, 1982, "is not ashamed to state the U.S. interest in seeing an end to the presence of Cuban forces in Angola," just as we seek internationally recognized independence for Namibia. Such an outcome would contribute to both regional security and a global climate of restraint.

We have, for more than a year now, been engaged in intensive discussions with the Angolan Government in an effort to reach a broadly acceptable formula for parallel withdrawal of foreign forces from Namibia and Angola. These bilateral discussions have been held outside the framework of U.N. Security Council Resolution 435, and are not part of the Western contact group's mandate. We are fully prepared to respond to Angola's security concerns as well as to deal forthrightly with the reality of South Africa's concerns. We believe that this is a viable means of achieving the goal of Namibian independence to which we are profoundly committed. We know of no other means.

We believe that Angola wishes to contribute to a Namibian independence agreement, so long as its own security interests are preserved. We have achieved real progress in our talks with the Angolans and will spare no effort in continuing our search for a comprehensive, peaceful settlement.

Your letter inviting me to participate in these hearings, asked what the "short- and long-run prospects" are for a Namibian settlement, as well as a number of specific questions about "when" South Africa and the United

States made Cuban troop withdrawal necessary accompaniment to Namibian independence.

The answer to the first question "Reasonably good." Certainly, we in to continue the effort. But this is a complicated and difficult negotiation, an involves fundamental issues and choices for both sides. It has taken time, and may take more. I believe the greatest mistake that we could make would be to yield to the historic American impatience with the progress of negotiation.

That carries with it the answer your second question, about "when" Cuban troop issue became a prerequisite for Namibian independence. Security which the Cuban troop issue is an integral part, has always been a prerequisite for agreement on Namibian independence. As a practical diplomatic matter, it will not be possible to obtain Namibian independence agreement without satisfactory regional security assurances. Quite apart from the diplomatic problem, it would not be desirable to bring Namibia to independence in circumstances that held the prospects greater regional instability and turmoil. This Administration would not be a party to it, and I would hope that no one in this room would wish to see that eventuality.

This approach does not mean a definite delay for Namibia's transit to independence. Some in the media elsewhere press for our forecasts of these negotiations. In reply, I would that we are neither optimistic nor pessimistic; instead, we have a realistic view, and we are determined to move steadily toward it.

CONCLUSION

I would emphasize that we have set ourselves goals worthy of the support of Americans and developed a road map for reaching them. The parties in the region are well aware of our seriousness. Not surprisingly, all of them find fault with this or that aspect of diplomacy. But our goals and methods are increasingly understood. Despite inherent difficulties, the Administration sees no reason to shift course and reason to persevere.

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

Development Dialogue With Africa

ester A. Crocker

Address at the Georgetown University Center for Strategic and International Studies, Washington, D.C., on March 3, 1980. Mr. Crocker is Assistant Secretary for African Affairs.

Since World War II, men of good will have been debating the problem of development in the Third World. Few countries, mostly in East and Southeast Asia, the issue is now a subject of historical research. The Japanese and South Koreans are of our concern; and, if they keep improving at current levels, the time will not be far away when their development experts deliberate over the stagnated backwardness of the West. Somewhere, however, and most notably in sub-Saharan Africa, the problem continues with heightened urgency. It is not surprising: Africa was the continent to gain independence, and so with the least preparation. The world recession has, at least, rarely aggravated the results of economic underdevelopment. Today, Africa's economic crisis threatens the economic viability of many states, enmeshes Western interests, and wreaks hardship on millions of individual Africans.

Differing Perspectives

At first glance there is a striking, if not surprising, contrast between the African and Western perspectives on development. At the risk of some overstatement, let me spell out in very general terms these differing views. The African viewpoint, particularly that of the African politician, must assume a development that is economically viable and self-sustainable. It must assume economic realization and, at least, a promise of technological equality with the West (including Japan). It must encompass self-reliance and self-reliance as well as material well-being. The perspective is naturally Africa-centric. Although there are, of course, many exceptions, the African perspective is often deeply influenced by the trauma of colonialism. Because colonial economic systems were totally subservient to

metropole interests, the African perspective is frequently suspicious of external economic orientation and sympathetic to import-substitution models. Because Africans recognize the widespread problem of weak, fragmented, national economies, this perspective places great stress on regional integration. Because modern capitalism was associated with colonialism, there is, as in other areas of the Third World, an instinctive sympathy for statist solutions. Last, but not least, foreign aid is often seen as an open-ended moral obligation on the part of the West to compensate for underdevelopment and the perceived wrongs of the colonial past.

The Western perspective is even more varied, so let me take one variant, that of the policymaker. First of all, Africa does not dominate his perspective; it is only one of a panoply of global concerns. Unlike the African politician, the Western bureaucrat is not compelled to assume politically viable solutions within Africa, nor does he take for granted the feasibility of rapid economic progress. Quite the contrary, he is usually more impressed by the negative, short-term implications of Africa's economic crisis, particularly its effect on political stability. Likewise, he sees economic growth as beginning necessarily with assets in hand and is not easily persuaded by such long-term solutions as regional economic integration. He is deeply aware of the potential costs—both political and budgetary—of his country's involvement with Africa. At the same time he is eager for success stories—one or two non-oil-exporting countries growing at 7%, hopefully governed by parliamentary democracies or, at least, by benevolent, technocratic despots.

The apparent contrast between African and Western perspectives is nowhere greater than with regard to aid. The Westerner—and here I speak of the citizen as well as policymaker—has forgotten about colonialism and regards aid not as a moral obligation but as a burden whose relationship to national interest is ill articulated and ill understood, especially when domestic programs are strapped for funds. Beyond this point there is a noticeable divergence between Americans and Europeans: Americans, still inspired by

basic faith in the potential for human progress, want their aid to have rapid transforming results and are discouraged when it doesn't. The Europeans and Japanese, more inclined to a skeptical view of history, are more easily satisfied by short-term political or commercial goals and not as disturbed by the implications of open-ended involvement in a process whose benchmarks are barely visible.

These differing perspectives, African and Western, are reflected in two much discussed documents, the "Lagos Plan of Action" and the report of the World Bank entitled "Accelerated Development in Sub-Saharan Africa: An Agenda for Action." The Lagos plan is a unique expression of African economic goals, approved by the African heads of state in 1980. It looks toward a prospering, industrializing Africa, internally self-reliant and well on the road to economic integration across national boundaries. It is essentially a statement of targets which, once achieved, will comprise a just and prosperous Africa. While it stresses self-reliance, it also states flatly that Africa is owed a "massive and appropriate contribution" of aid by the developed countries.

Although the Lagos plan decries excessive dependence on export of a few commodities, it does not, in general, say very much about how its numerous goals and targets should be achieved. It is careful not to dictate national development strategies on such sensitive topics as the mix between public and private sectors. It does not attempt to calculate the cost of development or to speculate on where the massive sums of money required will come from.

The World Bank report was produced 2 years later in a completely different context. Suggested by the African governors of the Bank in response to growing signs of economic crisis, it delineates a strategy to meet the ambitious goals of the Lagos plan. The report differs most notably from the plan in advocating export orientation. It says, in effect, that exportable commodities are Africa's "bird in the hand," and argues that African countries which have done well at exporting have also done comparatively well in other areas (e.g., food production). While the report accepts the goals of the Lagos plan as valid, it is deeply concerned about the feasibility of attaining them—in other words, about tactics and costs. It puts much more emphasis on the importance of better economic management by African countries, concluding that both a

doubling of foreign aid and a greatly improved African policy environment will be necessary to achieve acceptable economic growth in sub-Saharan Africa.

At present there is a tendency to debate African development in terms which exaggerate the differences between plan and report and between African and Western perspectives. The key issue involves the relative role of external versus internal causative factors in contributing to the present unsatisfactory state of affairs. At best this debate can result in a failure of communication—of Africans and Westerners talking past each other. At worst it can degenerate into polemics and sterile efforts to blame one party or another. So it is important to remember that informed observers, whether African or non-African, agree more than they disagree. In fact, a considerable intellectual consensus, not yet adequately translated into concerted policy, has emerged in the last 2 or 3 years on many of the key issues of African development.

I would like to spend the rest of my time talking about these areas of agreement and then conclude by considering some policy implications.

The Westerner . . . the citizen as well as policy-maker . . . has forgotten about colonialism and regards aid not as a moral obligation but as a burden whose relationship to national interest is ill articulated and ill understood, especially when domestic programs are strapped for funds.

Areas of Agreement

First and foremost, everyone agrees that the African crisis is sufficiently deep so that *status quo* solutions are not acceptable. From both the African and Western perspectives, it is dangerous and, indeed, intolerable that Africa's economic performance should lag so badly behind that of other regions. From our perspective, the African crisis delays a potentially significant contribution to world trade, thereby diminishing U.S. growth prospects. Although debt problems are not on the scale of Latin

America, the possibility of default by one or more major African countries nonetheless poses an incremental threat to the health of the global financial system.

Second, there is implicit agreement that there can be no meaningful equity without economic growth. Among development experts there is broad and bipartisan agreement that the more extreme manifestations of the "basic human needs" aid philosophy of the 1970s overlooked this fundamental point.

Third, and a logical corollary of concern with growth, aid programs must strive to stimulate productivity and must be wary of creating government-dominated "pilot projects" which are not productive and which are often too expensive for host governments to operate, much less to replicate.

Fourth, aid donors have unwittingly contributed to the African economic crisis by failure to cooperate in a manner which will insure the most efficient use of their resources, by insisting on their own complex yet highly diverse administrative requirements, by constantly changing their own policies, and sometimes by the pursuit of short-term political and commercial advantage.

Fifth, there is no doubt that African economic management capability is a critical constraint, as is the pervasive shortage of mid-level management skills and experience.

Sixth, there is also no doubt that rapid deterioration in terms of trade has been sufficient to swamp some countries which might otherwise have been making respectable progress. A ton of Zairian or Zambian copper which would pay for 115 barrels of oil in 1975 bought only 43 barrels last July. Similarly, the

purchasing power of coffee in terms of oil is down to roughly one-half what was, of cotton to one-third, of cocoa almost one-quarter.

Seventh, agriculture is at the heart of the crisis. Today, while food self-sufficiency remains a fundamental African aspiration, food imports are costing Africa more than oil imports. While it is well known that the World Bank report stresses the need for agricultural policy reform, it is less appreciated that the Lagos plan lacks much the same point. To quote from the latter:

For an improvement of the food situation in Africa, the fundamental requisite is strong political will to channel a great increased volume of resources to agricultural carry through essential reorientations of social systems, to apply policies that induce small farmers and members of agrarian cooperatives to achieve higher levels of productivity, and to set up effective machineries for the formulation of programs and for their execution. (Emphasis added.)

Eighth, regional economic integration in Africa is a valid long-term objective. The problem of weak, fragmented national economies and small market size in Africa needs no elaboration. Because the incredible political problems involved, the Africans have, in the Charter of the Organization of African Unity (OAU), explicitly ruled out rigid boundaries, and instead are proceeding ahead with a more realistic cooperative agenda involving such organizations as the Economic Community of West African States (ECOWAS), the Francophone structure in West Africa, and the new preferential trade area in eastern and southern Africa. But it may be years, if not a generation or two before this effort results in appreciable economic integration, for reasons well known. The economies that must integrate are frequently competitive rather than complementary, and the process is often further complicated by fear of dominance by one relative or advanced partner.

Ninth, there is no questioning Africa's critical need for institutional development and human skills. A generation or two from now, history may well conclude that foreign aid is its greatest contribution in these related areas.

Finally, there is growing awareness that the various elements in the African economic crisis must be seen and

of one complex problem. Ex-
 debt, the drying up of new credit
 lack of investment, the inade-
 quacy of institutions, policy, and
 structural shortcomings, and even lack
 of capital will all be part of a chain.
 For example, an inexorable, cir-
 cular relationship between food short-
 age, urban consumers, over-
 population, weak institutions, official
 indifference to autonomous nongovern-
 ment power centers (worker, farmer,
 cooperative groups), and poor policies,
 each stimulating the other. It re-
 maining primary objective of foreign
 policy to help enlightened leaders
 break the vicious circle at whatever
 cost will serve the purpose.

Implications

to go on at greater length, but I've
 enough to illustrate the point: Peo-
 ple will, whether Africans or
 Americans, development experts or
 liberals or conservatives, dis-
 agree more than they disagree on the
 nature and extent of Africa's economic
 crisis. What are the policy implica-
 tions of this consensus?
 To begin with, it is important that
 the Africans talk to each other
 on solutions geared to the specifics of
 various country situations. There
 is of practical value to be gained by
 over those areas, mainly
 political, where disagreement seems
 to exist. There is a great deal to be
 gained by getting down to cases.
 Similarly, in a situation where there
 is a lot of blame to go around, we
 must not overlook the fact that both
 internal and external factors are in-
 volved and avoid the temptation to seek
 scapegoats. Weighing the blame is a
 task for historians, not policymakers.
 As far as external factors are at
 issue, there is no doubt that the United
 States, because of its enormous in-
 fluence on the world economy, bears a
 special responsibility. For that reason,
 the Administration has consistently em-
 phasized the importance of restoring our
 domestic prosperity and getting in-
 terest rates down as the most important
 contribution that we can make to the
 economic and prosperity of the world, most
 especially the Third World.
 As you know, commercial loans to
 foreign states are usually tied to an
 international interest rate which varies
 day to day. For that reason, the
 International Monetary Fund (IMF) now
 estimates that every 1% shift in world

interest rates translates into roughly a
 \$2 billion net increase in interest pay-
 ments by the non-oil developing coun-
 tries. The IMF also reports that bench-
 mark interest rates for international
 lending increased in real terms—after
 adjusting for inflation—from 0.9% in
 1973 to 5.2% in 1979-81. Leaving aside
 the problem of increased cost, these
 violent fluctuations pose an almost im-
 possible challenge to national economic
 policymaking.

Commodity prices will, of course,
 respond as restored world economic
 health gives strength to weakened
 markets. Nevertheless, this is one area
 where developing nation producers
 should be especially careful to avoid
 complacency. The improvement in
 markets is likely to be both slow and er-
 ratic. The development of substitutes
 (for example, fiber glass optics in place
 of copper and corn fructose in place of
 sugar), plus the ever-increasing efficien-
 cy of industrial consumers, bode ill for
 long-term consumption trends. A recent
 article in *Forbes* magazine, describing
 the impact on Liberia of a 50% drop in
 rubber prices in the last 3 years,
 observes that the implication is ominous:
 "... that Africa's hope, its legendary
 storehouse of raw materials, may not be
 able to lift the continent's people from
 backwardness and poverty."

We know from long experience that
 interference with market forces is not
 the way to solve the commodity prob-
 lem. Yet we must also recognize, just as
 we do in the case of our own domestic
 agriculture, that governments and inter-
 national authorities have some respon-
 sibility to cushion producers from the
 shock of extreme market fluctuations
 and to facilitate necessary restructuring.
 Certainly, we favor full use of existing
 international mechanisms, such as the
 IMF's compensatory finance facility, to
 provide temporary relief where ap-
 propriate. We believe it is important to
 distinguish between viable commodity
 agreements, which attempt to iron out
 destructive boom-and-bust price fluctua-
 tions and those which are nothing more
 than resource transfer mechanisms—
 disguised aid, if you will. We remain
 open to suggestions for better ways to
 tackle this vexing problem.

The extent of the African crisis has
 additional implications for the way that
 we do business, and by "we" I mean both
 the U.S. Government and the broader
 community of aid donors to Africa. The
 basic lesson is that a more coherent,

purposeful, efficient, coordinated effort
 is needed. Within the U.S. Government
 we must try to improve the interconnec-
 tion between various aspects of our
 foreign economic policy toward the
 Third World. For example, there may be
 occasions when AID [Agency for Inter-
 national Development] and export pro-
 motion programs can work together,
 enabling the same scarce budget dollar
 to serve multiple policy ends. The re-
 levant bureaucracies—State, AID,
 Treasury, Overseas Private Investment
 Corporation (OPIC), Export-Import
 Bank, and Commerce—must evolve a
 system which relies more on cooperation
 and communication and less on the
 traditional Washington pattern of
 bureaucratic compartmentalization or
 conflict.

The same need for better coordina-
 tion is visible at the international level.
 The day has long passed when in almost
 any situation the United States was the
 dominant aid donor. We never have
 been number one in Africa. Today, in
 Africa, we are number three among
 bilateral donors, behind France and Ger-
 many, and we contribute less than 10%
 of total official development assistance.
 In many countries our own efforts to
 enhance economic stability and growth
 are heavily dependent on the efforts of
 the World Bank and the IMF. Only a
 massive increase in our bilateral assist-
 ance, virtually unthinkable under cur-
 rent budgetary circumstances, would
 change this pattern.

It follows that to improve the effec-
 tiveness of our own policies, we must
 work more closely with our allies and
 with the international financial institu-
 tions. This cooperation encompasses a
 series of subagendas. To minimize the
 burden on host governments, donors can
 attempt to simplify and regularize their
 administrative requirements. To increase
 efficiency and avoid duplication of ef-
 fort, they can better coordinate activities
 within sectors. Such sector-level coordi-
 nation is the major activity of the
 seven-nation donor group known as
 Cooperation for Development in Africa
 (CDA).

By their own behavior, donors can
 have enormous impact on the effec-
 tiveness of the multilateral institutions
 as they proceed with the delicate busi-
 ness of persuading governments to im-
 plement improved policies which may
 be painful or expensive or both. For ex-
 ample, increased bilateral aid as well as
 generous debt relief is often required in
 the early phases of an IMF stabilization

program, when austerity measures would otherwise create politically intolerable budget pressures and a growth-throttling shortage of foreign exchange. On the down side, ill-advised donor activities—such as the promotion of complex projects that are unrealistically expensive to build or operate—can slow down a fledgling recovery effort. We must recognize that the World Bank and the IMF need the active, intelligent support of member governments in order to do their own difficult jobs.

To provide such support, we have launched an effort to coordinate our own bilateral programs with those of other donors, the IMF, and the Bank. The key mechanism is an informal interagency working group—attended by State, AID, Treasury, and U.S. representatives to the Fund and Bank—which convenes periodically to consider specific country situations. While this is still a new initiative, it is clearly a promising approach to the problem of more effective and efficient use of our scarce resources.

We must also think through the implications of the emerging consensus on the vital role of the private sector—always defined to include both large and small producers—in the search for increased productivity and self-sustaining growth. Spurred by adversity, African leaders are beginning to get over some of the ideological hangups and entrenched bureaucratic habits of the past. We should listen when they tell us, as they increasingly do, that they want more American trade and investment.

Our response to them correctly emphasizes the importance of self-help efforts to achieve the kind of economic climate that will both stimulate local enterprise and attract outside capital. But we must go further, lest our rhetoric on the virtues of the private sector be seen by the Africans as a hollow joke. If we are serious about the developmental impact of the private sector, we must increase the resources we devote to private sector programs including Eximbank and OPIC. We must continue and expand the major new effort launched by AID's Bureau for Private Enterprise.

That untapped possibilities may be present is suggested by the case of Somalia. In that country, long regarded as an archetype of poverty and backwardness, economic liberalization and decentralization has recently given a sudden stimulus to commercial agriculture: the

result—new opportunities, identified by an AID consultant, to provide assistance directly to local producers, including cooperatives, rather than following the more traditional pattern of channeling aid into government bureaus. Another example is found in Zimbabwe, where AID's commodity import program enables the local subsidiary of Caterpillar, Inc. to obtain the U.S. parts and

with the money thus earned. Misgivings and preconceptions of bureaucracies as benevolent, of profits as evil, are diminishing but still widespread.

Conclusion

I began this talk by noting the differences in perspective that characterize African and Western views of development policy. I suggested that, in fact, we agree more than we disagree about that the reality of the economic crisis which grips Africa today has underlined the core problem—stagnating growth—in a manner which has also compelled us some distance toward consensus. One of the central elements of that consensus is awareness that a reexamination of the habits and mindsets of the past to see how we can apply our resources more effectively to solve the crisis.

This Administration has already embarked on an expanded process of consultation and dialogue with Africa and other donors. The tone of voice with which we conduct this dialogue is important, for we must not be seen hectoring or preaching nor lose sight of the fact that the reexamination of policies should be a mutual undertaking. In the end, it will be the Africans who take the risks and make most of the sacrifices.

The kind of dialogue that we try to pursue is not painless. For the industrialized world, it demands flexibility, innovation, and an increased commitment of bureaucratic and budgetary resources. For Africa, it involves a willingness to discuss policy issues which are the sovereign prerogatives of independent governments. If we are serious, we are bound to be friction from time to time. My comment would be that assistance relationships are never completely free, nor should they be unless we want them perpetuated indefinitely.

I am reminded of India, a country which for many years received massive U.S. aid, often accompanied by advice that was not always completely welcome. Today India has made impressive developmental strides and has apparently achieved food self-sufficiency. There is continuing debate over the role of foreign aid in this achievement. My own preferred version of India's story would give some credit to the efforts of American and other donor countries who have invested millions in Indian agriculture

... we must not be seen as hectoring or preaching nor lose sight of the fact that the reexamination of past policies should be a mutual undertaking. In the end, it will be the Africans who take the risks and make most of the sacrifices.

equipment needed to sustain healthy and expanding operations at a time of great foreign exchange constraint. This, in turn, will help enable Caterpillar to maintain its ambitious training program—covering everything from sales to engineering—for black Zimbabweans.

But we do not have nearly enough commodity import programs in Africa, and those that exist are under severe budgetary pressures. Legal and budget constraints on Eximbank and OPIC inevitably make those agencies loath to commit funds in the comparatively high-risk circumstances that prevail in Africa.

Up to now I have spoken mainly of policy implications for the industrialized countries, but there are, of course, similar implications for the Africans. They must redouble their efforts to think through how, in practical fact, the goals of the Lagos plan may be reached. They must recognize the jarring reality, not likely to be reversed, of static, or at best, slowly rising aid levels. Some old shibboleths badly need reexamination, including the notion that a country must physically produce its own food supplies, when in some cases it may be more efficient—and no less self-sufficient—to concentrate on cash crops and buy food

Ensuring Security in the Nuclear Age

by *Kenneth W. Dam*

Address before a regional foreign policy conference sponsored by the Department of State and the Institute of International Education, Denver, Colorado, on March 8, 1983. Mr. Dam is Deputy Secretary of State.

As a native of Kansas speaking in Colorado, I am reminded of former President Truman's remarks about the disputes that have occasionally arisen between these two great states. "When Kansas and Colorado have a quarrel over the water in the Arkansas River," Truman said, "they don't call out the National Guard in each state and go to war over it. They bring a suit in the Supreme Court of the United States and abide by the decision."

As a former law professor, I can testify to the role the Supreme Court plays in resolving conflicts among states. There is, of course, no ultimate arbiter of disputes among nations. As a result, each nation must develop its own strategy for resolving disputes. The U.S. strategy for ensuring security in the nuclear age is, like our judicial system, based on a commitment to the peaceful resolution of conflicts. This Administration seeks to ensure our continued security by maintaining a credible military deterrent, while simultaneously negotiating significant arms reduction agreements.

Our strategic policy has been the result of a consensus shared by presidents, representatives of Congress, the public, our allies, and our friends. That consensus is based on two principles. The first is that war is best avoided by maintaining sufficient arms to deter it in the first place. The second is that the risk of war is lessened by reducing the armaments of war. These two principles are complementary, not contradictory. Mutual reductions to equal and verifiable levels can simultaneously reduce the risk of war and the quantity of arms needed to deter it. Thus the strategic program of the Reagan Administration is based squarely on the conviction that the two paths to peace are deterrence and arms reduction.

I should like to begin my remarks by discussing the strategy of deterrence

and the changing military balance. I shall then discuss how our modernization program seeks to restore that balance by improving our deterrent. Finally, I shall describe this Administration's arms control proposals, which have already moved us beyond the concept of a freeze at current levels and toward the higher goal of meaningful arms reductions.

The Strategy of Deterrence

The foundation of peace in the nuclear age has been America's strategy of deterrence. Since we first acquired nuclear weapons, the United States has sought to prevent war by discouraging aggression against the United States and its allies. By presenting any potential aggressor with the prospect of certain retaliation, peace has been maintained for nearly 40 years. The history of the 20th century makes it sadly clear that peaceful intentions and good motives alone will not stop aggressors. Adequate military strength does so, and the strategy of deterrence has been successful in protecting the security of America and Western Europe since the end of World War II.

However, while our policy of deterrence has remained constant, the means of achieving it have changed dramatically. In the late 1950s, a few hundred American bombers were sufficient to discourage an attack against us or our allies. Today, maintaining an effective deterrent requires a triad of manned bombers, land-based intercontinental missiles, and sea-launched ballistic missiles. The task of adjusting to technological change and Soviet developments was not easy. Yet it preserved the peace because it maintained a balance of forces between the United States and the Soviet Union.

The Changing Military Balance

That stabilizing balance of forces has now been upset by the Soviet military buildup, which contrasts sharply with our own military restraint. U.S. defense spending has actually declined over the last several decades, both as a percentage of the nation's gross national product (GNP) and as a fraction of the Federal budget. In 1962, when John

0s and 1960s. But I would also believe the theory which holds the Indians were, as time went by, led by the volume of advice they accept from well-meaning foreigners and increasingly determined to the point where they no longer such help. spite the enormously varying circumstances which prevail in Africa, our efforts must be similar. We must and share the vision of human and prosperity that pervades the plan of action. That vision can be achieved through economic cooperation among the industrialized countries and African nations. The issues involved are complex, and seemingly insoluble. The solutions will be arduous and burdens on both sides. We must be frank to each other because we are hopefully beyond the age of paternalism and double standards. But above all we must, as partners linked by mutual interests in the search for success or failure will, of course, be affected in the development of African nations. And despite the vicissitudes of world events, there are new grounds for cooperation between donors and Africans in a new stabilization and development program involving extraordinary debt rescheduling, aid, and wide-ranging policy reform efforts. If successful, this program can bring Sudan its deep-seated economic crisis. Our efforts are underway in Kenya, Senegal, and are beginning here. In short, expanding our present dialogue is not a theoretical exercise. As our consensus grows, it can be used as a basis for

Kennedy was president, 46%, or almost half of the Federal budget, went to our national defense; in recent years, only one-quarter of our budget has gone to defense. Even with our planned increases, defense spending will represent only 6.8% of our GNP in 1984—just 1% more than the 5.9% we averaged in the 1970s.

By contrast, Soviet military investment has grown constantly over the last two decades and was nearly double ours by the early 1980s. In particular, for strategic nuclear forces, Soviet investment was about three times higher than ours during 1980-81; for general purpose forces, it was 50% higher; and for research and development expenditures, it proceeded at approximately twice our rate.

This increase in Soviet defense spending has resulted in a dramatic in-

crease in more numerous but also more modern than our own. The U.S. bomber fleet is a product of the Eisenhower and Kennedy years. Few of us would regularly drive 25-year-old automobiles except in antique car rallies, yet some of our B-52 bombers are older than the pilots who fly them. Similarly, our land-based missiles were conceived in the 1950s and installed in the 1960s. We have not deployed a new land-based intercontinental ballistic missile in 13 years. In some cases, even the safety of these systems has decreased over time.

In contrast, the Soviets have gained qualitative advantages by continually upgrading their strategic weapons. Indeed, there has been a marked improvement in the accuracy of Soviet missile warheads over the last decade. The lethal combination of greater numbers and improved accuracy makes our own

The President's Modernization Program

This brief overview of the U.S.-Soviet arms relationship reveals the fact as the President has said, although has been much talk of an arms race "the truth is that, while the Soviet Union has raced, we have not." Now we intend to enter any such race. Rather, we intend to modernize our nuclear deterrent and restore that essential balance that has preserved peace since World War II. The Soviets must understand that while we seek superiority, neither will we attempt to achieve it.

As a result, the President has proposed a vigorous modernization program. That program is not inexpensive. But even with our proposed budget increases, defense spending as a percentage of our GNP will rise less than over the next 4 years to an estimate of 7.7% in 1988—about half the current estimate for the Soviet Union.

Though the President has declared his political career to reducing government spending, he believes it essential to ask for this increase in our defense budget. He does so in order to ensure the prospects for peace at minimum cost. The President's modernization program will reduce the risk of war by increasing the Soviet incentive to negotiate arms reduction. The heart of that program is our effort to increase the survivability and capability of our strategic deterrent of air, sea, and based systems.

Improving the Strategic Triad. To modernize the air leg of our strategic triad, the President has proposed a program of procuring a mixed fleet of B-1 bombers to be deployed beginning in 1985, and the Advanced Technological Bomber—the so-called "Stealth Bomber"—to be deployed in the early 1990s.

Since our current ballistic missile submarines will become more vulnerable in the face of Soviet advances, the President's program calls for modernizing the sea-based leg of the triad with the Trident submarine and Trident I nuclear missiles. The first Trident became operational last December.

The third element of the modernization program involves our effort to improve the survivability and capability of our land-based intercontinental ballistic missiles. This effort is currently being reviewed by the Scowcroft Commission, which will report to the President in a few weeks. I shall not try to predict

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crease in the number of their strategic systems. For example, in the 8 years from 1974 to 1982, the Soviet Union deployed almost six times as many intercontinental ballistic missiles as the United States and over 16 times as many ballistic missile-firing submarines. And in the past 6 years, while the United States withdrew 1,000 nuclear warheads from Europe, the Soviet Union deployed over 1,000 highly accurate warheads on mobile SS-20 ballistic missiles. NATO currently has nothing comparable to the SS-20. In short, as former Secretary of Defense Harold Brown has described the history of the U.S.-Soviet arms relationship, "When we build, they build; when we stop, they build."

As a result of the sustained Soviet buildup and corresponding American restraint, the Soviet arsenal is not only

land-based missile force vulnerable to a Soviet first strike.

These Soviet strides in arms investment, numbers, and quality have resulted in an imbalance in the strategic relationship between the United States and the Soviet Union. As the events in Washington this week demonstrate, many concerned Americans believe that the United States and the Soviet Union should agree to freeze their nuclear arsenals at existing levels. Yet a freeze would leave uncorrected the very imbalance that unsettles the world. Moreover, a freeze would saddle the United States with an aging strategic force. Meanwhile, the Soviet Union would be free to maintain the advantages of its more modern nuclear arsenal.

of this review, but I will say the outcome is important, not only the future strategic posture, but also the chances for meaningful arms reductions. A modern, land-based intercontinental ballistic missile (ICBM), such as the MX missile, is essential to help establish the strategic balance. It also has an important bearing on our ability to negotiate a meaningful arms reduction agreement with the Soviet Union.

Avoiding a Negotiating Incentive. As a lawyer, I know that negotiations only work when both parties believe they are getting something to gain by talking and something to lose by failing to talk. The incentive of gain or loss is provided by our modernization program, which we would see no advantage in taking to the table in the first place. In March of 1977, for example, the United States presented to Moscow an arms proposal for redirecting the Strategic Arms Limitation Talks (SALT). What we sought was a commitment to a genuine reduction of nuclear weapons. What we received from the Soviets was a blunt refusal to even to discuss reductions. They had no intention of discussing reductions. For two years the Soviets had been investing huge sums in modernizing their nuclear weapons, and the military was tipping in their favor. Eventually, of course, a SALT agreement was negotiated. That accord bore its name implied, for strategic arms limitation—meaning that, with certain exceptions, it merely limited further growth in certain strategic systems. The treaty was never ratified by the United States.

President Reagan took office in January 1981 with a pledge to restore the strategic balance. On October 2, 1981, he announced the comprehensive arms control program, which I have just described, for modernizing America's strategic arms and on November 18 of that year, he announced that his Administration would seek a strategic arms reduction agreement with the Soviet Union. The Soviet Union thus had an incentive to come to the table, and they remain at the table today.

Arms Reduction Proposals

Today, we are now engaged in two sets of nuclear arms negotiations with the Soviet Union in Geneva. One is the Strategic Arms Reduction Talks or SALT II; the other is the intermediate-range nuclear forces, or INF, talks. Our

approach in both these negotiations—and, indeed, in all our arms control efforts—is based on the four principles first outlined by President Reagan in his speech at the National Press Club in 1981.

First, we insist on significant reductions. We are committed to reducing the number and destructive potential of weapons, not just freezing them at current high levels.

Second, we seek equality and will accept nothing less. We believe that a reduction to equal levels is absolutely necessary to restore that essential balance that can provide our country with adequate security.

Third, we insist on verifiability. Arms control agreements cannot be based on trust alone: Witness the Soviet use of biological and chemical weapons—"yellow rain"—against the peoples of Afghanistan and Southeast Asia, in direct violation of international treaties to which the Soviets are a party. The United States will thus insist that any future arms control agreements contain effective measures to ensure compliance by both sides.

Finally, we will insist that arms control agreements genuinely enhance U.S. and allied security. We must not accept cosmetic agreements that engender a false sense of security.

START Negotiations. Our START proposals are based on these four prin-

... "the truth is that, while the Soviet Union has raced, we have not." Nor do we intend to enter any such race.

ciples. We have proposed, as a first step, that both sides reduce their ballistic missiles to about half of what is now in the U.S. inventory. We also propose that the number of warheads for these missiles be reduced by one-third, only half of which would be allowed on the most destabilizing systems—the land-based ICBMs. We are prepared in a later phase to seek a reduction in the throw-weight of these missiles to equal

levels below current U.S. levels. We also intend to propose limits on other kinds of strategic nuclear systems. In short, the United States is not seeking negotiations for its own sake. The United States is not seeking an agreement that would merely limit the growth of strategic forces. Rather, we are seeking a START agreement that would result in substantial, equitable, and verifiable reductions in nuclear weapons.

INF Talks. The other nuclear arms negotiation underway in Geneva is the intermediate-range nuclear forces (INF) talks. The U.S. position in the INF talks is based on the initiative which President Reagan announced in November of 1981 and which has been fully supported by our allies. He proposed cancellation of the NATO decision to start deploying U.S. Pershing II and ground-launched cruise missiles in Europe later this year if the Soviet Union agreed to dismantle its INF missiles—the SS-4, SS-5, and SS-20. This proposal was based upon the belief that, as the President stated in his speech to the American Legion on Washington's birthday, "the complete elimination of the entire class of longer range, land-based INF missiles remains the best and most moral outcome" to the negotiations.

The President has made it clear, however, that ours "is not a take-it-or-leave-it proposal." He has instructed Paul Nitze, our ambassador to the INF talks, "to explore in Geneva every proposed solution" that is consistent with the principles supported by our European allies. These principles state first that a fair agreement must be based on equal levels of U.S. and Soviet forces. As a corollary, British and French national strategic systems are, by definition, not a part of these negotiations and not to be considered in them. In addition, Soviet proposals which have the effect of merely shifting the Soviet threat from Europe to Asia cannot be considered reasonable. Finally, a fair agreement must be underwritten by effective verification measures.

Thus far, however, the Soviets have responded to our INF proposal with ones designed to retain the current Soviet monopoly in longer range land-based INF missiles—a monopoly that has been strengthened by the addition, on average, of one SS-20 a week since the talks have begun. The Soviet proposals would permit them to keep a formidable arsenal of INF missiles, including every SS-20 deployed to date, while NATO would be prevented from deploying any counterbalancing missiles

in Europe. Moreover, there would be nothing to prevent the Soviets from deploying even more INF missiles in Asia or moving missiles from Europe to Asia—from where these mobile weapons could be returned to Europe in short order.

In sum, our INF and START proposals aim to achieve substantial, equitable, and verifiable reductions, especially in the most powerful, accurate, and rapid systems—ballistic

missiles. Our proposals thus will not advance the national interests of one side at the expense of the other's but will advance the best interests of both. The Soviets have not yet responded in kind. But our efforts to modernize our nuclear deterrent have simultaneously reduced the risk of conflict, while providing the Soviets with the necessary incentive to sit down with us at the negotiating table.

It is important to note, however,

that a freeze at existing levels, such as that proposed in last November's resolution, would remove the incentive to negotiate by preserving the current rough Soviet advantages in strategic arms. Indeed, if we achieved agreement on a verifiable freeze—a task which might take precious months—the world would have an incentive to prolong the freeze and avoid any serious talks. Significant arms reductions to low equal levels. More importantly, our program of modernization and negotiation has already compelled the Soviets to acknowledge the desirability of some moderate arms reductions. A freeze, therefore, would actually represent a step back from the progress we have made. We have, in short, moved toward the freeze.

ACDA Annual Report

MESSAGE TO THE CONGRESS, FEB. 9, 1983¹

I am pleased to transmit to you the 1982 Annual Report of the United States Arms Control and Disarmament Agency. This report, the 22d submitted since the creation of the agency, provides a complete review of the important work of an Agency which plays a crucial role in our country's national security program.

On September 21, 1982, I met at the White House with the three U.S. arms control negotiators, Ambassadors Rowley, Nitze, and Starr before they returned to Europe for the final 1982 sessions of the START [Strategic Arms Reduction Talks], INF [intermediate-range nuclear forces], and MBFR [mutual and balanced force reductions] negotiations, respectively. At that time, I outlined the following general principles which guide the formation of our arms control policies:

- Arms control must be an instrument of, and not a substitute for, a coherent security policy aimed in the first instance at the Soviet advantage in the most destabilizing class of weapons—ballistic missiles and, especially, intercontinental ballistic missiles (ICBMs). We will work for agreements that truly enhance security by reinforcing peace through deterrence.
- We must seek agreements that involve substantial and militarily significant reductions on both sides.
- Agreements must be based on the principle of equality of rights and limits.
- Arms control agreements must include effective means of verification. They cannot be based on trust alone.
- Our efforts will be guided by seriousness of purpose, reflected in our willingness to seek reduction to significantly lower levels of nuclear forces based on equal, balanced levels of comparable systems.

These principles are in full accord with the basic purpose of both U.S. and NATO security policy—ensuring the peace through deterrence of aggression. Detering nuclear

or conventional attack against us or our Allies must guide our approach to defense and arms control. These principles also lie at the heart of the comprehensive and innovative arms control approaches which this Administration has adopted. In each of the three most important areas of arms control—strategic nuclear arms, intermediate-range nuclear forces, and conventional forces in Europe—we have presented to the Soviet Union bold and equitable proposals which are in our mutual interest and which provide an opportunity to enhance world security and peace by significantly reducing the arsenals of both sides.

In each of these three negotiations, the United States has presented considered and equitable proposals which seek to establish a military equilibrium at reduced levels, eliminate the most destabilizing factors in the existing military balance, and enhance the security of both sides. When our national security, and that of our Allies, is at stake, we must approach arms control realistically. We do not seek agreements for their own sake; we seek them to build international security and stability. This Administration's reductions proposals for strategic and intermediate-range nuclear forces and for conventional forces reflect this approach. We are encouraged by the serious and businesslike conduct of these negotiations thus far. Although much hard bargaining lies ahead, I am determined to bargain in good faith until our objectives can be realized. We urge our Soviet negotiating partners equal seriousness of purpose.

The 1982 Annual Report not only includes details on all aspects of the three negotiations, but also refers to such other important elements of ACDA's responsibilities as providing expertise on both policy and technical levels for all other multilateral arms control negotiations, for our nuclear non-proliferation efforts, and for research and analysis of military budget and arms transfer.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Feb. 14, 1983. ■

Conclusion

I began these remarks by speaking of the peaceful resolution of conflict between states or between nations. I should like to close on the same theme. The path to peace in the nuclear age has been proven: peace is achieved through deterrence and arms reduction. These two concepts are complementary. Mutual arms reduction to lower equal levels will reduce the risk of conflict and the level of arms needed to deter it in the first place. As the President said in his address to the nation, it is a sad irony that it "still takes weapons to prevent war." But proposals for deep reductions will result in both diminished stockpiles and diminished risk of war.

In seeking to ensure our security in the nuclear age, however, we should remember that peace is an aspiration and it is not an aspiration unique to peace marchers.

Indeed, peace is the goal to which we all aspire. The President's policy of achieving that goal is one of deterrence obtained through modernization, arms reduction, obtained through negotiation. With our arms control proposals, we have already moved beyond the concept of a freeze and toward the higher goal of deep reductions and lasting peace. We should not step backward now. ■

Department of State Activities in the Private Sector Area

Last year, the Department of State worked closely with the private sector toward achieving a number of foreign policy objectives. This effort is designed to encourage economic growth abroad, particularly in the developing world; to free trade and investment and to promote understanding and support for U.S. international

Department officials have conferred with private sector representatives, particularly with business groups, foundations, and universities to elicit ideas on how the sector can be strengthened, expanded, and take on as performed by the U.S. Government. The response has been extensive, and encouraging—focusing on many ways to reinforce and, in some cases, to complement government efforts. Imagination has taken place around the

Caribbean

of our strong interest in the economic and political well-being in the Caribbean, the Department has worked with the private sector and other U.S. government agencies to formulate a Caribbean Basin initiative. Allied in this have been the Council of the Americas, Caribbean /Central American Council, the U.S. Chamber of Commerce, and other private sector organizations. In the thrust of the initiative is the provision of incentives for expanded private investment and economic growth. Close contact with U.S. firms interested in the Caribbean continues to engender promising opportunities ranging from feasibility studies for a regional trading company to traditional transportation alternatives in the area.

Latin America

As part of a broadened effort in Latin America, the Department, through the Organization of American States (OAS), has obtained an authorization calling for a study of private sector involvement in all its programs with the accent on increasing private involvement.

Asia

Links with the private sector are equally strong in Asia. Having been instrumental in the formation of the ASEAN-U.S. Business Council several years ago, the Department of State maintains a close working relationship with the council, helping to spark a number of programs directly helpful to our economic position in Asia. The Department has for some time conducted a series of joint action programs with the Asia Pacific Council of American Chambers of Commerce. It has also sponsored the formation of U.S.-Korean subcabinet level study groups to expand cooperation and solve problems in science and technology, investment, and fisheries by utilizing specific inputs from the private sector through "AmCham" committees. Similar activities are carried out with embassy encouragement in Japan, one typical project being an analysis of U.S. manufacturing investment in that country.

Africa

In Africa the Department takes a leading role in establishing bilateral business councils and chambers of commerce. The U.S.-Nigeria Business Council was established in March 1982 and held its first operating meeting in Washington in September. The purpose of the council is to provide a mechanism to solve practical problems between the business people of both countries and to influence government policies as needed. Through government-to-government dialogue and direct staff support, we assist the Joint Agricultural Consultative Committee, a group of prominent U.S. and Nigerian firms which promote agricultural joint ventures.

The Department has cosponsored with local business associations regional conferences in the United States to inform the public about opportunities in Africa. In addition, the Department's Bureau of African Affairs has participated with public affairs organizations in programs that engage academics, policymakers, and business in assessing the political and economic climate in Africa. The Department has also invited representatives of American business with long experience in less developed countries to symposia to discuss strategies for government and business

cooperation in promoting Africa's economic growth and development.

Worldwide Initiatives

On a global basis, the Department has made a concerted effort to identify ways in which the private sector might more effectively assist developing countries. We have conducted a dialogue with over 250 business organizations in the United States and with all Foreign Service posts in the developing world. Through this dialogue, we first elicited proposals from the private sector, then transformed ideas into actual working models. Sharing examples and information on this project stimulated further action from others. Programs for training laboratory technicians and other specialists in a variety of fields, inviting participants from developing countries to U.S. symposia and industrial conventions, expanding companies' overseas training programs, and distributing used or surplus equipment are but a few of the initiatives under this project.

The Department is also working with our executive directors at the Inter-American Development Bank, the Asian Development Bank, and the World Bank and with foreign governments to encourage greater dependence on the private sector in the development process. There has been progress in getting the multilateral development banks to involve American banks and other private institutions in cofinancing development projects and in contributing to growth in ways that supplement the efforts of the developing countries themselves.

A State Department official serves as a director on the board of the Overseas Private Investment Corporation (OPIC), a self-sustaining, semiautonomous agency of the U.S. Government which provides political risk insurance and financial services to encourage U.S. private investment in developing nations. In FY 1983, OPIC doubled its volume of insurance business worldwide and now insures over \$3 billion in U.S. private investment in the developing world.

A Philosophy of Private Sector Initiative

Our many discussions with the private sector produced tactics and a strategy and also yielded a philosophy. Representatives from business and other organizations stressed that in order to be lasting and productive, activities should benefit both the American "giver" and the "receiver" abroad. As far as

possible, existing private sector groups and mechanisms should manage activities and programs. The government's principal role should be as a backstopper and reinforcer, as a supplier of information and, on occasion, of seed money to make possible a new initiative. In short, activities should be those in which all participants gain.

Press release 44 of Feb. 9, 1983. ■

Foreign Policy Planning Council Members Announced

Following is Secretary Shultz's statement of February 23, 1983, announcing the members of the Foreign Policy Planning Council.¹

One of the great challenges, I think, in working effectively in any active organization responsible for things that are going on and have to be administered and managed day-to-day and hour-to-hour is to find some way of standing back and thinking a little more broadly and strategically about what it is that you want to do, where you want to see things go.

Beyond that, of course, in the Department of State, there are different geographic and functional bureaus; and while the coverage of the world and the functions are pretty complete, nevertheless, there are always issues that cut across and are broader than any one unit finds naturally within its scope.

I find myself searching around for ways to contend with the tendency to be preoccupied with what is right in front of you each day, on the one hand, and to be sure that things don't fall between the cracks, and that we think broadly about our problems, on the other. There are a lot of devices for doing that in this organization or any other.

One is to take some time to scratch your head and think things over.

Another, of course, is to have people in the various bureaus who have the capacity to think beyond the confines of the particular assignment that they have, and I believe we have people of that kind in the Department.

At the same time, it is useful to have some sort of institutionalized way for being sure that a broad perspective

is brought to bear and is available to everyone, and that's been recognized here in the Department of State for a long time. I had dinner last night with George Kennan. I guess he was the first—he was the first Director of the policy planning staff.

It has existed for a long time, basically for the reasons that I have outlined, and I guess it has sometimes been great and not so great other times. But, at any rate, the idea's been around for quite awhile.

As I, Ken Dam, and others have thought about it, it seemed to us that a good way to use the policy planning staff, and the concept there is to create a council; that is, to have a number of people of eminence, in a variety of fields, who were, in our thinking about it, council members; to have a chairman who's also a council member, of course, and who runs the staff; to have it set up so that there would be permanent people there. But also, it would be structured so that somebody could come in for 6 months and work on something and so on. So, last December we announced this idea.

Since that time we've been working to identify top-notch people to hold these positions. Today, we'll announce four people who will be council members.

• Mr. Jeremy R. Azrael, former professor of political science at—you guessed it—the University of Chicago.

He has both academic and government experience in the East-West relations and Soviet affairs areas. He'll be the Council from his present post Bureau of Politico-Military Affairs where he has been a senior advisor on the Soviet affairs area.

• Paul Boeker, a career minister in the Foreign Service. His orientation is the economic area. He's had several positions in international economic policy, including senior Deputy Assistant Secretary of State for Economic Business Affairs in the Ford Administration. In terms of area expertise, he would be a European and Latin American specialist.

• Robert Osgood, who's a prominent author. He's a Christian A. Herter Professor of American Foreign Policy at Johns Hopkins School of Advanced International Studies where, until 1971, he was also Dean. He was a senior staff member at the National Security Council (NSC) in the Nixon Administration and will join the Council this summer.

• Peter Rodman, who has most recently been a Fellow in Diplomatic Studies at Georgetown University's Center for Strategic and International Studies. He was a member of the staff from 1969 through 1977, and participated in negotiations and talks about a range of major issues and was very central in the drafting of positions by the President and Secretary of State at the time; and has been a close associate of Henry Kissinger's.

Those are four outstanding people, each different, each with considerable power of intellect and perspective to meet with members of the Council individually and as a group, and use them to help me in my own thinking about the directions in which we should be going. Steve Bosworth, of course, will be the ringmaster as well as a thinker himself.

¹Press release 63 of Feb. 25, 1983. Secretary announced the appointment of Stephen W. Bosworth as Chairman of the Council of Dec. 8, 1982. ■

Developing an Enduring Relationship with China

Wolfowitz

ment before the Subcommittee on Asia and Pacific Affairs of the Foreign Affairs Committee on July 28, 1983. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.¹

China has a strong, stable, and enduring relationship with the United States. This relationship is an important part of President Reagan's foreign policy. For compelling historical reasons, it has occupied a central place in our foreign policies of four successive administrations. We ought not forget that for more than two decades before the Shanghai Communiqué, U.S.-China relations were predominantly antagonistic. China was a large and menacing power with which we maintained no diplomatic communication, cultural contact, or economic relations. We were at war with it; nearly came to war over Korea and Matsui; and supported opium wars in Vietnam. Indeed, China supported guerrilla movements on the soil of many of our Asian allies. We maintained at great expense a significant naval presence in the Taiwan Strait and the mainland at the time that we faced a growing rivalry with the Soviet Union.

In 1972 it had become clear to both sides that continuing this hostile atmosphere was in neither country's short- or long-term interest and that our respective interests would be better served through a constructive and productive relationship. The result was a reconciliation of great importance. Developments during the last 11 years since that time have demonstrated the importance of that relationship.

While I might cite many important examples in our relations, let me mention a few particular instances that illustrate how far we have come and what has been achieved.

Perhaps nothing more dramatically illustrates the changes of the last 11 years than the fact that China has been freed as a major restraint on further U.S. economic aggression in Asia.

As another important indicator of progress, our economic relations have improved substantially. Our bilateral trade

with China has jumped from zero to a present figure of more than \$5 billion per year.

Perhaps most important of all for the long-term strength of the relationship between ourselves and China, cultural relations and personal ties have resumed at many different levels. People-to-people contacts have virtually exploded, with nearly 10,000 Chinese students studying at American universities, 100 Chinese delegations per month visiting the United States, and over 100,000 Americans visiting China each year as tourists or in other capacities. These exchanges cannot help but bring to each of our societies increasingly sophisticated appreciation of the other.

There are other benefits I should mention. We no longer have to plan and spend to confront a Chinese threat. Our parallel interests in containing the Soviet Union have been repeatedly reaffirmed, and we are in fundamental agreement that the Soviets remain the principal threat to the peace of the world. We have common interests in containing not only Vietnamese aggression in Southeast Asia and encouraging a peaceful settlement of the Kampuchean problem based on Khmer self-determination, but also in resisting Soviet aggression in Afghanistan. We are able to maintain a useful dialogue with China on a wide range of important international problems of common concern. China has developed constructive regional policies and cooperative relations with our Asian allies. China has developed increasingly strong ties to the Western-oriented international economic system. Trade and investment opportunities for American business have grown tremendously; despite problems, East Asia has emerged as one of the more stable and prosperous regions of the world with China playing an increasingly responsible regional role. Even Taiwan has never been more prosperous, and the situation in the Taiwan Strait is peaceful.

Underlying Principles

These benefits have flowed over an 11-year period. They are an outgrowth of a wide variety of agreements that

have established the framework for an extensive relationship. Throughout this process, we have been guided by consistent adherence to three underlying fundamental principles and realities:

First, that China, with its many talented and resourceful people and with a sophisticated concern about global as well as regional problems, is already a significant factor in Asia and is destined to be an important element in international affairs in the future. It is a country with which we hope to be able to work with constructively and cooperatively for mutual benefit;

Second, that the United States and China share certain common and important international perceptions and concerns and that the development of U.S.-China relations serves the interests of both our peoples and the cause of peace and stability in East Asia and the world; and

Third, that progress in U.S.-China relations could be made without sacrificing the interests of our friends and allies in the region or our valued commercial, cultural, and other unofficial relations with the people of Taiwan.

Adhering to these fundamentals, in 1979 we negotiated a normalization agreement which established diplomatic relations between the United States and China and under which it was understood that, henceforth, commercial, cultural, and other contacts with the people of Taiwan would be conducted on an unofficial basis. Both sides, reflecting the importance they placed on good relations and their confidence in the relationship's evolution and progress, chose to move ahead with normalization even though not all of their differences had been resolved.

Among the differences left unresolved by the normalization communique was the question of arms sales to Taiwan. In the August 17 joint communique of last year, we addressed this difficult matter. The communique, which was the result of 10 months of negotiations, does not settle the issue but does provide a framework for managing our differences with the Chinese over a matter of great sensitivity to us both. The negotiating process, however, which was intense and difficult, placed a considerable strain on the relationship, and it created a long hiatus in high-level contacts and exchanges—a part of our relationship with China that is particularly important for allaying suspicions. We

needed to clear the air to revive confidence that the relationship would progress as we wished.

Secretary Shultz's Visit to Beijing

Thus, the Secretary's objectives in visiting Beijing [February 2-6, 1983] at this time were to put U.S.-China relations back on a stable, realistic footing; to resume the process of building the essential elements of confidence and trust; to continue our dialogue on important international issues; and to address openly and honestly the various bilateral issues that were commanding attention on both sides.

The atmosphere in which the visit took place was very good, which is itself an indication of the value both sides place on the relations. Secretary Shultz had 9 hours of intense, substantive, and constructive discussion with Foreign Minister Wu Xueqian, as well as extensive talks with a range of other Chinese leaders including Premier Zhao Ziyang and Chairman Deng Xiaoping. Secretary Shultz presented U.S. positions forthrightly, at the same time that he earned Chinese respect and public compliments for what the Chinese called "his patience in listening to the views of others." Foreign Minister Wu was equally candid in stating his government's position on

not help but be impressed with the serious, constructive, and realistic approach the Chinese leadership took to a wide variety of key issues.

On the Soviets—the Chinese impressed us all with their realistic approach and their recognition of the continued threat posed by Soviet expansionism.

On Afghanistan and Kampuchea—we share common assessments of the situations and discussed these issues in depth. We welcome Chinese support for the ASEAN [Association of South East Asian Nations] position calling for Vietnamese withdrawal; an independent, peaceful, neutral, and nonaligned Kampuchea; and a Soviet withdrawal from Afghanistan. The Chinese were equally appreciative of our policies.

On the Middle East—while there are important differences, we agree on the goal of a just and stable peace in which all parties can survive and prosper. Our differences are in how best to achieve peace in the region, not on its desirability or on Israel's basic right to exist.

On southern Africa—despite important differences on strategy, we do not disagree on the desirability of Namibian independence from South Africa or on the desirability of the withdrawal of Cuban troops from Angola. The

enough to us—and it seems also to the Chinese—that we will work hard to manage those differences in a way that preserves our focus on our strong interest in bilateral and international cooperation.

The Secretary's visit was not intended to, and did not attempt to, renegotiate or go beyond the August communiqué, or any previous communiqués we have negotiated with China about Taiwan. But the Secretary reassured the Chinese that, consistent with our intent to rebuild mutual confidence, we will faithfully carry out the policies we enunciated in the August communiqué. The Secretary and President have made clear that we will adhere to the communiqué that we negotiated with the previous administrations. We have negotiated, and we are confident that we will do the same. That is, in my view, the key to managing effectively our differences over Taiwan. At the same time, we have consistently been clear to the Chinese that we have interest in the well-being of the people of Taiwan, as reflected in the Taiwan Relations Act, and will continue to conduct an unofficial relationship with them.

We also have differences on several other matters of bilateral concern. During Secretary Shultz's visit, we have a variety of differences and disagreements with which to deal. Indeed, it is inevitable, as relations mature and develop, and as trade and exchange advance and multiply, that the attendant bilateral problems grow progressively more complex. This is especially true for two countries such as ours which maintain such fundamentally different systems.

Some of our remaining bilateral problems are born of the progress we have made. The technology transfer issue is a good illustration of a problem born of progress. Since 1979, and particularly under this Administration, great effort has been undertaken to facilitate Chinese access to advanced American technology. Licenses issued have gone up 300% in the last 3 years, reaching 1,700 in 1982. The Secretary made clear to the Chinese that we intend to support their modernization efforts and will continue to provide them with a broad range of American technology from agricultural knowledge to advanced scientific information. Some of these items are not subject to export controls. We intend to administer our regulations in a manner that supports China's development and maintain those restrictions that are necessary

... despite problems, East Asia has emerged as one of the more stable and prosperous regions of the world with China playing an increasingly responsible regional role.

the various matters discussed, and there was a useful exchange both on points of agreement and difference. Indeed, the constructive and substantive relationship that the Secretary and the Foreign Minister established was one of the more useful results of the visit.

The two men succeeded in restoring the international dialogue to its rightful place in the relationship. It was a dialogue of high quality, proving that, while China may not yet be among the world's wealthiest nations, it is among the more sophisticated, with a decidedly global approach. Our delegation could

Secretary held in-depth discussions with Premier Zhao and Foreign Minister Wu who had just returned from a month-long trip to Africa and were willing to provide us with the benefit of the views and insights they brought back.

On arms control—we were able to clarify for the Chinese the U.S. position and reassure them that we have the security of East Asia in mind as we address the issue.

On Taiwan—we continue to have some differences over Taiwan. However, the relationship with China is important

U.S. Relations With Europe and Ties to NATO

by Richard Burt

*Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on March 7, 1983. Mr. Burt is Assistant Secretary for European Affairs.*¹

In the past few months, we have maintained an especially intensive dialogue with our European allies. Both the Vice President and the Secretary of State have recently undertaken extensive consultations with Europe's most important leaders. Despite reports to the contrary, both were struck by the fundamental vitality of the transatlantic relationship.

My own impressions are of the same nature. They differ sharply from the talk one hears these days about a new and dangerous rift in the Western alliance over economic and security issues. The challenges facing us are, indeed, important, even fundamental, to the future of the alliance. But the debate which accompanies these challenges is over ways and means of achieving our common goals of prosperity, security, and peace with justice; it is not over basic values or interest.

I believe it is also important to keep in mind that many of our current difficulties can be traced to the global economic recession from which we are now beginning to emerge. This recession has been the most severe in the postwar period. It has limited the ability of all Western governments to meet defense goals, and it has strained our common commitment to free trade. The fact that we are coming through this recession with our relationships intact demonstrates once again the underlying strength of Western institutions.

Alliance Consultations

An alliance of free nations can endure only if its undertakings can be harmonized with differing national perspectives and attract public understanding and support. We pursue this consensus through a never-ending process of consultations. One should not mistake the process of consensus-building for disarray or weakness.

In reality our relations with Western Europe reflect a remarkable shared

commitment to common ideals and objectives. This emerges in both day-to-day conduct of business and in our consultations at the highest levels. The informal meeting of allied foreign ministers at La Sapiere in Canada last October provided impetus for resolving the pipeline dispute and establishing a process for reaching a consensus on the main elements of East-West economic relations. In Europe last December, Secretary Shultz built on that consensus and achieved agreement on a program of studies which will help us give concrete expression to a Western policy on economic relations with the East over the longer term.

At the meeting in Canada, at the December NATO ministerial in Brussels, and in intense consultations here and abroad, the Secretary has found strong European support for our approach to East-West security issues, including the President's arms control program. He also has found a deep commitment on the part of our allies to resolving any differences, fairly and with good will, through our transatlantic consultative mechanisms, such as NATO, our discussions in various forums with the European Communities, the Organization for Economic Cooperation and Development (OECD), and the Coordinating Committee for Multinational Security Export Controls (COCOM).

Intermediate-Range Nuclear Forces

The value of our intense consultative process on both the deployment and negotiation aspects of the 1979 NATO decision on intermediate-range nuclear forces (INF) was reflected in the continuing allied resolve and unity demonstrated during Vice President Bush's trip to Europe last month. The Vice President presented our assessment of the negotiations and listened carefully to what our allies had to say. The result was virtually complete accord on what we are trying to achieve and what is necessary for a satisfactory agreement. Most importantly, the Vice President was able to dispel a number of myths about the alliance's two-track decision which have confused publics in Europe and the United States. These

security purposes. We intend to consider the range of items made available in a few years, to appreciate how we have come in this important area, to work together in streamlining our bureaucracy and ours in order to achieve a smoother interaction between our economies.

We did not seek to resolve the text of the document during this brief visit. However, we were able to clarify a number of points, and, with goodwill and mutual respect, we should be able to arrive at a preliminary agreement. We hope for an assumption of negotiations leading to a final settlement.

One of the bilateral difficulties now facing U.S.-China relations may be the lack of understanding on our differing legal systems and societies. The Secretary will encourage the Chinese to learn more about our legal system operates, offering to send Chinese efforts to do so. As an part of this, we will send a briefing team to explain our legal system to Chinese officials there.

Looking back over the events of the past month, as well as the rapid changes in U.S.-China relations over the past 11 years, it is noteworthy that, despite the peaks and valleys, the relationship has been characterized by various episodes of the relationship's development, and we place a high value on it, wish to see what has been accomplished, and we forward where possible and in our own interest.

As the Secretary has said, the Chinese, enduring relations often emerge from a process of negotiation out satisfactory arrangements or seemingly intractable disputes and choosing to deal only with the problems.

The progress made thus far is undeniable benefits to both sides. It is clear that there will be no going back. Some difficult problems lie in the U.S.-China relations. We intend to deal with them fairly and openly and to let the relationship be granted.

With goodwill, appreciation of the value of the relationship, adherence to our principles, and Chinese respect—for good relations are a two-way street—the prospects for further progress are encouraging. The stable and enduring relationship we seek are essential to the healthy economic development of both nations.

We all desire and make an important contribution to regional stability and world peace.

This is a complete transcript of the hearings published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

myths are, in part, the result of the enormous Soviet propaganda campaign directed at dividing the Atlantic alliance and decoupling Europe from the U.S. nuclear guarantee.

The debate over INF is not over. People in Europe are concerned about nuclear weapons issues, as they rightly should be. No other issue is of more importance in our time. The President has a deep, personal commitment to achieving an arms reduction agreement at the negotiations in Geneva on intermediate-range nuclear forces. We and our allies are in full agreement that our proposal for the complete elimination of the entire class of longer range, land-based INF missiles remain the best and most moral outcome. We are negotiating in good faith, and ours is not a take-it-or-leave-it proposal. Our negotiations in Geneva are premised upon sound principles.

- The only basis on which a fair agreement can be reached is that of equality of rights and limits between the United States and the Soviet Union.

- As a corollary, British and French strategic systems are, by definition, not a part of these bilateral negotiations and, therefore, not to be considered in them.

- In addition, Soviet proposals—which have the effect of shifting the threat from Europe to Asia—cannot be considered reasonable.

- As in all areas of arms control, it will be essential that an INF agreement be underwritten by effective measures for verification.

While we continue our negotiations, we are making a major effort to better inform our publics about the INF issue. As more people on both sides of the Atlantic learn more about what the Soviets are doing, rather than what the Soviets are saying, they are realizing that the West must remain united behind the NATO decision if Moscow is going to have any incentive to negotiate an equitable agreement.

In sum, transatlantic consultations are functioning effectively. We should not be overly concerned about inevitable differences of view on some issues, and we should expect and welcome scrutiny of our policies and actions by publics on both sides of the Atlantic. The alliance has repeatedly shown that it is as resilient as the peoples and institutions which it protects.

European Integration

In the past several years, we have seen further progress on the long road toward West European integration. The 10 members of the European Community (EC) are seeking to expand their collective influence in world political as well as economic affairs. This is a process which we have long supported and will continue to support. Through it, the EC is playing an increasing role in addressing the West's global concerns. We view this greater European activism on the world stage as a positive development.

In expanding their cooperation on political matters, the EC countries have begun to search for common positions on security issues which also concern NATO. They have been careful to insure, however, that questions of defense are left to NATO. The EC does not have, and does not foresee acquiring, an independent defense capability. Our partners clearly understand that the Atlantic alliance is the vital underpinning of Western security.

Conventional Defense Issues

Last June at the NATO summit, allied leaders agreed to a series of initiatives to improve NATO's defense capability. These included an emphasis on improving burdensharing within the alliance, applying emerging technologies to conventional defense, a renewed effort to restrict the transfer of militarily relevant technology to the Warsaw Pact, and recognition that the threat to allied interests outside of the NATO treaty area must be deterred.

Allied defense spending generally is the only sector of European budgets that has not been cut as a result of the economic recession. Many allies still register defense budget growth in real terms, some at significant levels. New and affordable technologies offer the alliance an opportunity to multiply the effectiveness of conventional forces. Within NATO work is going forward to identify the most promising of these technologies with an eye to accelerating their deployment through allied defense industrial cooperation.

While progress is being made in improving allied contributions to the common defense, recent U.S. legislation has caused our allies to question the extent of the U.S. commitment to NATO. For the first time, Congress has legislated a limit to the number of U.S. troops stationed in Europe. Production funds have

been eliminated for the Pershing II cut from the cruise missile program. There is no money for the U.S. jointly funded programs with our allies for the storage of military equipment in Europe and for allied support personnel dedicated to U.S. reinforcements. Efforts to improve weapons standardization and reduce costs through greater allied defense industrial cooperation must contend with such "buy American" provisions as a specialty metals amendment. Initiatives such as those ought to be reconsidered and reversed; raised doubts about America's commitment to the alliance and to constructive relations with the allies will only weaken NATO and detract from the security we seek to promote.

Poland's Debt

DEPARTMENT STATEMENT,
MAR. 3, 1983¹

We understand the official position of the Polish Government to be that it wishes to meet its debt obligations, although it admits it cannot make payments due. In fact, Poland has been paying only a small fraction of interest due on official debt obligations while maintaining its professed desire to meet obligations under a rescheduling agreement. Western government creditors, including the United States, have refused to reschedule Poland's 1982 official obligations in protest over the imposition of martial law in Poland. A substantial net outflow of payments from Poland to private and other creditors has continued, however.

While calling the Poles into formal default remains an option, it would force the Polish Government to pay debt arrears to the West and might lead to an illegal debt repudiation by the Poles.

The implications of the European Community (EC) statement are not clear. We understand the EC wants to consult with the other Polish creditor governments in the near future. We do not wish to speculate on the EC position before such consultations.

¹Made available to news correspondents by Department spokesman John Hughes.

Issues

World recession has put an enormous strain on the world trading system. Nowhere has this been more true than in the case of agriculture where the United States is a large efficient producer, and the EC coun-try has long subsidized inefficient farms. This has permitted the EC to become a major competitor in the world market for agricultural products. Our farmers are naturally concerned. We are trying to resolve this in a way which is fair to U.S. farmers and which preserves a liberal free trading system. It will be a difficult, not impossible task, and I encourage support from the success of the last October in negotiating a mutually successful arrangement on trade. The United States and the EC are able to work together in that effort to resolve a vexing situation. We are both committed to a similarly cooperative approach on the agricultural issue, and we have already had several high-level rounds of talks.

West Relations

Approach to East-West relations of course, take into account that the Soviet Union is in the midst of its leadership transition in 18 years. This accession to the post of General Secretary, Yuriy Andropov in-herits from his predecessor a mixed record of impressive gains in foreign and trade policy and a host of pressing problems. On one side of the ledger, the Soviet Union during the Brezhnev period, emerged as a global military power with modern and massive military arsenal and a global network of friends, allies, and client states that enabled Moscow to engage Western interests around the globe. On the domestic scene, un-precedented stability was maintained in the Soviet society and the ranks of the Communist Party, and slow but steady growth was made in the civilian economy. At the same time, these accom-ishments of the Brezhnev period car-ried within them the seeds of the policy mistakes which now confront his suc-cessors. The unprecedented military buildup and geopolitical expansionism of the Brezhnev period generated a strong, un-expected, American response and ultimately raised the risk for the Soviet

Union of imperial overextension in places like Afghanistan. The domestic stability of the Brezhnev era ultimately degenerated into immobility as the politics of consensus became increasingly inadequate to deal with mounting economic problems and the deep-seated malaise of Soviet society. Thus, by the time of Brezhnev's death, the new Soviet leadership faced a set of mutually reinforcing foreign and domestic problems as severe as that confronted by any Soviet leadership since the death of Stalin.

Internationally, detente with the United States—which was the centerpiece of Brezhnev's foreign policy—has collapsed, and a more confident and assertive Administration has taken charge in Washington. Despite an un-precedented Soviet "peace offensive" in Western Europe, NATO remains united in its determination to follow through on the two-track alliance decision on INF. At a time when its own resources are under greater strain, the Soviet Union must cope with continuing discontent

and potential instability in Eastern Europe and a stalemated war in Afghanistan. Farther afield, the burdens of empire continue to grow as Soviet-supported regimes in Africa, Asia, the Middle East, and Latin America seek to cope with a host of challenges, many of their own making.

At home, economic growth rates continue to decline, threatening the regime's ability to maintain growth in defense capabilities without cutting living standards. On this political side, the advanced age of the top leadership group suggests that we may be at the beginning of a necessarily far-reaching transition in the Soviet leadership over the next decade.

It is too early to make any definitive judgments about the approach which Andropov and his colleagues will take to these problems. Andropov almost certainly played a major role in the personal shifts made since Brezhnev's death, which appear to be aimed at putting in place a network of younger and possibly more energetic supporters capable of in-

12th Report on Cyprus

MESSAGE TO THE CONGRESS,
JAN. 27, 1983¹

In accordance with the provisions of Public Law 95-384, I am submitting the following report on progress made during the past 60 days toward reaching a negotiated settlement of the Cyprus problem.

The intercommunal negotiations between Greek Cypriot and Turkish Cypriot representatives recessed from December 4 until mid-January, a period during which the United Nations Secretary General's Special Representative, Ambassador Gobbi, visited New York and Geneva on U.N. business.

On December 1, U.N. Secretary General Perez de Cuellar submitted his latest semi-annual report on Cyprus to the Security Council. In the report, a copy of which is attached, the Secretary General reviews progress in the peacekeeping operations of UNFICYP and in the parallel humanitarian assistance programs. He also reports the intercommunal negotiations continue to focus on the "evaluation" previously submitted by Ambassador Gobbi to the two sides. This approach, the Secretary General reports, is the best means available to provide a "structured, substantive" method of discussing the differences. He states further that the discussions "remain cooperative and constructive" and that the interlocutors, having essentially completed discussion of constitutional issues, will now focus on territorial matters. Perez de Cuellar observes that the task of developing "an overall package deal" should

be undertaken soon in the talks and that he is confident that, "with the political will" on both sides, such a package can be accomplished.

Subsequent to the Secretary General's report, on December 14, the Security Council voted unanimously to extend the mandate of the U.N. forces in Cyprus until June 15, 1983.

We fully concur with the Secretary General's assessment. We remain in very close touch with him, his staff, and, in particular, with Ambassador Gobbi. During the period the Special Cyprus Coordinator, Christian A. Chapman, visited New York twice to discuss the situation with senior U.N. officials. At present we, the U.N. officials, and the parties to the negotiations doubt much progress can be made during the present electoral campaign in Cyprus. The possibilities for progress should improve, however, after the February 13 election.

This Administration continues strongly to support efforts to find just and lasting solutions for the serious problems facing the people of Cyprus.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Jan. 31, 1983.) ■

suring execution of his policy once it is more fully developed. These personnel changes have been more numerous than Khrushchev's or Brezhnev's at comparable stages in their incumbencies, but they are still essentially limited in scope as Andropov functions within a basically unreconstructed Politburo.

With regard to policy, the hallmark of Andropov's first 100 days has been continuity in both the domestic and foreign arenas. In domestic policy, Andropov has been extraordinarily frank in public about Soviet economic difficulties and the need for greater discipline throughout the economy. This theme has been implemented in policy through a campaign to enforce labor discipline on the shop floor and to replace a number of officials in the economic bureaucracies. These dismissals have been accompanied by an anticorruption campaign in the Soviet media.

Beyond this clear determination to administer a dose of discipline to the ailing Soviet economy, Andropov has revealed little of whatever longer term plans he may have for getting the country moving again. This may reflect caution in the face of the extremely formidable structural and bureaucratic barriers that would impede any effort at far-reaching and meaningful reform of the Soviet economy. It may also reflect Andropov's desire to solidify his own political position before staking out a more innovative policy position. Whatever the reason, there is little evidence yet to suggest that Andropov and his colleagues are ready to undertake important reforms of the Soviet economy.

In foreign policy, the emphasis has also been on continuity. The number one objective of Soviet policy remains to derail INF deployments in Europe. We can expect the Soviet anti-INF campaign to accelerate now that the German elections are over. While the primary focus of Soviet arms control propaganda is INF, Moscow's larger objective is to complicate and, if possible, undermine our efforts to rebuild Western military strength. However, as we make clear that in the absence of an acceptable agreement, we will not be diverted from our INF goal, the Soviets may negotiate more seriously. We are hopeful that this will prove to be the case.

In the Far East, the Soviets continue to seek greater maneuver room through their talks with China—the second round of which has just begun. Although neither side in these talks seems inclined to make concessions that would open the way for substantial movement forward in the dialogue, the Soviets almost certainly view this process as positive and will seek to keep it going.

Moscow has not been able to achieve even a modest degree of improvement in its relations with Japan. Indeed, the heavy-handed public threats made by Soviets following Prime Minister Nakasone's visit to the United States have further damaged Soviet-Japanese relations. The mounting Soviet military capability in East Asia and the Pacific only reinforces this posture of intimidation.

The new Soviet leadership has as yet developed no new discernible strategy for dealing with the dilemma of Afghanistan. The Afghan resistance continues to fight with courage and resourcefulness and to deny the Soviets a victory on the ground. Internationally, the occupation remains a major impediment to improvement of Soviet relations with the Islamic world and with the West, including the United States. Beyond strengthening its existing military supply and assistance relationships with Syria, the Soviet Union remains on the sidelines in the Middle East as U.S. diplomacy seeks to move the region toward peace.

U.S. Policy

The Soviet record of the past decade compels us to be realistic and sober in our calculation of our policy toward the Soviet Union, and particularly in our assessments of prospects for an improvement of relations. At the same time, it would be unrealistic and shortsighted of us to exclude the possibility of a change in Soviet behavior that would make an improvement in relations possible, particularly as a new Soviet leadership wrestles with its policy options. If in these circumstances Andropov and his

colleagues encounter a firm and unyielding West under revitalized American leadership, there is a possibility that progress can be made toward a real and lasting reduction of East-West tensions. At the same time, it is essential that we demonstrate the will and the capability to correct the military imbalances which have been created by the Soviet buildup of recent years.

With regard to regional issues, we do not seek to prevent the Soviet Union from pursuing its foreign policy, but we insist that it do so within established rules of international law and with restraint expected of a major nuclear power. Against the background of pansionism by the Soviet Union and allies over the past decade, we are sure that we follow through on such commitments made to our Third World allies and friends. In addition, we continue to seek regional settlements in the Middle East and southern Africa where conflicts would otherwise prove fertile ground for the expansion of Soviet influence.

The fundamental difference between U.S. and Soviet societies is nowhere more apparent than in the area of human rights. Our objective is clearly to encourage Soviet fulfillment of the obligations which it freely assumed under the Helsinki Final Act and other international agreements on human rights. We will also continue to speak out on the Soviet human rights record for to fail to do so would be neither morally defensible nor effective in reporting those Soviet citizens who are repressed in the cause of human rights.

In all these areas, as well as in our U.S.-Soviet bilateral relationship, we are prepared for an improvement in relations on the basis of the comprehensive agenda we have established over the past 2 years. At the same time, we will make a clear distinction between words and actions. It is up to the Soviet leadership to determine whether its interests lie in the direction of changes in Soviet behavior that would make possible meaningful and lasting reductions in tensions. If so, the Soviet Union will find a ready partner in the United States.

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

Meeting of Austrian Chancellor Kreisky

Chancellor Bruno Kreisky of the Republic of Austria made an official working visit to Washington, D.C., from February 2-4, 1983, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Chancellor Kreisky after their meeting on February 3, 1983.

President Reagan

Now, of course, that our guest today has been Chancellor Kreisky of the Republic of Austria. And in the course of our meeting in the Oval Office earlier this morning and during our working lunch today, Chancellor Kreisky and I have had the opportunity to discuss two areas of the world that are vital to the maintenance of peace and human dignity—the Middle East and Poland.

The Chancellor is a man of extensive experience in international affairs. And I am pleased that I was able, like the other American Presidents before me, to have the opportunity to exchange views with him. Our bilateral relationship with Austria remains close and cooperative.

And I was also pleased today to be able to tell him and to have his immediate approval of my intention to nominate as our next Ambassador to Vienna Helene von Damm, who has worked with our Administration from the beginning.

It has been a pleasure to welcome Chancellor Kreisky to Washington again and to reaffirm our friendship with the Austrian people.



(White House photo by Karl Schumacher)

Chancellor Kreisky

I am very happy that today I had this opportunity for an exchange of views with you.

The relations between the United States and Austria are completely without frictions. They are characterized by long lasting friendship between the two peoples and by close cooperation between the two governments.

Austria today, at the time when it is prosperous and in a good position, is still

grateful for all which has been done during more than 35 years by the United States. And all this has established an unshakeable friendship which connects the great democracy of the United States with the small Republic of Austria.

I am extremely grateful to tell you that the Austrian Republic and the government and the federal president would be happy to see Mrs. von Damm in Austria as the next Ambassador of the United States.

¹Text from White House press release. ■

Visit of Norwegian Prime Minister Willoch



(White House photo by Jack Kightlinger)

Prime Minister Kaare Willoch of Norway made an official working visit to Washington, D.C., February 16-18, 1983. Following are remarks made by President Reagan and Prime Minister Willoch after their meeting on February 18.¹

President Reagan

I can tell you that I'm very pleased—and we all are—with the meetings that we've had with Prime Minister Willoch. Norway and the United States enjoy close ties that long predate our alliance, and it's always a happy occasion when we find a friend like Prime Minister Willoch paying us a visit.

Our discussions today come at a critical time for our alliance, a time when it's more important than ever for freedom-loving people on both sides of

the Atlantic to reaffirm their shared security interests. For our part, I assure the Prime Minister of a firm American commitment to the preservation of peace and freedom and of our continuing efforts in coordination with our allies in the North Atlantic Community to achieve reductions in the military arsenals of both the East and the West.

The Prime Minister and I also discussed general NATO security issues and the importance of Norwegian energy supplies to the West. Our talks on all these matters were positive and upbeat, as was our discussion of the international economic issues.

I'm deeply impressed that in these challenging times Norway and the United States—two long-time friends—continue to have strong common interests. I hope that Prime Minister Willoch found the visit as useful as I and I look forward to maintaining a close and friendly relationship that is traditional between the leaders of people and our two countries. It's good to have you here.

Prime Minister Willoch

I would first like to thank you for your gracious words. My visit to Washington, my discussions with a number of American leaders, and of course, in particular, the meeting with you today, indeed, been very, very useful to us. And I would like to add that we feel here, as we felt in Minnesota earlier this week, how close our two nations are.

I have had the opportunity to present Norwegian views on a number of problems facing us today. The most important current issue is the question of disarmament and arms control, in particular, the Geneva negotiations.

The Western goal remains clear: we want to reach a balance of forces in Europe with as few nuclear weapons as possible. The zero option with no intermediate nuclear weapons on either side is the optimum outcome. We believe that the United States will make possible efforts to get an agreement with the Soviet Union as close to the optimum as possible. And to achieve this, it is of the utmost importance that the allies stand united.

We also had the opportunity to discuss a number of other issues, as the President mentioned. We discussed among other issues, the economic outlook and the possibilities for improved international cooperation to achieve a revival of our economies and a reduction of unemployment.

I wish to thank you once again wholeheartedly for your kindness and for all the useful discussions we have had.

¹Text from Weekly Compilation of Presidential Documents of Feb. 21, 1983.

of Queen Elizabeth II

Majesty Queen Elizabeth II on official visit to the United States February 26-March 7, 1983. Following is an exchange of dinner between President Reagan and Majesty at the De Young Museum in San Francisco on March 3.¹

ent Reagan

Majesty, I welcome you this evening on behalf of the American people and in particular, on behalf of the people of the home State of California. [Applause] We're honored by your presence here in this country and in this State. It is fitting that this evening's banquet should be held in this place and in this city. The De Young Museum is one of America's great cultural landmarks. Thanks to Her Majesty's graciousness, we will soon have Leonardo da Vinci's horse drawings—some 50 of them—from the Royal Library of Windsor Castle that will be touring the United States. [Applause] From October 1985 through February 1986, the exhibition will be on view in the California State Capitol Building in honor of the Legion of Honor. The tour is organized by the Fine Arts Council of San Francisco, the National Gallery of Art of Washington, and the Art Institute of Chicago.

On this particular tour and this cultural exchange that we're in tonight reflects the diversity of our people who have made this unique nation from many cultures and firm foundations of democracy through which, in large measure, we have come from Britain. It represents a tradition we share with our British friends; the peaceful furtherance of art and science for the enrichment and progress of all mankind.

It is also appropriate to recall that in this city, San Francisco, which has been the home to so many different peoples represents the culmination of our nation's great wartime alliance. Of course, the local links to great Great Britain go back much further. One of the first tourist groups to visit this area, the Englishman Francis Drake, arrived long before you did. Not only was there no room in the inn, there was no inn. [Laughter] The city's greatest hours came centuries ago. In August of 1941, President Franklin Roosevelt and Prime Minister Churchill



(White House photo by Mary Anne Fuchsman)

set down in the Atlantic Charter their hope "to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want."

And almost 4 years later in this city, America, Britain, and 44 other nations formed the U.N. Organization as a means of putting those great principles of the Atlantic Charter into practice.

Unhappily, subsequent events have continued to put our values and our ideals to the test. We have seen continued war, terrorism, and human oppression in too many quarters of the globe. We are challenged to restrain and reduce the destructive power of nuclear weapons. Yet we must maintain our strength in the face of the enormous military buildup of our adversaries. And, nationally and internationally, we face the challenge of restimulating economic growth and development without rekindling inflation.

All this, we can do. We will find the strength to meet these dangers and face these challenges because it beats within the hearts of free societies and free men. We need only look about us for inspiration. This beautiful city and this great State testify to the power and the vision of free men inspired by the ideals

and dedication to liberty of John Locke, Thomas Jefferson, John Stuart Mill, and Abraham Lincoln.

In the words of a great American and warm friend of Britain, Franklin Roosevelt: "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

Happily and conscious of the honor that is ours tonight, I ask you to join me in a toast to Her Majesty the Queen.

Her Majesty Queen Elizabeth II

Thank you for the very kind things you have said tonight. It is only 9 months since we had the great pleasure of having you and Mrs. Reagan stay with us at Windsor. Now we have had the memorable experience of visiting you in your home State of California and of seeing your ranch at Santa Barbara. I knew before we came that we have exported many of our traditions to the United States, but I had not realized before that weather was one of them. [Laughter. Applause] But if the climate has been cool, your welcome and that of the American people have been wonderfully warm. We are very grateful for your charming hospitality and for the generous reception we have had everywhere since our arrival in California last week.

The past few days have been a vivid and sometimes poignant reminder of the human drama and achievement which

account for the greatness of America today. We have seen some magnificent technological achievements: the space shuttle which has begun to turn the adventure of space exploration into the equally adventurous but more tangible reality of scheduled space travel; Silicon Valley which has brought the world of yesterday's science fiction into today's home office, and classroom, and into Buckingham Palace too. [Laughter]

This image of the United States at the forefront of technological invention is one of which you are rightly proud as we are proud of our continued inventiveness in an era of pressing competition. But the miracle of the space shuttle or of the silicon chip lies not in the wizardry of electronics but in the genius and shared dedicated determination of men and women. That is what speaks loudest in California.

I think of the families who struggled against impossible odds leaving their dead in places whose names still bear witness to their desperation to make their way to the west coast. In today's prosperity, their fortitude is often overlooked. But it is their character and courage which have permeated each succeeding generation.

I have seen that courage at work for myself this week as many California families have coped with the hardship brought by the storms and tornado which have hit this State so hard.

Prince Philip and I made a memorable visit to your country in 1976 to share with so many Americans in celebration of your bicentenary. Nineteen eighty-three marks another bicentenary—the signing of the Treaty of Paris, formally bringing the War of Independence to an end.

Two years before that, British troops had marched to surrender at Yorktown to the tune of "The World Turned Upside Down." So it must have seemed to men at that time. But what would our world, 200 years later, be like if theirs had not been turned upside down?

Since then, the hand of friendship has reached out from your shores and ours at critical periods in our history to insure not just our own survival but the survival of freedom itself.

In 1939 my father was the first reigning British sovereign to visit America, and he and President Roosevelt talked long and earnestly about the coming crisis. At the end of their visit, Mrs. Roosevelt wrote that "in time of danger," as she put it, "something deeper comes to the surface and the British and we stand firmly together with confidence in our common heritage and ideas."



(White House photo by Michael Evans)

At the President's ranch.

By far the most important idea which we share is our belief in free as you made clear in your speech at Westminster last year. It is an idea whose power is such that some men go to a great length to suppress it; others will to keep it alive, as our two countries have fought to keep it alive.

We are deeply grateful for the unstinting contribution of the United States to the maintenance of the Western alliance. For our part, no one who knows the British and our history could have any doubt about our steadfastness as an ally or our willingness to stand up in defense of the values we hold dear.

I say that not to strike a solemn note but to state a simple truth. We have had a visit which has been singular and has fulfilled a longstanding ambition on my part to visit California's west coast. What better time than when the President is a Californian [Laughter]

We have enjoyed ourselves and greatly appreciate the warmth of your hospitality. What will remain after is more significant—the cementing of a relationship. From time to time, friendships must be publicly reaffirmed. This visit has given me the opportunity to reaffirm the ideals which we share and the affection that exists between our peoples without which the formal alliance would be meaningless but the certainty of which our two countries continue to draw strength.

I raise my glass to you and to Ronald Reagan, to the friendship between our two countries, to the people of California, and to the people of the United States.

¹Text from White House press release

Human Rights Progress El Salvador

ott Abrams

atement before the Senate Foreign
ns Committee on February 2,
r. Abrams is Assistant Secretary
an Rights and Humanitarian

TANT SECRETARY ABRAMS,
UARY 2, 1983

ome this opportunity to appear
you today to discuss the human
situation in El Salvador. As the
ation we have submitted to the
tee indicates, we believe the
rights situation in El Salvador
proved over the last 6 months.
heless, it is still the case that
il violence is extraordinarily wide-
in El Salvador. Innocent civilians
ing their lives there. This being
se, the human rights situation in
vador necessarily confronts us
troubling question: In view of the
rights violations occurring there,
ts the justification for American
y assistance to the Government of
vador? Why not cut off this mili-
assistance and disassociate
ves completely from the human
violations in that country?
establishing the certification proc-
gress has set certain precondition-
our military assistance. We
se that these conditions have been
he behavior of the Salvadoran
id Forces is better than it was 6 or
ths ago; the overall level of
ce continues to decline; the land
on program is proceeding; political
on is underway. But these condi-
of certification, though they permit
o not compel it. I hope we will look
not only at the narrowly defined
of the certification but beyond
terms to the overall situation in El
vador. We must do so to achieve any
view view of American interests in
country.

economy, has created hundreds of
thousands of displaced persons and
refugees, and has largely subverted the
system of law and justice in El Salvador.

But side by side with this record of
violence is another reality: reform. For
El Salvador is a country which has
undertaken an extraordinary program of
economic reforms. The data we have
presented make it quite clear that these
reforms continue and that efforts to
derail them have failed. Moreover, El
Salvador is beginning to try democratic
politics. With vast public support, an
election was held last March, and a con-
stituent assembly now sits debating the
country's future and writing a new con-
stitution. Next year there will be a
presidential election. El Salvador is
beginning what is always an extremely
difficult process: the transition to
democracy. The habits of moderation,
compromise, and submission to law are
not easily learned; and they will not be
easily learned in El Salvador. The pro-
gress already made is remarkable. El
Salvador now has a civilian president
and cabinet and a vigorous political par-
ty structure.

The ultimate solution to the crisis of
violence in El Salvador is this process of
building democratic institutions. The
guerrillas will not be defeated in one
great battle some day; rather, they will
be defeated because the process of
political and economic reform makes
them utterly irrelevant to the future of
El Salvador.

Our purpose in El Salvador is two-
fold: to encourage the process of reform
and to assist the army in fighting the
guerrillas. For if one thing is certain in
El Salvador, it is this: Guerrillas armed
and led by Communists who are allied
with Moscow, Havana, and Managua are
not fighting for human rights and are
not fighting for reform. They are fight-
ing for power, and we know from the
models they seek to emulate that they
mean power for themselves, power
never to be shared with the people of El
Salvador.

It is not certain that the Govern-
ment of El Salvador and the people of
El Salvador will win this struggle for
peace and for reform. On the extreme
left and extreme right, people with

radically different views share a com-
mon detestation of democracy and a
common determination to block El
Salvador's progress toward reform and
peace. But it is quite clear that their
aims do not have the support of the vast
majority of the people of El Salvador.
Our policy is to help the people of El
Salvador win their struggle. Because of
the strength of the right- and leftwing
extremists and the outside support the
guerrillas receive from various Marxist
states, reform in El Salvador depends in
no small part on our willingness to help.

It is a task which many Americans
resist because it enmeshes us in the
violent, sometimes obscure, always com-
plex, life of a small and poor society at
the most difficult stage in its history. All
of us wish sometimes we could turn
from these kinds of involvements in
regions of turmoil. But let us face the
fact that we cannot, if we take seriously
our responsibility to promote democracy
and respect for human rights.

Those who seek peaceful change in
El Salvador look to us because they
know that their cause may well be
doomed without us, without our help.
We can, of course, turn away; but let us
not be under any illusions about the
results of that action. It would lead to
more and more violence in El Salvador.
We have a responsibility, if we take
seriously a commitment to help the
cause of democracy in El Salvador, to
give the Salvadoran people the help they
need. If we refuse, with the full
knowledge that our refusal will
strengthen extremists of the left and
right, let us, at least, acknowledge that
we act out of a desire to avoid political
controversy. But let us not delude our-
selves into thinking that such an act
would have anything to do with advanc-
ing the cause of human rights in El
Salvador, which is the common goal that
brings us together here today.

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

U.S.-Iran Claims Tribunal: Recent Developments

by James H. Michel

Statement before the Subcommittee on International Economic Policy and Trade of the House Foreign Affairs Committee on December 7, 1982. Mr. Michel is Deputy Legal Adviser.¹

It is a privilege to appear before you today to testify in support of the proposed legislation relating to the settlement of claims against Iran.

The Algiers Accords

As you know, under the Algiers accords, which led to the release of the American hostages held in Tehran, the United States and Iran agreed to establish an international arbitral tribunal, the Iran-U.S. Claims Tribunal. This tribunal—composed of three members appointed by the United States, three by Iran, and three third-country arbitrators chosen by the six party-appointed members—was empowered by the accords to decide claims of U.S. nationals against Iran arising out of debts, contracts, expropriations, and other measures affecting property rights. The tribunal may also hear certain Iranian claims against the United States. Awards issued by the tribunal are binding on the parties and are enforceable in the courts of any nation. To assure payment of awards in favor of U.S. nationals, a security account was established at a subsidiary of the Netherlands Central Bank, with an initial deposit of \$1 billion, using certain Iranian assets which had been frozen in the United States. Under the accords, Iran has an obligation to replenish the security account when payments to successful U.S. claimants cause the amount in that account to fall below \$500 million.

The accords established the basic framework for the operation of the tribunal. They set filing deadlines for claims, adopted the arbitration rules of the U.N. Commission on International Trade Law (UNCITRAL) as the basis for the tribunal's procedural rules, designated The Hague as the seat of the

tribunal, and provided that the expenses shall be borne equally by the two governments. In addition, the accords stipulated that claims under \$250,000—so-called small claims—must be presented to the tribunal by the government of the claimant. So-called large claims—those of \$250,000 or more—were to be presented directly to the tribunal by the claimant. The accords also gave the tribunal the authority to decide disputes between the parties concerning interpretation or application of this agreement.

Operation of the Tribunal

When the tribunal first convened in May 1981, the arbitrators confronted the monumental task of "setting up shop"—establishing a claims registry, hiring essential staff, finding competent interpreters and translators to enable proceedings to be conducted in both official languages, adopting special rules of procedure, and deciding a series of threshold issues of jurisdiction and interpretation on which the parties could not agree.

More than 4,000 claims have been filed with the tribunal: 2,795 small claims and approximately 650 large claims of U.S. nationals against Iran; about 100 contract disputes between the two governments; more than 200 claims of Iranian banks based on standby letters of credit and some 200 based on disputed amounts of deposits in U.S. banks; and several hundred claims raised by Iran and Iranian nationals. In order to expedite hearing this tremendous case load, the tribunal divided itself into three chambers, each headed by a third-country arbitrator and containing an American and an Iranian arbitrator. While the chambers hear the individual claims, the full tribunal convenes to decide interpretation disputes and significant legal issues common to many claims when those issues are relinquished by the chambers.

The tribunal is a unique institution, representing one of the most ambitious and complex international claims adjudication programs ever undertaken. To appreciate its progress to date, you

must keep in mind that it labors under difficult circumstances. The tribunal operation is affected by the continuing absence of diplomatic relations between the United States and Iran and the ongoing domestic revolution and civil war of Iran.

Against this background, the tribunal has made considerable progress in the past year and a half. During first year of operation, the full tribunal ruled on several major issues, setting the framework for future decision.

In an important decision protecting U.S. nationals who chose not to file claims with the tribunal, the tribunal decided that it had no jurisdiction over claims by one government against nationals of the other. As a result of this decision, Iran withdrew over 1,400 claims from the tribunal.

In another decision, the tribunal decided that settlements between arbitrated parties could be paid from the security account when the tribunal awards settlement and issues an award on agreed terms. This decision benefited American claimants in two ways. It encourages settlements by making a security account available for this purpose. At the same time, it assures American claimants who are unable to obtain settlements that the security account will not be depleted unfairly and that settlements to be paid from the account are subject to tribunal review.

The tribunal has also decided that interest earned on the security account should not be paid to Iran but should continue to be credited to a separate suspense account in the depository. Interest may be used by Iran to replenish the security account. Until claims are decided and all awards are paid, however, use of the interest for any other purpose will require the agreement of both the United States and Iran.

The tribunal recently issued a major decision in the choice-of-forum selection cases. Here, the tribunal had to decide whether its jurisdiction included claims brought under contracts within contained language referring to contractual disputes to Iranian courts. In essence, the tribunal held that only contracts which explicitly state that disputes are to be referred only to competent Iranian courts are outside the

tion of the tribunal. It should be that the tribunal did not dismiss the claims found to contain such a selection clause but remanded them to the individual chambers for determination of whether any legal bases exist under which the tribunal may retain jurisdiction. The tribunal declined to decide whether any actual election of an Iranian forum was feasible in light of the dramatic changes in the Iranian court system since the contract was signed and the question concerning the ability of Iranian claimants to obtain a fair trial in the present Iranian courts. Therefore, the tribunal's decision will operate to bar a claimant from raising arguments in another forum, and as a U.S. court, if the claim is solely found to be outside the tribunal's jurisdiction.

With a number of interpretive questions resolved, the tribunal has turned attention to arbitrating the individual claims of Americans. There is no question that the pace has been slow. The Americans have repeatedly requested extensions of filing dates, interposed many procedural and procedural questions, made numerous untimely demands, and delaying tactics probably reflect the real burden faced by Iran in dealing with so many claims and the Iranian desire to defer rulings on the merits of claims they oppose. We have repeatedly expressed our concern in the best possible terms to the tribunal and its tolerance of Iranian delays and resulting slow pace of operation. We have seen some progress, for example, the automatic approval of requests for extensions.

In spite of the delays, the tribunal has made progress in arbitrating the private claims. It has assigned all 650 large claims to the individual chambers for arbitration, and the chambers have set initial response dates for almost all of the claims. Iran has filed approximate statements of defense so far. By the end of the year, the three chambers will have held approximately 75 prehearing conferences. Over 20 more have already been scheduled for early next year. While only about 20 hearings on merits have been held so far, about 20 more are scheduled for the coming year. To date, the tribunal has issued awards in favor of American claimants, approved settlements, and 2

contested awards, for a total of about \$8 million. In addition, the tribunal has dismissed 2 claims for lack of jurisdiction.

The tribunal registry has completed serving the statements of claim for the 2,795 small claims on the Iranian agent in The Hague. The tribunal is currently deciding how most efficiently to handle the arbitration of the small claims and is considering the appointment of experts or special masters to assist in this process.

The tribunal's record to date, while less than satisfactory in several respects, compares favorably with previous claims proceedings. Historically, Americans who have asserted claims against foreign governments have normally had to wait many years and often have recovered only a fraction of their actual losses. Here, only 4 years have passed since the beginning of the Iranian revolution, in which longstanding commercial ties were destroyed and huge losses were incurred by Americans living or working in Iran. Resolution of their financial disputes with Iran is now foreseeable. An agreement to adjudicate American claims against Iran has been signed, a fund from which to pay awards has been established, an arbitration tribunal has been set up and is now operational, and arbitration of individual claims has begun in earnest.

Costs to the U.S. Government

The U.S. Government has incurred, and will continue to incur, substantial expenses in seeking to make the tribunal an effective forum in which deserving American claimants can obtain timely relief. As I mentioned earlier, the records divided the tribunal expenses equally between Iran and the United States. The United States also pays one-half of the security account management fees. The Federal Reserve Bank of New York incurred expenses in transferring Iranian assets and will incur further expenses in processing payments of tribunal awards. The State Department and other government departments have devoted, and will continue to devote, substantial resources to maintaining the arbitral process. The exact total of future U.S. expenses depends on the lifespan of the tribunal and the extent to which some claims can be settled

through negotiation rather than arbitration. However, we estimate that the government's expenses may well exceed \$80 million.

Tribunal Expenses. Tribunal costs, shared by the United States and Iran, consist primarily of the salaries and allowances of tribunal personnel; rental, operation, and maintenance of the tribunal building; and necessary supplies and equipment.

During FY 1981, the U.S. contribution was \$303,000; during FY 1982, it was \$2.05 million. The tribunal's recently adopted budget calls for payment of \$2,083 million during the period July 1, 1982, to June 30, 1983. The Department had originally anticipated that a higher contribution would be required for this fiscal period on the assumption that agreement would be reached during this period to expand the tribunal's decision-making capacity, by adding additional arbitrators, employing special masters, or through some other mechanism. While no such agreement has yet been reached, some form of expansion is considered likely during the next year or two, requiring a corresponding increase in the contributions of both the United States and Iran.

Security Account Management

Fees. The management fees of the N.V. Settlement Bank of the Netherlands the depositary for the security account, are now set by agreement of Iran, the United States, and the Dutch Central Bank. These fees amount to \$1.8 million per year, of which the United States pays \$900,000—or \$75,000 a month. That amount reflects considerable front-end "start-up" expenses incurred by the Central Bank and is not tied to the amount of principal or interest in the account. We would expect, then, that any increase in the fees due to inflation will be largely offset by actual reductions in expenses incurred.

Expenses of the Federal Reserve Bank. In its capacity as fiscal agent of the United States for purposes of implementing the Algiers accords, the New York Fed has incurred certain expenses, primarily in connection with the marshaling of Iranian assets and the processing of awards of the tribunal. To date these expenses have totaled approximately \$100,000. This figure in large part represents one-time costs and will

be subject to a substantial reduction beginning in FY 1983. We project annual expenses directly related to processing tribunal awards to be between \$20,000 and \$40,000.

State Department. The State Department has made Iran claims one of the top priorities in the Legal Adviser's office. The Office of Iranian Claims, staffed by 10 full-time attorneys, five paralegals, and other support personnel, has incurred sizable expenses in terms of personnel, services, and equipment in connection with the establishment of the tribunal and its continuing operation.

Apart from the presentation and defense of the official claims and interpretation disputes between the two governments, the office devotes substantial resources to the preparation and presentation of U.S. positions on major common issues of importance to both large and small claimants. The office monitors tribunal activities, analyzes Iranian factual and legal arguments, and prepares factual and legal materials to support U.S. positions. It acts as a coordination point for the presentation of American claims before the tribunal. In addition, the office analyzes and distributes tribunal decisions and other information about the tribunal.

The U.S. agent in The Hague provides invaluable assistance to attorneys for large claimants and essential representation of U.S. interests across the entire range of tribunal issues. The agent receives and serves tribunal documents on the claimants, briefs attorneys on procedural and substantive matters, attends prehearing conferences and hearings, and addresses issues of a general nature that inevitably arise in the adjudication of individual claims.

In addition to the services I just mentioned, the Office of the Legal Adviser is now preparing to present before the tribunal the 2,795 small claims.

For FY 1982, the costs attributable directly to the office totaled approximately \$1 million. The FY 1983 and 1984 estimates are \$1.2 million each.

Other U.S. Government Expenses.

Both the Treasury and Justice Departments have incurred, and will continue to incur, direct and indirect costs in connection with the establishment and operation of the tribunal. These agencies

have substantial responsibilities for assuring U.S. compliance with the provisions of the claims settlement agreement and the various technical agreements. And the State Department relies heavily on their expertise in preparing U.S. positions on interpretive questions before the tribunal. In addition, Treasury plays a major coordinating role in matters relating to banks and their customers.

The Proposed Legislation

The legislative proposal before the subcommittee authorizes the Foreign Claims Settlement Commission to adjudicate any category of claims by U.S. nationals against Iran that may be settled by lump sum agreement between the United States and Iran. It also authorizes the Secretary of the Treasury to make payments to individual claimants in satisfaction of the commission's determinations.

Of course, the exercise of these authorities will depend upon the ability of the two governments to come into agreement on a settlement of some category of claims. We expect settlements of large claims to occur only through direct negotiations by claimants on a case-by-case basis. Such individual settlements will not involve the authorities contained in this bill. We do, however, hope to avoid for both governments the time, effort, and expense of arbitrating each one of the more than 2,700 small claims now before the tribunal. While we are prepared to go forward with arbitration of the small claims and to represent the claimants vigorously before the tribunal, there are obvious advantages to settlement of the small claims. And if such a settlement can be achieved, we believe the fastest, most economical, and fairest way to divide the amount received in the settlement among the members of the class of claimants will be through adjudication by the Foreign Claims Settlement Commission.

The proposed legislation also provides authority and procedures for reimbursement to the U.S. Government expenses incurred by the Department of State and the Treasury, the Federal Reserve Bank of New York, and agencies for the benefit of U.S. citizens who have filed claims with the tribunal. This cost recovery would be achieved by deducting 2% from each arbitral award against Iran paid from the security account to a successful U.S. claimant.

We have transmitted with this administration's draft bill a detailed technical analysis. Chairman Bell is addressing the grant of standby authority to the Foreign Claims Settlement Commission. With respect to recovery of the government's costs, this legislation is intended to help finance the efforts of the United States to provide American claimants with an appropriate alternative forum for the resolution of their disputes with Iran. In proposing a recovery of 2% of each tribunal award in favor of an American claimant, the bill seeks to recover an amount that is expected to approximate the costs to the government of this arbitration. While the Department cannot predict the aggregate amount the tribunal ultimately will award to American claimants, we have based our projections on the expectation that the tribunal will award \$1 billion during its first 4 years of operation and an additional \$1 billion each subsequent 3-year period. A 2% rate of recovery of costs which are proposing, the maximum amount of U.S. expenses exceeds our projected costs recovered.

Conclusion

In sum, we think that the tribunal will provide American claimants with an effective forum for the resolution of financial disputes with Iran. The Department of State and other concerned government agencies are providing substantial services to claimants in connection with the operation of the tribunal and are incurring significant costs in this regard. We believe that the proposed legislation will facilitate this arbitration process and will fairly allocate among the claimants the costs of providing this forum.

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

How Rain: The Arms Control Implications

ence S. Eagleburger

ment before the Subcommittee on Control, Oceans, International Affairs, and Environment of the Foreign Relations Committee on July 24, 1983. Ambassador Eagleburger is Under Secretary for Affairs.¹

ate the opportunity to appear before the Subcommittee on Arms Control to discuss the implications of the use of chemical and toxin weapons. Our goal is the complete elimination. Our success and dedication was shown recently during Vice President Bush's trip to Europe. While in Geneva, I advised the Committee on Disarmament and spoke forcefully and persuasively of the need to rid the world of chemical and toxin weapons. He took this as a constructive step of an important U.S. initiative to disarm.

More than 12 years ago we unequivocally denounced the possession of and the use of chemical and toxin weapons. Subsequently, we played a major role in securing an international agreement on these weapons. A large number of nations, including the Soviet Union, have ratified the treaty. We expect the threat of this whole class of weapons would disappear. Yet, that is not to be a false hope. Toxin weapons are being used right now in Southeast Asia. Repeated calls to stop violating international agreements go unheeded. Outraged by the dignity of humanity.

But the Soviet Union, Vietnam, Laos continue to deny their actions and we and others have docu-

mented, and will not, remain silent about the death and suffering caused by chemical and toxin weapons in the mid-1970s. Yet, we know it is insufficient merely to exhort the world to disarm those who supply and use them; rather, we must constructively work to insure that these weapons are completely abolished.

Evidence of Soviet Use

Toxins and chemical warfare agents have been developed in the Soviet Union and provided to Laos and Vietnam. The Soviets use these agents, themselves, in Afghanistan and have participated in their preparation and use in Southeast Asia. Neither the Vietnamese, Laotians, nor Afghans could have developed or produced these weapons. The Soviet Union can, however, and has extensively trained and equipped its forces for this type of warfare.

An incident which occurred in 1979, in Sverdlovsk, in the Soviet Union raised questions about Soviet compliance with the prohibition on production of biological weapons as well. A sudden major pulmonary anthrax outbreak occurred near a suspected biological weapons facility. The Soviet explanation continues to be inconsistent with available evidence.

Nearly 8 years ago, the world first heard of the use of lethal chemical weapons in Laos. In 1978, similar reports began coming out of Kampuchea, and in 1979 from Afghanistan. We now have accumulated a large body of evidence on the use of these weapons and the plight of their victims. The judgments are well documented, and the facts do not support any other conclusion. The United States has raised this issue publicly in the United Nations, with Congress, and elsewhere. We have issued a series of reports providing extensive evidence of these attacks and the agents used. The most recent report was submitted to the Congress and United Nations by Secretary Shultz on November 29, 1982.

Canada, Thailand, and the United Nations have produced documentation. Other nations have also voiced their concern through their votes in the United Nations and individual and collective statements. Private individuals and organizations are also being heard. Some of these individuals are here today.

It is not as if we were dealing in an area in which civilized standards are vague or international law inadequate. To the contrary: There are two principal international agreements which place restrictions on chemical, biological, and toxin warfare. The first is the 1925

Geneva protocol, one of the oldest treaties on weapons still in force, which prohibits the first use of these types of weapons. The second treaty is the 1972 Biological and Toxin Weapons Convention which bans the development, production, stockpiling, transfer, and possession of biological and toxin weapons. Both the United States and the Soviet Union are parties to this treaty as are Afghanistan, Laos, and Vietnam. Not only are both these treaties being violated in Southeast Asia and Afghanistan but so are universally accepted standards of international law and respect for humanity.

Implications for U.S.-Soviet Relations

The continuing use of chemical and toxin weapons in Southeast Asia and Afghanistan has obvious implications for U.S.-Soviet relations. It does not mean that we can no longer work with the Soviet Union to build a more stable and secure world, for as the two superpowers we have a special responsibility. It does mean, however, that the policies of our nation cannot be based on a benign or naive view of the Soviet Union and its intentions. The President has noted the responsibilities we carry and the need for strength and preparedness. With a realistic appraisal of Soviet goals and an appreciation that they are not constrained by some of the values we espouse, we can proceed, with caution and prudence, to help build a world eventually free from chemical, biological, and toxin weapons.

We have all heard the charges that the continuing Soviet defiance of international norms through the use of chemical and toxin weapons proves that arms control cannot work. Further, if the Soviets would so blatantly violate two important international treaties, what will keep them from violating other arms control agreements as well? We would contend that Soviet actions lead to a different conclusion—real, equitable, and fully verifiable arms control is an absolute necessity. It is not that arms control is pointless; it is that we have to do a better job of it.

Effective arms control is necessary if we are to reduce the number of destructive weapons in the world and reduce the risk of war. As the President has said, arms control is not an end in itself, but a vital means toward insuring peace and international stability.

Effective Procedures for Compliance With Treaties

Yet, if arms control is to work, agreements of this kind must be fully and effectively verified. The Soviet Union will not feel compelled to live by its international agreements if it knows that digression from those agreements will go undetected and unchallenged, and it is not obliged to pay a political cost. To sign agreements which lack tough verification standards would be not only misleading but also a disservice to all who want real arms control. To refuse to sign equitable agreements with strong verification procedures which are in our own interest would be equally misguided.

The Geneva protocol and the 1972 Biological and Toxin Weapons Convention do not contain verification provisions or adequate measures to address questions of compliance. We are seeking, with others, to remedy these short-comings and to establish Soviet compliance with both agreements. In December, the U.N. General Assembly recommended by an overwhelming vote to call on the states that are parties to the Biological and Toxin Weapons Convention to hold a special conference as soon as possible to establish effective procedures for compliance with its provisions. In December the U.N. General Assembly also requested the Secretary General to establish procedures to investigate promptly possible violations of the 1925 Geneva protocol. We believe it is important that both resolutions be implemented promptly, and we will continue to participate in follow-on actions.

The United States strongly supported the adoption of both resolutions. The Soviet Union and a number of its allies did not. Soviet cooperation is necessary if we are to achieve the goals embodied in the resolutions which are directed at making these two treaties effective. Opportunities are available to the Soviet Union for such cooperation.

Impartial Verification

We have taken steps to achieve a comprehensive ban on chemical weapons. On February 10 we tabled, in the 40-nation Committee on Disarmament in Geneva, our detailed views on the content of a complete and verifiable chemical

weapons convention. In presenting this initiative, we reiterated our commitment to the objective of a chemical weapons ban and stressed its urgency.

We propose that any activity to create or maintain a chemical weapons capability should be forbidden. Existing chemical weapons stocks and production and filling facilities should be promptly declared and destroyed over a specified time period.

Our proposal emphasizes the importance of mandatory on-site inspection. An independent, impartial verification system observed by, and responsive to, all parties is essential if we are to be confident that the provisions of the convention are faithfully observed. National technical means alone are insufficient, as they are available only to a few and have only a limited verification usefulness. Systems of "national verification," or self-inspection, are not the answer.

We have proposed that the following be subject to mandatory on-site inspection:

- Declared chemical weapons stocks and the process of their elimination;
- Declared chemical weapons production and filling facilities and the process of their elimination; and
- Declared facilities for permitted production of chemicals which pose particular risks.

We have also proposed an obligation to permit inspections on a challenge basis when questions of compliance arise. The verification approach we have proposed is tough but fair and practical. Although no one can guarantee absolute verification, we believe that our security and that of all other countries would be safeguarded. We are insisting on a level of verification which meets that objective, and we are prepared to explore seriously any alternative suggestions by other nations to achieve effective verification.

Conclusion

Our views are not fixed but subject to further refinement. The possibility of resuming bilateral negotiations with the Soviet Union remains open. Such negotiations occurred earlier but lapsed in deadlock in mid-1980, principally over

the issue of verification. We have repeatedly stated that for bilateral negotiations to be fruitful, the Soviet Union would need to demonstrate, rather than simply profess, that it is ready to take effective provisions to verify co with a chemical weapons prohibition. It must also be assured that the Soviet Union is willing to abide by existing agreements.

The focus of negotiations shifted on the difficult issues which are impeding progress, especially verification and compliance. Such issues must be solved if genuine achievements are to take place. Concentrating on the contentious issues, or even drafting texts, would be a fruitless exercise. An effective verification framework must be built.

We hope that our arms control initiatives regarding these weapons will succeed. We do not have any ill will. The Agreement will require a major change in Soviet military strategy which use of these weapons. We must overcome longstanding Soviet reluctance to effective on-site monitoring. Therefore, conclusion of an acceptable agreement cannot be guaranteed.

This Administration remains committed to the goal of completely eliminating all chemical, biological, and weapons. Success in this enterprise would enhance not only our security but that of the whole world.

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

Completes Assessment of IAEA

rd T. Kennedy

ment to the board of governors
International Atomic Energy
Agency (IAEA) in Vienna on February
Ambassador Kennedy is U.S.
representative to the IAEA
Ambassador at Large and special
Secretary of nonproliferation
and nuclear energy affairs.

advise the board of certain
recently taken by my govern-
ment you all are aware, last
year the United States suspended
participation in the IAEA. Since that
time government has been engaged
in a sensitive review and assessment
of the IAEA and the future role of the
IAEA in this agency. I would like
to use this opportunity to share with
you some of the conclusions
we have reached from our inter-
agency review, which is now completed.
I will begin by recalling for the
IAEA the message President
Carter sent to the delegates on the oc-
casion of the 26th general conference.
At that time the President said:

The United States is determined to
work with other countries to assure that this
agency can successfully meet the challenges
of strengthening technical
cooperation for sharing the benefits of
nuclear energy to finding ways of improving
the technical and institutional
performance against its misuse. It is our pro-
mise that others will share this deter-
mination if it would be a tragedy for suc-
cessive generations if we permit this
agency to be weakened or undermined
by technical issues and concerns, which
arouse strong emotions they arouse, which
are contrary to the central technical purposes
of the agency was founded.

As with these thoughts in mind
the assessment was conducted. Our
report underscored two basic

First, it is overwhelmingly clear that
the IAEA has played and should con-
tinue to play a critical role in support of
very substantial interests of all of its
member states. The IAEA has con-
tributed in a major way to progress in
the expanded and safe use of nuclear-
generated electric power and through its
other development programs such as
those in medicine, industry, agriculture,
health, and safety. At the same time, we
are all beneficiaries of the assurance
provided through the application of in-
ternational safeguards that nuclear
material is not being misused for illicit
and destructive purposes. Perpetuation
of this assurance is essential if progress
in peaceful nuclear development is to
continue.

We, therefore, need to work to-
gether to improve the effectiveness of
IAEA technical assistance programs, to
improve the agency's safeguard system,
and to maintain an effective secretariat.
The director general is aware of the con-
cerns we have expressed, and I am con-
fident that we can achieve these needed
improvements if we all exert our best ef-
forts to that end.

The second major point emerging
from our assessment is that, just as we
are all the beneficiaries of the work con-
ducted by the IAEA, we will all pay a
considerable price if the viability and ef-
fectiveness of the IAEA are threatened.
Yet it is clear to us that the growing
trend toward controversy and divisive-
ness over political issues extraneous to
the work of the IAEA is such a direct
threat. We believe that unless this ten-
dency is promptly checked, it will render
the IAEA ineffective and will fatally
corrode the enthusiasm with which
member states have participated here
for the last 25 years.

This is not to say that there will not
continue to be legitimate differences
among us regarding the allocation of
agency resources and the relative em-
phasis placed on its programs. There
are, of course, legitimate differences in
perspectives and interests among the

member states of the agency. We must
not, however, abandon debate of issues
germane to the IAEA in favor of debate
of controversial political issues which
should be addressed elsewhere. To do
that would be to abandon our mutual
and important interests in the IAEA.

In short, the statute must respect
the statute and not, for reasons of
political expediency, act in ways that are
inconsistent with that statute. The agen-
cy's role in promoting the peaceful uses
of nuclear energy during this critical
period depends entirely on the credibility
of its technical expertise.

As members of the IAEA's govern-
ing body, we bear a singular responsibil-
ity for determining the agency's future
course. I believe we should make a
determined effort to reestablish the
tradition of member state cooperation
which characterized its first 25 years. I
look forward to working actively toward
this end with you.

My government and, we are confi-
dent, other concerned governments will
be watching carefully to see which direc-
tion the agency pursues in the months
ahead. We hope and trust that the agen-
cy can put behind it the unfortunate
political wrangling of the recent past
and get back to the basic purposes which
brought us all together in the first place.

The United States for its part then
is prepared to renew its commitment to
the IAEA and its important programs.
Within the constraint of U.S. law, the
United States intends to support fully
these programs. At the same time, I
must note that our commitment must
depend on the degree to which other
members are also determined to return
this agency to its status as an effective
international technical organization. It is
our deep desire that all member states
will join with us in this sincere effort.
Together we can strengthen this unique
international organization and see that
the agency lives up to the principles con-
tained in its statute. ■

Palau Approves Free Association With the U.S.

Final unofficial results of the February 10, 1983, plebiscite in Palau represent a strong victory for the Compact of Free Association. In the yes-or-no vote, Palauans awarded the Compact of Free Association a mandate of better than 62%. The voter turnout was very heavy, substantiating the high degree of support for the compact in Palau.

Under the compact, Palau will achieve its long-sought goal of full autonomy. The United States will assume the obligation and authority to defend the island nation. The compact and its related agreements were negotiated over a 14-year period. Two other prospective freely associated states—the Marshall Islands and the Federated States of Micronesia—will vote on the compact in coming months.

The United States recognizes that the plebiscite is a valid and sovereign act of self-determination by the people of Palau. The compact they approve defines their relationship with the United States, as well as their international political status after the present trusteeship is terminated. Now that the people and Government of Palau have approved the compact, it must receive majority approval in both houses of the U.S. Congress.

The Palauan voters were asked other questions on the plebiscite ballot, including the political status they would prefer if free association were not approved. Slightly more than half of the voters chose to answer this question, which was optional. Here, the vote was about 56% in favor of a relationship with the United States closer than free association and 44% in favor of independence.

The ballot included an internal referendum question which asked the voters to approve a Palauan-American agreement relating to hazardous, including nuclear, substances. A majority—53%—voted to approve this agreement. However, because of provisions in the Palau Constitution, this, or a similar specific question, requires approval by a 75% margin before the Compact of Free Association can come into effect. This means that the Palauan authorities must now devise an acceptable method of reconciling their con-

stitutional provisions to comply with the mandate of the Palauan electorate for free association with the United States. The United States has expressed its willingness to consult with Palau on this matter and awaits Palau's initiatives.

The Government of Palau mounted an intensive and thorough public education program in advance of the plebiscite. That program, which started more than 5 months before the vote, included translation of all the pertinent documents, radio and television programs and debates, town hall meetings, and village discussions. An official team from the U.N. Trusteeship Council was in Palau to observe the final days of the education program, the voting, and the tabulation of ballots. Their report is expected shortly.

Palau is the westernmost chain of islands in the Trust Territory of the Pacific Islands, which the United States has administered since 1947 under a trusteeship agreement with the United Nations. Palau, with a population of 15,000, is located east of the Philippines and south of Guam.

The Northern Mariana Islands, a

fourth political jurisdiction in the Trust Territory, voted in 1975 to become a territory of the United States. Under that arrangement, the people of the Northern Mariana Islands, of which Saipan is the largest, will become U.S. citizens under the trusteeship agreement ends. A political jurisdiction of the Trust Territory have locally elected constituent governments. Palau's first such government was inaugurated on January 1981.

Palau and the other island groups in the Trust Territory were administered by Japan under a League of Nations mandate after World War I. The United States liberated the islands from Japanese occupation during the last years of World War II. Palau was as the site of especially ferocious fighting during that campaign. To the islands of Palau, marked by their spectacular beauty and their unusually rich and diverse marine ecology, a positioning themselves for future economic development. Fishing, agriculture, and tourism are expected to contribute to this growth. The Compact of Free Association contains incentives for investment, trade, and business development and also guarantees economic development assistance from the United States.

Press release 52 of Feb. 23, 1983. ■

U.S.-Micronesia Plebiscite

The Governments of the United States and the Federated States of Micronesia (FSM) have announced the holding of a plebiscite in the Federated States of Micronesia on Tuesday, June 21, 1983. The plebiscite will be an act of self-determination by the people of the Federated States of Micronesia regarding their future political status and is a step toward termination of the last remaining U.N. trusteeship.

In the plebiscite, the voters of the Federated States of Micronesia will be asked whether they approve or disapprove a Compact of Free Association and a number of agreements subsidiary to it, all of which were signed by representatives of the two governments—Ambassador Fred M. Zeder, personal representative of the President of the United States for Micronesian

status negotiations, and Andon L. Amarai, chairman of the FSM's Commission on Future Political Status Transition—in Honolulu on October 1982.

At the request of the United States, the U.N. Trusteeship Council agreed on December 20, 1982, to organize a series of observer missions to witness the plebiscites in the FSM and in two other jurisdictions of the Trust Territory—the Pacific Islands. The first such mission observed a plebiscite in the Republic of Palau on February 10, 1983, and the mission to the FSM will, similarly, observe the final stages of the public education program now underway in the FSM, the voting in the plebiscite itself, and the counting of the ballots. The education program in the FSM is being

ed by a commission under the
nship of Vice President Petrus

United States and the FSM
in the compact to call the
e jointly, and an announcement
ate is being made simultaneously
ia, Ponape, capital of the FSM,
ident Tosiwo Nakayama. Pro-
for the plebiscite are established
Public Law 2-54, enacted in late

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b state their preference for an
ive political status to be
ed with the United States in the
at free association is not ap-
The choices will be independence
ne form of continuing relation-
th the United States other than
ociation, with the voter being
be further opportunity to describe
relationship.
ature of the compact and its
agreements last October repre-
the completion of more than a
of negotiations. U.N. observation
plebiscite is among several gov-
nciples for free association
by the negotiators in a meeting
Hawaii, in April 1978.

Issue 66 of Mar. 2, 1983. ■

Libya

by Jeane J. Kirkpatrick

Statement made in the U.N. Security Council on February 22, 1983. Ambassador Kirkpatrick is U.S. Permanent Representative to the United Nations.¹

I have, today, addressed the following letter to you for circulation as an official document in the Security Council.

The Government of the United States rejects the false and malicious charges of the Government of Libya and calls the attention of the Council to yet another example of a threat to international peace and security posed by the policies of the Libyan Government.

Furious that its plans for illegal, violent action were frustrated, the Government of Libya comes now to the Security Council with lying complaints against the United States. In fact, the United States committed none of the acts charged by the Government of Libya.

The United States dispatched no offensive aircraft into the region, violated no Libyan airspace. As a matter of fact, neither

the U.S. carrier *Nimitz* nor its aircraft entered waters or airspace claimed by Libya on the days in question, although we have every right to enter these international waters, recognized as such under international law. We also have every right to conduct, under appropriate circumstances, training exercises with friendly governments.

The United States affirms its rights under international law and the Charter of the United Nations and intends to exercise them.

Naturally, the Government of Libya would prefer that no obstacles—however legal—be interposed to its plots and expansionist projects. But peace-loving nations cannot accommodate Libya's designs on its neighbors.

In calling attention to Libya's false charges, the United States notes that such lies mock the serious work of building international peace, just as Libya's repeated efforts to interfere in the affairs of its neighbors destroys security in the region.

The United States did not seek this confrontation in the U.N. Security Council with the Governments of Libya, but we welcome the opportunity thus presented to put *facts* on the record—not the fabrications of Col. Qadhafi's spokesman—and to assign *responsibility*

U.S. Participation in the UN, 1981

MESSAGE TO THE CONGRESS, FEB. 2, 1983¹

I am pleased to transmit herewith a report of the activities of the United States Government in the United Nations and its affiliated agencies, as required by the United Nations Participation Act (Public Law 264, 79th Congress). The report covers calendar year 1981, the first year of my Administration.

During this first year we devoted much time and effort to making our participation in the organization of the United Nations system more effective and to rendering the system more efficient. We have urged the United Nations and its affiliated agencies to slow budget growth, define priorities, upgrade personnel, and purge debate of irrelevant and divisive rhetoric. We have pursued these changes in order to strengthen the United Nations and help it realize its enormous potential for maintaining international peace and security and for contributing to the economic and social betterment of the world's peoples.

The year 1981 saw the United Nations constructively engaged in a number of important areas. United Nations peacekeeping forces have helped prevent serious fighting in Cyprus and the Golan Heights; the United Nations General Assembly called for an end to Soviet and Vietnamese aggression in Afghanistan and Kampuchea; and several

United Nations organizations and agencies continued their valuable humanitarian and technical work around the world. The year also saw the election of a new United Nations Secretary General, Javier Perez de Cuellar, an experienced and able international diplomat.

At the same time, the United Nations' 1981 performance left much room for improvement. Extreme United Nations resolutions on the Middle East and Southern Africa often increased tensions rather than promoted solutions. The General Assembly called for the Government of El Salvador to negotiate with the guerrillas opposing it, discounting in advance the value of elections which proved a resounding success. Resolutions on arms control were often propagandistic and worked against the goal of genuine, balanced, and verifiable arms reductions. The General Assembly approved an unjustifiably large biennial budget in the face of United States opposition.

My Administration will continue to work strenuously and constructively to defend United States interests in the United Nations setting and to make the Organization itself increasingly more responsive to global problems and needs.

RONALD REAGAN

¹Text from White House press release. ■

for this grave threat to international peace and security where that responsibility belongs.

I speak, of course, of the Government of Qadhafi's Libya. And I wish to put this threat, which seems for the moment to have receded, in the context of Libyan-sponsored worldwide terrorism and adventurism directed against its neighbors—indeed, throughout northern, eastern, and central Africa. This pattern of lawless expansionism constitutes a continuing threat to the peace and security in the region and beyond.

My government and the American people have never sought, and do not now seek, any confrontation with the Government or people of Libya. We have never engaged, and do not now engage, in any acts of provocation. But we are deeply sensitive to threats to international peace, to our own security, and to the security and national independence of Libya's neighbors. And let there be no doubt: We will respond as appropriate to Libyan threats.

Briefly, I wish to recall the salient events that led to this situation.

Last Friday, February 18, official Sudanese radio announced the discovery of a Libyan-backed coup plot against the government of President Gaafar Nimeiri. It announced the apprehension of Libyan-sponsored dissidents and infiltrators. It also reported that the Government of Sudan had been closely watching concentrations of Libyan bombers and fighters in southeast Libya close to the Sudanese and Egyptian borders.

This concentration of Libyan aircraft had been of particular concern to the Sudanese. In view of the successful steps which the Sudan has now taken to deal with this latest Libyan effort to destabilize one of its neighbors, we are now able to put the spotlight of world attention on events in the region.

We follow Qadhafi's irresponsible incursions into the affairs of his neighbors closely and with deep concern. We have been aware for some time of his efforts directed against President Nimeiri. We were also aware of the concentrations of Libyan aircraft which were of concern to the Sudanese and Egyptians. Because of the situation, we moved up the date of an AWACS [airborne warning and control system] training exercise, which had already been scheduled about a month

hence, and sent our AWACS and tanker aircraft into Egypt. We have also had U.S. naval forces deployed in the eastern Mediterranean. Their presence in international waters sometimes seems to have a deterring effect on Libyan adventurism in the region.

The desired result seems to have been achieved, at least for the present. The statement on Sudanese radio, and yesterday's statement by the Sudanese Assembly, speak for themselves. We can be reassured by the bold and decisive manner in which the Sudanese dealt with the threat of Libyan expansionism.

Fortunately, the most recent threat has receded. But the pattern of Libyan misconduct is longstanding.

Col. Qadhafi conducts a virulent, hostile foreign policy which respects the territorial integrity, national independence, right to peace and security, and self-determination of no one. Because of a relative lack of conventional military power, Col. Qadhafi has tried to accomplish his goals through a combination of economic and military aid to radical governments; bribery of officials;

help to international terrorists by providing sanctuary, funds, weapons planning; assassination of exiled opponents; planned assassination of government officials; and assistance to guerrilla groups working to overthrow established governments.

The Qadhafi regime has been engaged in these activities almost since it took power. For example, in 1972 it provided sanctuary to the perpetrators of the Munich Olympics murders. Qadhafi also gave refuge to the terrorists who held hostages at the Vienna OPEC [Organization of Petroleum Exporting Countries] meeting. Libya has been used as an area in which terrorist groups have planned acts to be committed in Europe's capitals. The infamous "Red Army" has operated out of Libya over several years. The weapons found on the terrorists Breguet and Kopp had sold to the Libyan Army. It was a release which Carlos demanded.

Assassination has been an important Libyan tool, and the proof of Libya's utilization of this tool is not hard

Funding the Law of the Sea Preparatory Commission

PRESIDENT'S STATEMENT, DEC. 30, 1982¹

On December 3, 1982, the U.N. General Assembly passed a resolution that would, among other things, finance the preparatory commission under the Law of the Sea Treaty from the regular U.N. budget.

My Administration has fought hard to uphold fiscal responsibility in the U.N. system and, in this case, consistently opposed this financing scheme. It is not a proper expense of the United Nations, within the meaning of its own Charter, as the Law of the Sea preparatory commission is legally independent of and distinct from the United Nations. It is not a U.N. subsidiary organ and not answerable to that body. Membership in the United Nations does not obligate a member to finance or otherwise support this Law of the Sea organization.

Moreover these funds are destined to finance the very aspects of the Law of the Sea Treaty that are unacceptable to the United States and that have resulted in our decision, as I announced on

July 9, 1982, not to sign that treaty. The preparatory commission is called to develop rules and regulations for seabed mining regime under the treaty. It has no authority to change the damaging provisions and precedents that part of the treaty. For that reason the United States is not participating in the commission.

My Administration has conducted a review of the financing scheme for the commission. That review has confirmed that is an improper assessment under the U.N. Charter that is not legally binding upon members. It is also adverse to the interests of the United States. The United States normally pays 2 percent of the regular U.N. budget, the United States is opposed to improper assessments and is determined to resist abuses of the U.N. budget.

In this light, I have decided that the United States will withhold its pro rata share of the costs to the U.N. budget for funding the preparatory commission.

¹Text from U.S. UN press release 1 Jan. 3, 1983. ■

y. The 1980-81 murders of a
xiled Libyans, primarily in
European capitals, have been
by the international press in
Less widely known are a 1975
murder the prime minister of a
pring country; plans to kill
an Ambassadors in several Mid-
tern countries and at least one
an capital; and a November 1981
t to plant explosives in the
an Embassy Club in Khartoum,
explosives were concealed in
speakers, designed to detonate on
day evening when scores of peo-
ld have been present and killed.
major facet of Libyan foreign
has been and remains subversion
stabilization of independent
ments in the Middle East, Africa,
ewhere. Chad has been a recent
victim of the aggressive policy
a. Currently, Libyan intentions
Chad are a major concern. Col.
i has brought large numbers of
n followers to Libya, trained and
ed them, and is moving them into
thern parts of Chad. Other ef-
to increase its own strength in that
e underway. Most disturbing was
1-January deployment of a dozen
SU-22 ground-attack fighters to
ouz Airbase in northern Chad,
ntly in preparation of a Libyan
to provide air cover to an assault
idents and infiltrators against the
an Government and Chadian-held
tion centers. A Libyan team of
imately 80 "advisers" in another
republic may be assisting anti-
ment Chadians there. Libya has a
cord of training guerrillas, sup-
weapons, plotting subversion, and
ilization of its North African
ors.
the Horn of Africa, Libya con-
to try to overthrow the Govern-
of Sudan and Somalia. A number
yans are in Ethiopia advising
i and Sudanese guerrillas. Libyan
ft and ships continue to train guer-
and to supply arms, ammunition,
ives, and materiel to the Somali
Front and to Sudanese rebels.
Libya's deliveries of increasingly
ed weapons to warring tribes in
ad have contributed to death and
ce in that region.
sewhere, Libya delivers military
ment and is involving itself increas-

ingly, for example, in this hemisphere,
always on behalf of military dictator-
ships, always opposed to democratic
regimes and movements.

That is the pattern of Libyan
misconduct worldwide. It constitutes, as
I have said, a grave threat to interna-
tional peace and security. The culprit in
this proceeding is identified beyond any
reasonable doubt or question.

What has happened to Libya may
happen to other states, the representa-
tive of Libya has suggested. I should

like to say that we hope so. We hope
that what happened to Libya will happen
to other states. We hope that all states
with aggressive designs on their
neighbors will be discouraged by the
lawful response of others and thus to
desist in their unlawful plans. My
government rests its case on the factual
record—and its adherence to the prin-
ciples of the U.N. Charter in the cause
of international peace and security.

¹Text from U.S. UN press release 13. ■

Ambassador Hinton Interviewed on "This Week With David Brinkley"

*Deane R. Hinton, U.S. Ambassador
to El Salvador, was interviewed on
ABC-TV's "This Week With David
Brinkley" on March 6, 1983, by David
Brinkley and Sam Donaldson, ABC
News, and George F. Will, ABC News
analyst.*

Q. As you know, we have a
substantial debate going on here in
Washington about sending more ad-
visers, pushing the two sides to
negotiate, or doing both. You are
there on the scene. What is your view?

A. I think on negotiations that it's
absolutely crazy to talk about nego-
tiating with people with guns and
bombs. These people are going to be of-
fered a chance, I am certain, to come
back into the political process, the
democratic process, to have a right to
elect their representatives if they have
the votes. That's the way democracy
works.

As far as advisers, we're talking, I
guess, about trainers. There's only a
handful of advisers here from the
military group, but the trainers, you
know, were about something in the
neighborhood of 50 today.

Q. We'll all recall about a year ago
the people in El Salvador voted on a
Sunday, which we—

A. Overwhelmingly.

Q. Right. And the results were
slightly ambiguous, but it was clear
that they were voting for stability. Is
that correct in your view?

A. They were voting for peace, and
they wanted violence to end, and they
wanted to give democracy a chance.
Now they've formed a government of

national unity where all the parties are
working together, and that government
has slowly been evolving a new peace
program with a Commission on Human
Rights that's official; a Peace Commis-
sion, which will be a conduit to those
people on the extreme left who want to
come in and participate in elections. The
program is going forward on many
fronts. They're going to formulate an
amnesty. They are considering the
release of political prisoners at the ap-
propriate moment. And this government
while it—you know, they work by con-
sensus and it is slow, is working.

Q. What is your assessment of the
threat to the Government of El
Salvador? There are conflicting views
as to just how important the guerrilla
movement has gone these days as far
as achieving on the battlefield their
objectives.

A. I think it's evident that the guer-
rillas have won a couple of rounds in a
continuing conflict. They certainly
haven't won and they're not imminently
likely to win the war. But if we do not
provide more military assistance, the ar-
my here, which is short of trained and
well-equipped troops—we had a plan to
do more, and then the Congress turned
the money down last year. That gave
heart to the guerrillas. It kept the war
going. It will result in more people being
killed, but with resources, this army can
hold. They're not about to lose, and I
think it's perfectly clear that what they
need is some ammunition and some
more trained and equipped units.

Q. In your view, is it just a ques-
tion of money and resources or do you

think that more American advisers or trainers have to be sent to El Salvador?

A. I have made my recommendations to the Secretary of State in Washington on the trainers issue; I think that will be worked out in Washington with the various concerned—Defense and State and the White House and the National Security Council in consultation. I'd love to tell you what my recommendations are, but I don't think that that's exactly what we should put on ABC television, if you'll forgive me.

Q. You said a moment ago that the government is not about to lose. Let's look at it from the other direction. Perhaps it is because of Korea and Vietnam and other experiences that Americans—many of them—think it's almost impossible to win any war. Is it possible? And if not, why is it not possible for these 6,000, and I guess that's the accepted number, of the guerrillas to be beaten militarily?

A. Six to eight.

Q. Is this within the realm of possibility? To win the war?

A. Everything is possible. It's a function of resources and training. What we need to do is to be sure these people don't run out of ammunition, of the resources of the radios, of the medical equipment, of the trucks, of the helicopters, of the rifles. This is needed to defend this democracy.

Q. Yes, but the question is often asked why should we support the regime down there? The death squads operate. There have been at least seven Americans whom we know have been murdered in El Salvador and no one convicted yet. Why should we support that government?

A. You have a government that is trying, after 50 years of military dictatorship, to play by democratic rules. It is carrying out social reforms. Just Thursday of this past week, the assembly renewed the third phase of the land reform program for another 10 months. This is a government that is trying, under terrific pressure from an armed guerrilla terrorist movement supported by Nicaragua and Cuba. It is a government that has a peace program that makes sense.

They have an effort—an increasing effort—to correct the abuses. Of course, they're terrible, and they're unacceptable, but these people are going in the right direction.

Q. Some of the people on the other

side, however, are opposing increased aid and cite the public statements by Central American and Mexican Government officials calling really for negotiation and accommodation and including the disaffected left and the government and all the rest, and they say they are not as alarmed as we, farther to the north, are. Do they talk a different game in private than they do in public, some of these Central American leaders?

A. I think there's negotiation and negotiation in the first place. It is perfectly clear to me that throughout the Central American isthmus, there is great alarm and concern over Nicaragua. What it is doing in excursions into northern Costa Rica: the terrorist acts in San Jose; their incursions into Honduran territory. The continuing flow of arms and trained men into El Salvador is a source of concern to everyone. And as one watches the tightening of the Marxist control and the imposition of a police state in Nicaragua, it becomes a greater source of concern.

Negotiations between governments makes sense; the Hondurans, the El Salvadorans, the Costa Ricans are all ready to put the regional problems on the table and see if there isn't a political solution to be negotiated between governments.

Q. Do you buy the domino theory? If El Salvador should fall to the guerrillas, would other states in that area inevitably fall?

Q. Inevitably is a strong word, but I

think the chances would be great. domino theory that I do buy is the democracy in Costa Rica, Honduras, El Salvador, it's going to work in reverse one of these days, and we're going to have a democratic government in Nicaragua which is what the Sandinistas and other political leaders used their people in 1979.

Q. The Pope is spending several days traveling in your part of the world. What impact has he had, you say?

A. I think it's tremendous. And know, the heckling in Nicaragua a sort of party members pushing the representatives to the fore with bullhorns to heckle the Pope, I think that gives us a picture. Everybody very very excited, and expectant and enthusiastic.

Q. What about the security forces? Do you know anything about this plot—that apparently there is some evidence concerning—again the Pope's life?

A. Yes, I think the evidence is that something rather drastic was being from the left. I am not sure if an assassination plot, but it could be. It's an old technique to do it like this and then blame the government or the right. Various people from on, through the Communists and other places, have done it.

¹Taped earlier and broadcast by satellite from San Salvador. ■

Ambassador Kirkpatrick Interviewed on "Meet the Press"

Ambassador Jeane J. Kirkpatrick, U.S. Permanent Representative to the United Nations, was interviewed on NBC-TV's "Meet the Press" on March 6, 1983, by Bill Monroe, moderator; Marvin Kalb, NBC News; Pat Buchanan, Chicago Tribune syndicate; Karen DeYoung, The Washington Post; and Morton Kondracke, New Republic.

Q. When the Pope arrived in El Salvador this morning, the President of El Salvador announced, among other things, that there'd be elections by the end of the year, an amnesty program, and a Peace Commission

that he said would set up mechanisms to guarantee full democratic participation. I think that's a direct quote that something that the U.S. Government could agree with, and what you think he has in mind?

A. Of course, we would agree it. We would not only agree with it, we would, of course, welcome it.

Q. What does that mean, the democratic participation? Does that mean dialogue?

A. I think what that means is he's hoping that the Peace Commission will establish rules governing the election and also any amnesty program

provide an opportunity for full participation in the democratic process in Salvadoran society.

at that means that the election that we're talking about—that's right. We're talking

but not a dialogue proceeding from it.

You know, dialogue is one of the key words. I think we're talking about democratic elections. We're talking about an amnesty program, in which persons who are willing to give up arms will turn to ballots presumably to participate in, and some sort of program that would provide opportunity for full participation of all Salvadoran society in those democratic elections.

side from the different words used about full democratic participation, does this represent a change in the government's position? I think what it represents is the movement of institutional mechanisms, and, of course, there is a change in the president Magana also announcing that the elections would be held during the calendar year.

at none in the sense of a dialogue with the Marxist rebels and the government starting prior to the election itself?

You know, I really don't know what that means.

could ask it again.

Okay, why don't you?

right. I think the point here is that the U.S. Government and the government of El Salvador have opted for a dialogue being established before the election between the government and the Marxist rebels to ensure that government. It is important now to say that that dialogue can begin prior to the election.

take it that to establish an amnesty program and provide for the opportunity for full participation of all Salvadoran society willing to turn in those democratic elections require some discussion between

which is an opening then to a dialogue between the two sides prior to an election, if that stands you right.

take it that it would involve in any kind of discussions necessary to establish open elections, in which

all parts of the society could participate in those democratic elections.

Q. Including those two major parties I mentioned?

A. Including any party. I think President Magana has been very clear when he said, "mechanisms to guarantee full democratic participation." I think he meant full democratic participation.

Q. The New York Times said last week, "Americans can best help by not seeing the war as an expression of the East-West conflict." Do you see the war in El Salvador as an expression of the East-West conflict?

A. You quote the *Times*; I'll quote myself—in a speech recently that what is perfectly clear is that there's a very large Eastern presence in Central America and the Caribbean today in the form of Soviet arms—Soviet bloc arms, I should say—training, a lot of advice on guerrilla warfare, but most especially arms, steady inflow of arms.

There's also a large Eastern presence in a sort of cultural offensive, with radio and television saturation in some areas, a very large program for Radio Venceremos out of Cuba, for example, large effort of radio and television, offensive out of Nicaragua now to adjoining countries like Costa Rica; very large fellowship programs, hundreds for example of fully funded fellowship programs for Costa Rica, Panama, et cetera. Those constitute a kind of large Eastern presence in Central America.

Whether there is a Western response to this, I think, depends on the decision of the American people and the American Congress, quite bluntly. Otherwise, it's just an Eastern offensive on our southern borders.

Q. Do you see the outcome of the war in El Salvador as being decisive in terms of the war in Central America? In other words, if hypothetically El Salvador should fall to the guerrillas or Marxists, do you think that would pretty much determine the fate of Guatemala and Honduras and Central America, and how vital is that to the national security interests of the United States?

A. One of the things that most surprised me during my trip in the region—which included Panama, Costa Rica, Honduras, El Salvador, and Venezuela—was the extent to which they see the outcomes of the Salvador conflict. Given the presence of Nicaragua today and its powerful military machine, they see it as relevant

to their fate. And they talk a great deal about contagion. They talk a great deal about the contagion of the effects from Salvador to Honduras and Guatemala and Costa Rica and Panama and, eventually, Mexico. They think that it would be very difficult to contain that contagion. They say that this is a very culturally homogenous region, that there aren't many barriers.

Q. The Administration has said repeatedly that it's not seeking a military solution in El Salvador. Yet it seems like we've been unable to work out any kind of political or diplomatic end to the fighting there; in fact, the fighting seems to have gotten worse. When it was first reported earlier this week that there were early elections planned, the guerrillas have already rejected that. Do we have a long-term strategy there? Do we just expect them eventually to give up? I'm not sure I understood your answer to the question before in terms of whether in the long term we are willing to let them sit down and negotiate some kind of power with the government there.

A. Certainly, we hope very much that the guerrillas in El Salvador will just give up, as it were, the pursuit of power by military—it's they who are seeking a military solution, if I may say so. We hope they'll give up the pursuit of power by military means. We hope that they'll be willing to accept democratic elections and a democratic solution to the political problems and compete for power by peaceful democratic methods rather than by military methods. That is certainly our hope. And our strategy, I suppose, is designed to try to encourage that kind of democratic political solution for El Salvador and, indeed, for the region.

Q. But they've said that they will not participate in elections unless there is some discussion of structural changes in El Salvador before they even begin to talk about elections. If they won't participate in elections and if they're committed to keep on fighting, what is our strategy at that point?

A. They said various things. You know, they have said from time to time that they wouldn't participate in elections because they didn't feel that their security would be guaranteed. They didn't think they would be safe. They thought they might be shot, for example, as they left the polling places or just

after or something. And sometimes they say they won't participate in elections at all. We hope that they will change their minds and be willing, in fact, to give up the search for a military solution and join in democratic elections for El Salvador. The ultimate political solution, you know, is democratic elections. The ultimate powersharing arrangement is democratic elections.

Q. We've been on this same track before, last year. Do we have any reason to believe that it's going to work better this time than it did last time, particularly considering they're in a better military position now than they were last year?

A. Oh, I think so. For one thing, the Government of El Salvador today is, in a very real sense, stronger. Today El Salvador has a democratic government, and it will be a democratic elected government, which itself has much more legitimacy in the society running its own elections. I think that's new and different. By the way, that makes a big difference in the way that other countries in the region feel about it. Costa Rica, for example, is enormously encouraged by the spread of democratic institutions in the region, in Honduras and El Salvador.

Q. She [Karen DeYoung] said that the military situation seemed to be much worse than it had been before. You were quoted when you were down there as saying that the guerrillas were nearly beaten, and you were quoted in the paper today as saying that the situation was not that "dicey." Yet you're reported to have delivered a report to the President that was exceptionally gloomy, and at a White House meeting on Monday, you apparently inspired people to think that the situation was critical. Which is it?

A. I can't take the responsibility for the way I'm reported, if I may say so. I can do my best to make clear what I think about it.

My comment out of Honduras came in response to a question by a Swedish reporter, whose question assumed—he asserted that the military situation in El Salvador had deteriorated from the point of view of the government very dramatically in the previous 2 years and that the guerrillas were much closer to a military victory than they had been 2 years previously.

I said to him that was not the case. And I reminded him that the leader of the Salvadoran Communist Party, Shafik Handal, had written in the fall of

1980 that they expected fully to achieve a full military victory through their so-called final offensive in the month of December; then they postponed to January of 1981. And I said, as we all knew, they had not achieved that military victory in the "final offensive" and that now no one even was expecting such a full victory by a "final offensive." That got a little distorted in the reporting from Honduras, but that's what happened.

Q. But the reports out of El Salvador are that the guerrillas are able to do things militarily that they have not been able to do before, and the reports from the President—from the White House—describe the situation as critical. Some people say that there's not enough ammunition to last more than 30 days. That has been contradicted by other Administration statements. What is the military situation down there?

A. First of all, let me just say, as you know, I'm not a military expert. I'm no expert on military affairs. I will tell you my understanding of the situation without any great claims for reliability of my military—I don't have any independent judgments on this. That's what I want to say.

There is a general view that the guerrillas today are better trained than they were 2 or 3 years ago; that their arms are more sophisticated, in some cases more sophisticated than those of the Government of El Salvador. That, as I understand it, is no critical military problem at this time, but it would be if the United States did not continue military assistance to El Salvador at the levels that it has been sustaining that and at the levels that the Soviet bloc is ultimately providing arms to the guerrillas. That's really the point; that it could happen if the Soviets continue to provide arms at the rate they have been providing them, and we don't provide comparable to the Government of El Salvador, then there could indeed be a very serious situation.

Q. The Administration wants \$60 million right now from the Congress, right? That's in military aid to El Salvador.

A. Right.

Q. On the face of it, that doesn't seem like a great deal of money, considering sometimes billions that the United States has given out. Why do you think there is this kind of an

outrage then? Why does the Congress seem to be so resistant to the thought?

A. First of all, I don't think the United States generally and America generally, including our policymakers have thought very seriously about America—maybe since John Kennedy actually. He may have been the President to give much very serious thought to Latin America and the importance of this hemisphere to America. And I don't think we probably even much thought to Central America, the Caribbean, quite frankly. So I think that there's a very good or accurate perception of the relevance area to us and to our national security and well-being, for one thing.

And for another, I think that because the decision was made, for reasons of legislative tactics, to do the request for sustaining military assistance at the same level as last year until later, as it were, and not do it at the time that all the other assistance bill were being considered with last year, it causes more attention to be focused on it now that it's necessary to deal with it.

Q. When Ronald Reagan was elected, it was said that the United States had gotten over the political paralysis induced by Vietnam, that we're ready to play our role in the world again. But back in Vietnam 1968, for better or worse, we were spending \$30 billion a year and half a million troops 10,000 miles away to prevent a Communist takeover in Vietnam. We are now arguing the \$60 million figure in El Salvador whether or not there should be 55 advisers, whether or not the advisers should be allowed to carry M-16 rifle. Now does this not suggest that the policy paralysis endures the United States, in Washington, D.C.?

A. I think it does suggest that there's a certain distortion in our consideration of the whole possibility of use of American power and the degree of the use of American power in the world. The truth is we've used American power and American strength—economic and military, not arms but assistance—in a good many cases in the period since World War II. Most of the times, we've used that successfully and with very good consequences for the people involved.

Vietnam is, I think, our colossal failure. And there is a kind of, I think

sort of Vietnam hangover still affects some sectors of our policy community—with negative, distorting kinds of effects on consideration of the American world today.

You mentioned that we have Central America or Latin America the attention it deserves. To me, the fault of this situation, which has not given Central America or El Salvador the attention it gives the Middle East and the situation in Europe. The Administration focused on it? President Reagan addressed the issue of the American people its im-

portance to the extent that you would like to see?

A. The President is certainly doing so now. I said clearly that I didn't think that American Governments had paid as much attention to Latin America, probably since John Kennedy, as I think it deserves. Now I think in this Administration, the President entered with a greater sensitivity to Latin America, mainly as a consequence of his experience as Governor of California. For a variety of reasons, I think we have perhaps been diverted from as much focus on it as I might have hoped, but I think it's being rapidly corrected.

Q. I'd like to go back a little bit to

last summer around the time of the resignation of Secretary of State Haig. At the time, it was said that you were involved in some policy disputes with him, and we can argue about whether or not that was true, but I think it was—you would agree that there was some confusion about who was speaking for foreign policy, who was making foreign policy. It's assumed now that you have the ear of President Reagan. Over the past few weeks, as we've seen the Central America issue come up again, Secretary Shultz has not had very much to say about it other than one day of testimony on Capitol Hill. And yet, we've seen your trip to Central America, a number of newspaper interviews, television interviews. Are you running Central American policy now?

A. I should say not. I should say not. You know, there's a very strange kind of a notion that there's something inappropriate, as it were, about people who sit in the Cabinet and sit on the National Security Council having an opportunity to talk to the President about policies of concern to the Administration. The fact is every member of the U.S. Cabinet has the opportunity to talk to the President about questions that concern them. Every member of the National Security Council has that opportunity, too. That's almost part of the definition, by the way, is that you can speak to the President about things that concern you.

I made the trip to Central America because the President asked me to, and Secretary Shultz asked me to, I may say. Secretary Shultz was going someplace else at that time, on another very important trip, as I know you know.

The Vice President was going to a third area of the world on another very important trip. And there was a lot of public attention to those trips immediately on their return. Now there's a little more attention to my Central American trip, but I think that's more a matter of media focus than anything else, quite frankly.

Q. President Reagan has dismissed any parallel between El Salvador and Vietnam in a sense that he says that American ground troops will not be sent there, and yet he revives the domino theory, saying that if the communism isn't stopped in El Salvador, it may come all the way up to the southern border. My question

El Salvador Announces Peace Commission

STATEMENT,
MARCH 1, 1983

revenge" regardless of what ideology motivates it.

DEPARTMENT STATEMENT,
MAR. 1, 1983²

pleased that the Government of El Salvador has moved forward with the formation of the Peace Commission. The formation was envisioned in the 1982 pact of Apaneca. Of paramount importance, in our estimate, is the formation of the Peace Commission, along with the various political and human rights commissions, has the support of the major political parties and thus broad popular

The United States is fully committed to the democratic process in El Salvador and to a political resolution of the situation there. In that regard, we are pleased to note that yesterday, President Magana swore in the three members of the El Salvador Peace Commission.

In his speech announcing the members, President Magana outlined the objectives of the commission: (1) revision of the amnesty law and its efficient and just implementation; (2) the creation of adequate social conditions and improvement in mechanisms to insure peace, i.e., elections, communications, and so forth; and (3) promoting the participation of all social and political sectors in the democratic process.

We view the announcement as providing an institutional basis for national reconciliation in El Salvador within the electoral framework and look forward to progress as the commission pursues its objectives.

¹Read to news correspondents by acting Department spokesman Alan Romberg.

²Read to news correspondents by Department spokesman John Hughes. ■

is, if that's the case, if that's the danger and it's that kind of threat to national security, why rule out the use of U.S. troops, and under what circumstances would U.S. troops be advisable?

A. I want to go back and say something in response to Ms. DeYoung's question, if I may, that's relative to yours.

It's the President who speaks for the Administration. It was the President last summer and it's the President right now who speaks for the Administration. And when the President refers to a domino theory, it's mainly because everybody else talks about dominoes. They say in Central America that you North Americans are always talking about dominoes. I think they think it's the national pastime.

So far as I know, there has been no discussion at any level in our government by anyone, certainly in any authoritative role, of any use of American troops. We cannot imagine circumstances under which it would be necessary. We're quite sure that if we make wise, prudent policy decisions now to deal with the problems as they exist in Central America today, we will never be confronted with the necessity of using American troops in this Hemisphere.

Q. You were said to be against the idea of a two-track policy of negotiations and supplying more military aid. That was suggested by the State Department. Is that accurate? And if it's not accurate, how did the reports come to be so persistent?

A. One, I don't know. I was out of the country. Two, I'm in favor of a multitrack approach. I'm very strongly in favor of increased economic aid, let me say, rapidly increased economic aid, humanitarian aid. I'm also in favor of anything we can do to promote a political solution through democratic elections. ■

Caribbean Basin Initiative Legislation

PRESIDENT'S STATEMENT,
FEB. 16, 1983¹

In December, I pledged that the Caribbean Basin initiative would be among the very first pieces of legislation that I would submit to the 98th Congress, and today I have taken the opportunity to focus again on this initiative, which is close to my heart and one of my highest priorities.

As you know, last year the Caribbean Basin initiative enjoyed strong, bipartisan support and was actually passed by the House. It is essential that we renew our efforts now to complete this vital task.

When we think of our country's security—about strategic areas absolutely essential to our safety—certainly the Western Hemisphere must top the list. If we cannot respond to upheavals in our own front yard, how can we expect to play a strong role for peace in the faraway Middle East, for example?

Today our democratic neighbors in the Caribbean Basin area are confronted with unprecedented political and economic pressures. Aid is important, but it is not enough. We must help these countries to renew their economies and strengthen their democracies. We must open new markets and encourage investment and business expansion, which, I would stress, will lead to direct benefits to the U.S. economy. The tax and trade provisions of the Caribbean Basin initiative that we are seeking are the essential elements that would make our program more promising than past efforts; leaving them out would gut the program of its greatest strengths.

There are those who believe it takes a general crisis to get action out of Washington. We cannot afford to wait for a crisis to erupt so close to home. It has been almost a year since I met with Caribbean leaders in Barbados. Their people believe in democracy and want nothing more than an opportunity to live and work in freedom. We owe it to them—but more importantly, to ourselves—to follow through on a program so vital to the well-being of our closest neighbors.

It is no coincidence that I have concentrated considerable efforts on the Western Hemisphere over these last 2 years. Shortly after my election, I

visited the President of Mexico who forged close ties with his successor first head of state to visit the White House during my Administration. Prime Minister Seaga from Jamaica. And just a few months ago I visited South and Central America, met with six neighboring heads of state. Since entering office it has been privilege to have conferred directly with the leaders of 15 donor and recipient nations of the Caribbean Basin initiative.

But I cannot do it alone. Success requires a bipartisan legislative effort. It is the only way we can finish the work that started last year and put into effect the tax and trade provisions of the Caribbean Basin initiative. If there is anything I have learned since getting into the White House, it is that we have to work together if anything is to be accomplished. I am counting on the cooperation of both parties—as represented by today's visitors—to work with me in securing this vital program for the Caribbean region and the Hemisphere. I am counting on the cooperation of the American people to support the Caribbean Basin initiative.

MESSAGE TO THE CONGRESS,
FEB. 18, 1983²

Last year I proposed a major new program for economic cooperation for the Caribbean Basin. I am pleased to report that a portion of the Caribbean Basin Initiative passed upon last year, and that we have already reaped some of the benefits. \$350 million of this emergency assistance has been made available. However, while the House of Representatives also approved the trade and tax portions of this integrated program, Congress has not yet approved a comprehensive bill. Before favorable consideration could be given in the Senate. Today I am transmitting to the Congress for swift action the trade and tax plan as approved by a majority of members during the last session.

The economic, political, and social challenges in the Caribbean Basin are formidable. Our neighbors are struggling to keep up with the rapidly changing global economic system, while striving to create a more just and responsive system. These tasks would be burdensome for any nation, but they are also burdensome for us, because they are also burdensome for our neighbors. We must help them to defend themselves against externally-supported minorities to whom they are alien, hostile, and unworkable systems. We must help them by force. These challenges must be met. The alternative is further expansion of political violence from the

the extreme right, leading inevitably to economic decline, and more human suffering and dislocation. The economic crisis facing most of the countries is acute. Deteriorating trade relations, worldwide recession, mounting debts, growing unemployment, and deep structural problems are having a deep impact throughout the region. Developments have forced thousands of people to emigrate and have left even the established democracies severely weakened. This is a crisis we cannot afford to ignore.

Emergency funding approved last year helped these fragile economies cope with mounting balance-of-payments deficits. I must stress, however, that the deficit portions I am transmitting are designed to improve the lives of the people of the Caribbean Basin by enabling them to earn their own way to a better life. At the same time, given the incidence between U.S. and Caribbean

Basin economies, this bill will also benefit the U.S. by expanding markets for our exports and hence improving U.S. job opportunities. It should also reduce the pressures of economically-inspired immigration into this country from the region.

Thanks to the cooperative, bipartisan spirit with which this program has been considered, and the changes that were made last year by Congress to ensure beyond any doubt adequate safeguards for domestic interests, I am hopeful that the Caribbean Basin Initiative will be acted upon with maximum speed by the Congress.

RONALD REAGAN

¹Issued by the Office of the Press Secretary following the President's meeting with a bipartisan group of Congressmen to discuss the proposed legislation (text from Weekly Compilation of Presidential Documents of Feb. 21, 1983).

²Text from Weekly Compilation of Presidential Documents of Feb. 21, 1983. ■

Radio Broadcasting to Cuba

STATEMENT, FEBRUARY 24, 1983¹

On February 24, 1983, Senator Hawkins (R.-Fla.) introduced the Administration's bill on radio broadcasting to Cuba in the Senate. This is a period of close consultation with radio broadcasters, the National Association of Broadcasters, and key members of Congress. The objective of these consultations was to find a formula for the radio broadcasting to Cuba which would attract the widest possible audience.

At a meeting on February 22, 1983, a bipartisan group of legislators, President Reagan stressed that the Administration believes strongly that the people have the right to know what is going on in their country and their government's activities throughout the world. This bill is designed to provide a radio which will make such information available to the Cuban people—information that is now denied them by their own government. In the long tradition of Radio Free Europe/Radio Liberty, the proposed program will be a reliable source of free, objective news and information. It is a peaceful foreign policy initiative designed not to provoke a confrontation with Castro but to promote

the free flow of ideas and the truth. Last year, in the 97th Congress, a bill authorizing the creation of such a radio passed the House of Representatives with bipartisan support by an almost 2-1 margin and was reported favorably, also with bipartisan support, by the Senate Foreign Relations Committee.

American broadcasters have had a number of concerns about the bill, primarily that the establishment of radio broadcasting to Cuba would result in an increase in longstanding Cuban interference with U.S. AM broadcasting. The Administration did its utmost to reach a compromise that responded to those broadcasters' concerns, as well as to the national interest. However, in the end, the Administration did not believe that all of the modifications requested by the National Association of Broadcasters could be accommodated consistent with the establishment of effective radio broadcasting to Cuba.

Nevertheless, we believe the bill introduced on February 24, which contains significant accommodations to the concerns of broadcasters, meets in almost all respects the provisions they have

sought. In fact, most of the recommendations made by the National Association of Broadcasters in a letter dated November 16, 1982, to all members of the Senate have been incorporated in this bill. The most important of these accommodations is not to establish a new station on the commercial portion of the AM band (535 kHz to 1605 kHz), other than possibly on 1180 kHz, which has been allocated to and used by the government for Voice of America broadcasting to Cuba for over 20 years. Although the accommodations made in this new bill are significant, the bill, as introduced, gives the Administration the options necessary to insure that radio broadcasting to Cuba would be done right.

Broadcasters' concerns over Cuban interference with U.S. AM broadcasting are not new; this is a significant problem that has been growing over the past 15 years. The Cuban Government, in its efforts to defeat this bill, has sought to give the impression that interference would increase. The Administration has stated repeatedly that this is a peaceful, legal, and nonconfrontational foreign policy initiative in the national interest patterned after the successful models of Radio Free Europe and Radio Liberty. The Administration believes that we should not allow our foreign policy to be determined by threats of the Cuban Government. We believe that the Congress and American broadcasters share that determination, and we look forward to early passage of this important legislation.

¹Made available to news correspondents by acting Department spokesman Alan Romberg. ■

Current Actions

MULTILATERAL

Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Buenos Aires July 7, 1981.¹

Notification of approval: U.S., Feb. 24, 1983.

Atomic Energy

Statute of the International Atomic Energy Agency. Done at New York Oct. 26, 1956. Entered into force July 29, 1957. TIAS 3873. Acceptance deposited: Namibia, Feb. 17, 1983.

Agreement extending the agreement of June 26, 1979 (TIAS 9627) on research participation and technical exchange in the U.S. power burst facility (PBF) and heavy section steel technology (HSST) research programs and the Nordic Group's water reactor safety research programs. Effected by exchange of letters at Washington and Nykoping Oct. 8 and Dec. 23, 1982. Entered into force Dec. 23, 1982; effective Aug. 28, 1982.

Coffee

Extension of the international coffee agreement, 1976 (TIAS 8683). Done at London Sept. 25, 1981. Entered into force Oct. 1, 1982. TIAS 10439. Definitive acceptance deposited: Singapore, Feb. 3, 1983.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹ Ratification deposited: Cameroon, Feb. 1, 1983.

Customs

Amendments to the customs convention on the international transport of goods under cover of TIR carnets of Nov. 14, 1975. Adopted by the administration committee for the TIR convention 1975 at Geneva Oct. 23, 1981. Entered into force: Oct. 1, 1982.

Education—UNESCO

Convention on the recognition of studies, diplomas, and degrees concerning higher education in the states belonging to the Europe region. Done at Paris, Dec. 21, 1979. Entered into force Feb. 19, 1982.² Ratification deposited: Denmark, Dec. 9, 1982.

Expositions

Protocol revising the convention of Nov. 22, 1928 (TIAS 6548) relating to international expositions, with appendix and annex. Done at Paris Nov. 30, 1972. Entered into force June 9, 1980. TIAS 9948. Accessions deposited: Argentina, Bolivia,

Chile, El Salvador, Mexico, Nicaragua, Peru, Dec. 7, 1982; Costa Rica, Venezuela, Nov. 23, 1982; Cuba, Nov. 17, 1982; Panama, Dec. 3, 1982.

Finance

Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765. Accession deposited: Belize, Dec. 15, 1982.

Genocide

Convention on the prevention and punishment of the crime of genocide. Adopted at Paris Dec. 9, 1948. Entered into force Jan. 12, 1951.² Accessions deposited: Gabon, Jan. 21, 1983.

Human Rights

International covenant on civil and political rights. Done at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.² Accessions deposited: Afghanistan, Jan. 24, 1983; Gabon, Jan. 21, 1983.

International covenant on economic, social, and cultural rights. Done at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.¹ Accessions deposited: Afghanistan, Jan. 24, 1983; Gabon, Jan. 21, 1983.

Judicial Procedure

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444. Accessions deposited: Cyprus, Jan. 13, 1983.

Marriage

Convention on consent to marriage, minimum age for marriage, and registration of marriages. Done at New York Dec. 10, 1962. Entered into force Dec. 9, 1964.² Accession deposited: Guatemala, Jan. 18, 1983.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹ Ratification deposited: U.S., Dec. 13, 1982.

Patents

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970. Entered into force Jan. 24, 1978, except for Chapter II which entered into force Mar. 29, 1978.³ TIAS 8733. Accession deposited: Mauritania, Jan. 13, 1983.

Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Done at New York Dec. 21, 1965. Entered into force Jan. 4, 1969.² Ratification deposited: Guatemala, Jan. 18, 1983.

Safety at Sea

Proces-verbal of rectification to the international convention for the safety of life 1974 (TIAS 9700). Done at London Dec. 1982.

Space

Convention on international liability: damage caused by space objects. Done at Washington, London, and Moscow Oct. 1972. Entered into force Sept. 1, 1979; the U.S. Oct. 9, 1973. TIAS 7762. Ratification deposited: Italy, Feb. 24, 1983.

Telecommunications

International telecommunications convention with annexes and protocols. Done at Torremolinos Oct. 25, 1973. Entered into force Jan. 1, 1975; for the U.S. Apr. TIAS 8572. Ratification deposited: Sudan, Oct. 2, 1983.

Radio regulations, with appendices a protocol. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982, except (1) arts. 25 and 66 and appendix 43 entered into force Jan. 1, 1981 and (2) provisions concerning aeronautical radio service which entered into force Feb. 1982. Approval deposited: Hungary, Oct. 2, 1983.

Terrorism

Convention on the prevention and punishment of crimes against international protected persons, including diplomatic agents. Done at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532. Ratification deposited: Guatemala, Jan. 18, 1983.

Trade

U.N. convention on contracts for the international sale of goods. Done at Vienna 1980.¹ Accession deposited: Syrian Arab Republic, Oct. 19, 1982.

Protocol extending the arrangement for international trade in textiles of Dec. 1973, as extended (TIAS 7840, 8939 at Geneva Dec. 22, 1981. Entered into force Jan. 1, 1982. TIAS 10323. Acceptances deposited: Per. Jan. 5, Yugoslavia, Jan. 18, 1983.⁴

U.N. Industrial Development Orga

Constitution of the U.N. Industrial Development Organization, with annexes. Done at Vienna Apr. 8, 1979.¹ Signature: Cape Verde, Jan. 28, 1983. Ratification deposited: Rwanda, Jan. 1983; Venezuela, Jan. 28, 1983.

Whaling

International whaling convention and schedule of whaling regulations, as amended by 1956 protocol. Done at Washington Dec. 2, 1946. Entered into force Nov. 1948. TIAS 1849, 4228. Adherence deposited: Finland, Feb. 1983.

Protocol for the sixth extension of the Convention, 1971 (TIAS 7144).
 (Washington Mar. 24, 1981. Entered into force July 1, 1981; for the U.S. Jan. 12, 1981. AS 10350.
 Ratifications deposited: Netherlands, Feb. 18, 1981.

Protocol for the first extension of the Convention, 1980 (TIAS 10015).
 (Washington Mar. 24, 1981. Entered into force July 1, 1981; for the U.S. Jan. 12, 1981. AS 10351.
 Ratifications deposited: Netherlands, Feb. 18, 1981.

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force March 3, 1981.
 Ratifications deposited: Gabon, Jan. 21, 1983.

Heritage

Convention concerning the protection of the cultural and natural heritage. Done at Paris Oct. 23, 1972. Entered into force December 18, 1975. TIAS 8226.
 Ratifications deposited: Cameroon, Dec. 7, 1981; Mozambique, Nov. 27, 1982.

RAL

Agreement amending the agreement for sales of agricultural commodities of Mar. 8, 1982 (TIAS 483). Effected by exchange of notes at Washington Dec. 30, 1982. Entered into force Dec. 30, 1982.

Agreement amending the agreement for sales of agricultural commodities of Mar. 8, 1982 (TIAS 483). Effected by exchange of notes at Washington Feb. 6, 1983. Entered into force Feb. 6, 1983.

Memorandum of understanding concerning cooperation in aerospace experiments employing rockets. Signed at Brasilia Dec. 19, 1983. Entered into force Jan. 31, 1984.

Agreement extending the agreement of June 27, 1982 (TIAS 9020), as extended, on exchange of cooperation in cultural, scientific, technological, and other fields. Effected by exchange of notes at Sofia Dec. 27, 1982. Entered into force Dec. 27, 1982.

Agreement concerning the test and evaluation of U.S. defense weapons systems in Cuba. Effected by exchange of notes at Washington Feb. 10, 1983. Entered into force Feb. 10, 1983.

Dominican Republic

Agreement for sales of agricultural commodities, relating to the agreement of Sept. 28, 1977 (TIAS 8944), with memorandum of understanding. Signed at Santo Domingo Dec. 11, 1982. Entered into force Dec. 11, 1982.

El Salvador

Agreement for sales of agricultural commodities relating to the agreement of Jan. 22, 1981, as amended. Signed at San Salvador Dec. 15, 1982. Entered into force Dec. 22, 1982.

France

Convention on the transfer of sentenced persons. Signed at Washington Jan. 25, 1983. Entered into force on the first day of the second month after exchange of notifications of completion of constitutional procedures.

Agreement regarding participation in the U.S. NRC steam generator safety research project, with appendix. Signed at Washington and Paris Mar. 18 and June 8, 1982. Entered into force June 8, 1982.

Amendment to agreement of Mar. 18 and June 8, 1982 regarding participation in the U.S. NRC steam generator safety research project. Signed at Washington and Paris Oct. 8 and 22, 1982. Entered into force Oct. 22, 1982.

International Coffee Organization

Agreement relating to a procedure for U.S. income tax reimbursement. Effected by exchange of letters at London Dec. 17, 1982. Entered into force Jan. 1, 1983.

Supersedes: Agreement of Mar. 20 and 25, 1980 (TIAS 9739).

International Sugar Organization

Agreement relating to a procedure for U.S. income tax reimbursement. Effected by exchange of letters at London Dec. 17, 1982. Entered into force Jan. 1, 1983.

Supersedes: Agreement of July 10, 1980 (TIAS 9807).

Israel

Grant agreement to support the economic and political stability of Israel. Signed at Washington Dec. 16, 1982. Entered into force Dec. 16, 1982.

Japan

Agreement amending and extending the agreement of Jan. 28, 1980 (TIAS 9915) relating to space shuttle contingency landing sites. Effected by exchange of notes at Tokyo Nov. 11, 1982. Entered into force Nov. 11, 1982.

Liberia

Agreement extending the agreement of Jan. 11, 1951, as amended and extended (TIAS 2171, 8846), relating to a military mission. Effected by exchange of notes at Monrovia Dec. 12, 1980 and Jan. 15, 1981. Entered into force Jan. 15, 1981; effective Jan. 11, 1981.

Agreement on construction of additional facilities at Roberts International Airport. Signed at Monrovia Feb. 3, 1983. Entered into force Feb. 3, 1983.

Agreement for sales of agricultural commodities, relating to the agreement of Aug. 13, 1980 (TIAS 9841). Signed at Monrovia Dec. 17, 1982. Entered into force Dec. 17, 1982.

Agreement amending the agreement for sales of agricultural commodities of Apr. 6, 1982. Effected by exchange of notes at Monrovia Nov. 19 and Dec. 8, 1982. Entered into force Dec. 8, 1982.

Madagascar

Agreement for sales of agricultural commodities, relating to the agreement of Aug. 19, 1981 (TIAS 10218). Signed at Antananarivo Dec. 28, 1982. Entered into force Dec. 28, 1982.

Mauritius

Agreement for sales of agricultural commodities, relating to the agreement of June 29, 1979 (TIAS 9541), with minutes of negotiation. Signed at Port Louis Dec. 30, 1982. Entered into force Dec. 30, 1982.

Mexico

Agreement concerning land mobile service in the bands 470-512 MHz and 806-890 MHz along the common U.S.-Mexico border. Signed at Mexico June 18, 1982. Entered into force: Jan. 17, 1983.

Agreement relating to assignments and usage of television broadcasting channels in the frequency range 470-806 MHz (channels 14-69) along the U.S.-Mexico border. Signed at Mexico June 18, 1982. Entered into force: Jan. 17, 1983.

Supersedes: Agreement of July 16, 1958 (TIAS 4089).

Agreement extending the air transport agreement of Aug. 15, 1960, as amended and extended (TIAS 4675, 7167). Effected by exchange of notes at Mexico Sept. 16 and Dec. 13, 1982. Entered into force Dec. 13, 1982.

Agreement extending 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. 27, 1982 and Jan. 13, 1983. Entered into force Jan. 13, 1983.

Philippines

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Washington Nov. 24, 1982. Entered into force Jan. 1, 1983.

Senegal

Agreement amending the agreement for sales of agricultural commodities and memorandum of understanding of May 16, 1980 (TIAS

10239). Effected by letter of July 14, 1982 at Dakar. Entered into force July 16, 1982.

Spain

Agreement concerning fisheries off the coasts of the U.S. with annexes and agreed minutes. Signed at Washington July 29, 1982. Entered into force: Jan. 17, 1983.

Sudan

Agreement for sales of agricultural commodities, relating to the agreement of Dec. 24, 1977 (TIAS 9157). Signed at Khartoum Jan. 20, 1983. Entered into force Jan. 20, 1983.

Sweden

Memorandum of agreement on the exchange of military personnel and on the general conditions which will apply. Signed at Washington Jan. 13 and 17, 1983. Entered into force Jan. 17, 1983.

Turkey

Agreement to support and promote the financial stability and economic recovery of Turkey. Signed at Ankara Dec. 17, 1982. Entered into force Dec. 17, 1982.

United Kingdom

Agreement extending the arrangement of July 20 and Aug. 3, 1977 (TIAS 8688) in the field of nuclear safety research and development. Effected by exchange of letters at Warrington and Washington Feb. 18 and June 11, 1982. Entered into force June 11, 1982; effective Aug. 3, 1982.

Venezuela

Memorandum of understanding relating to interim agreement on maritime matters. Signed at Washington Jan. 14, 1983. Entered into force Jan. 14, 1983.

¹Not in force.

²Not in force for U.S.

³Chapter II not in force for U.S.

⁴Subject to approval.

⁵Applicable to Kingdom in Europe. ■

February 1983

February 1

Honduran and U.S. troops conduct joint military exercises in Gracioso A Dios department Feb. 1-9, 1983.

February 2

Austrian Chancellor Bruno Kreisky makes an official working visit to Washington, D.C. Feb. 2-4.

President Reagan meets with six Afghan freedom fighters at the White House to express U.S. concern and sympathy for these people because of the continuing Soviet occupation of their country.

February 8

The United States formally joins the African Development Bank.

State Department submits annual human rights report to the Congress. The Report, required by U.S. law, reviews human rights practices in 162 nations including those nations receiving U.S. assistance and those that are U.N. members.

February 9

Nepalese Prime Minister Surya Bahadur Thapa, during a private visit to Washington, D.C. Feb. 9-16, meets with Vice President Bush Feb. 16 and with Secretary Shultz Feb. 14.

February 13

In the first contested presidential election in Cyprus in 22 years, the incumbent President of Cyprus, Spyros Kyprianou, is re-elected to a second 5-year term.

February 14

The Interim Committee of the Board of Governors of the International Monetary Fund agrees in its 20th meeting in Washington, D.C. to an increase in quotas by 47.4%.

State Department releases to Congress and makes public a new report on Soviet forced labor. The report stresses the Soviet policy of using forced labor as a punishment for crimes, as well as to build the country's economy.

February 15

By a vote of 28-9 with 4 abstentions, the U.N. Commission on Human Rights adopts a resolution calling for "immediate and unconditional withdrawal of foreign forces from Kampuchea."

February 16

President Reagan announces that Air Force AWACS reconnaissance planes have been sent to Egypt for exercises designated for training.

Norwegian Prime Minister Kaare Willoch makes an official working visit to Washington, D.C. Feb. 16-18.

By a vote of 29-7 with 5 abstentions, U.N. Commission on Human Rights passes resolution:

- Urging a political solution for/istan based on self-determination free of outside interference;
- Calling for immediate withdrawal of foreign troops from Afghanistan.

February 22

During a private visit to the United States, Jamaican Prime Minister Edward Seaga is visited by President Reagan to receive American Friendship medal.

February 23

Israeli ambassador to the United States Moshe Arens, is confirmed as Israeli Minister.

February 27

Her Majesty Queen Elizabeth II arrives in 12-day official visit to the west coast of the visit, the Queen will meet with President Reagan and other U.S. officials.

Chief Hiteswar Saikia is sworn in as Chief Minister of the Indian state of following state elections. ■

Department of State

Press releases may be obtained from Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*29	2/1	Program for the off working visit of A Chancellor Bruno Feb. 2-4.
*30	2/1	U.S., Japan exchange on cooperation in research and development; Shultz: arrival states Tokyo, Jan. 30.
*31	1/31	Shultz: luncheon remarks Tokyo, Feb. 1.
32	2/2	Shultz: news confere Tokyo, Feb. 1.
33	2/2	Shultz: news confere Tokyo, Feb. 1.
34	2/3	Shultz: news confere route to Beijing, 1
35	2/4	Shultz: toast, Beijing
*36	2/7	Subcommittee on Sea Life at Sea (SOL) ping Coordinating mittee (SCC), Feltional Committee Prevention of Marine Pollution (NCPMI) Mar. 10.
*37	2/7	U.S. Organization for International Radiative Committ (CCIR), study group Mar. 16.

Shultz: remarks to the American business community, Beijing, Feb. 3.
 Shultz: press conference, Beijing, Feb. 5.
 Shultz: interview, Radio Beijing, Beijing, Feb. 6.
 Shultz: dinner toast, Seoul, Feb. 6.
 Shultz: news conference en route to Seoul, Feb. 6.
 Shultz: toast, Beijing, Feb. 5.
 Department of State activities in the private sector initiatives area.
 Shultz: news conference, Seoul, Feb. 8.
 Shultz: news conference, Hong Kong, Feb. 9.
 Program for the official working visit of Norwegian Prime Minister Kaare Willoch, Feb. 16-18.
 U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study groups A and B, Mar. 2.
 Shultz: statement before the Senate Foreign Relations Committee.
 Shultz: statement before the House Foreign Affairs Committee.
 Shultz: press conference, on Williamsburg Economic Summit, Feb. 17.
 Palau approves free association with the U.S. (revised).
 Regional foreign policy conference, Denver, Mar. 8.
 Shultz: address and question-and-answer session before the Conservative Political Action Conference.
 CCITT, Integrated Services Digital Network (ISDN), working party, Mar. 10.
 CCIR, study group CMIT, Mar. 15.
 Shultz: statement before the Senate Budget Committee.
 Shultz: arrival statement, Washington, Feb. 10.
 Shultz: interview on ABC-TV "This Week With David Brinkley," Feb. 20.
 Shultz: statement before the Subcommittee on International Operations, House Foreign Affairs Committee.
 Shultz: remarks before the Subcommittee on International Operations, House Foreign Affairs Committee.
 Shultz: address at the Southern Center for International Studies, Atlanta.

62A 2/28 Shultz: question-and-answer session following the Atlanta address, Feb. 24.
 63 2/25 Shultz: statement announcing members of the Foreign Policy Planning Commission.
 *64 2/28 Shultz: press conference, Bal Harbour, Florida, Feb. 25.
 *65 2/28 Shultz: statement before the Subcommittee on Foreign Operations, Appropriations Committee, Senate Foreign Relations Committee.

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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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All the moral values which this country cherishes . . . are fundamentally challenged by a powerful adversary which does not wish these values to survive.

Reducing the Danger of Nuclear Weapons

by President Reagan

*Address before the
Los Angeles World Affairs Council
on March 31, 1983, and
statement of March 30
made at the White House.¹*

Last week I spoke to the American people about our plans for safeguarding this nation's security and that of our allies. And I announced a long-term effort in scientific research to counter some day the menace of offensive nuclear missiles. What I have proposed is that nations should turn their best energies to moving away from the nuclear nightmare. We must not resign ourselves to a future in which security on both sides depends on threatening the lives of millions of innocent men, women, and children.

And today, I would like to discuss another vital aspect of our national security: our efforts to limit and reduce the danger of modern weaponry. We live in a world in which total war would mean catastrophe. We also live in a world that's torn by a great moral struggle between democracy and its enemies, between the spirit of freedom and those who fear freedom.

In the last 15 years or more, the Soviet Union has engaged in a relentless military buildup, overtaking and surpassing the United States in major categories of military power, acquiring what can only be considered an offensive military capability. All the moral values which this country cherishes—freedom; democracy; the right of peoples and na-

tions to determine their own destiny, to speak and write, to live and worship as they choose—all these basic rights are fundamentally challenged by a powerful adversary which does not wish these values to survive.

This is our dilemma, and it's a profound one. We must both defend freedom and preserve the peace. We must stand true to our principles and our friends while preventing a holocaust.

The Western commitment to peace through strength has given Europe its longest period of peace in a century. We cannot conduct ourselves as if the special danger of nuclear weapons did not exist. But we must not allow ourselves to be paralyzed by the problem, to abdicate our moral duty. This is the challenge that history has left us.

We of the 20th century, who so pride ourselves on mastering even the forces of nature—except last week when the Queen was here—we're forced to wrestle with one of the most complex moral challenges ever faced by any generation. Now, my views about the Soviet Union are well known, although sometimes I don't recognize them when they're played back to me. And our program for maintaining, strengthening, and modernizing our national defense has been clearly stated.

The American Record

Today let me tell you something of what we're doing to reduce the danger of nuclear war. Since the end of World War II, the United States has been the leader in the international effort to negotiate nuclear arms limitations. In 1946, when the United States was the only country in the world possessing these awesome weapons, we did not blackmail others with threats to use them, nor did we use our enormous power to conquer territory, to advance our position, or to seek domination.

Doesn't our record alone refute the charge that we seek superiority, that we represent a threat to peace? We proposed the Baruch plan for international control of all nuclear weapons and nuclear energy, for everything nuclear to be turned over to an international agency. And this was rejected by the Soviet Union. Several years later, in 1955, President Eisenhower presented his "open skies" proposal that the United States and the Soviet Union would exchange blueprints of military establishments and permit aerial reconnaissance to ensure against the danger of surprise attack. This, too, was rejected by the Soviet Union.

Now, since then, some progress has been made, largely at American initiative. The 1963 Limited Test Ban Treaty prohibited nuclear testing in the atmosphere, in outer space, or under water. The creation of the "hotline" in 1963, upgraded in 1971, provides direct communication between Washington and Moscow to avoid miscalculation during a crisis. The Nuclear Nonproliferation Treaty of 1968 sought to prevent the spread of nuclear weapons. In 1971, we reached an agreement on special communication procedures to safeguard against accidental or unauthorized use of nuclear weapons and on a seabed arms control treaty, which prohibits the placing of nuclear weapons on the seabed of the ocean floor. The strategic arms limitation agreements of 1972 imposed limits on antiballistic missile systems and on numbers of strategic offensive missiles. And the 1972 Biological Warfare Convention bans—or was supposed to ban—the development, production, and stockpiling of biological and toxin weapons.

But while many agreements have been reached, we've also suffered many disappointments. The American people had hoped by these measures to reduce

tensions and start to build a constructive relationship with the Soviet Union.

Instead, we have seen Soviet military arsenals continue to grow in virtually every significant category. We've seen the Soviet Union project its power around the globe. We've seen Soviet resistance to significant reductions and measures of effective verification, especially the latter. And, I'm sorry to say, there have been increasingly serious grounds for questioning their compliance with the arms control agreements that have already been signed and that we both pledged to uphold. I may have more to say on this in the near future.

Coming into office, I made two promises to the American people about

In 1946, when the United States was the only country in the world possessing these awesome weapons, we did not blackmail others with threats to use them, nor did we use our enormous power to conquer territory, to advance our position, or to seek domination.

peace and security: I promised to restore our neglected defenses in order to strengthen and preserve the peace, and I promised to pursue reliable agreements to reduce nuclear weapons. Both these promises are being kept.

Today, not only the peace but also the chances for real arms control depend on restoring the military balance. We know that the ideology of the Soviet leaders does not permit them to leave any Western weakness unprobed, any vacuum of power unfilled. It would seem that to them negotiation is only another form of struggle. Yet, I believe the Soviets can be persuaded to reduce their arsenals—but only if they see it's absolutely necessary. Only if they recognize the West's determination to

modernize its own military forces they see an incentive to negotiate verifiable agreement establishing lower levels. And, very simply, that one of the main reasons why we rebuild our defensive strength.

All of our strategic force modernization has been approved by the Congress except for the land-based leg of the triad. We expect to get congressional approval of this final program later this spring. A strategic forces modernization program depends on a national bipartisan consensus. Over the last decade four successive Administrations have made proposals for arms control modernization that have become embroiled in political controversy. None gained from this divisiveness; all are going to have to take a fresh look at our previous positions. I pledge to my participation in such a fresh look, my determination to assist in forming renewed bipartisan consensus.

My other national security priority on assuming office was to thoroughly examine the entire arms control program. Since then, in coordination with our allies, we've launched the most comprehensive program of arms control reviews ever undertaken. Never before in history has a nation engaged in so major simultaneous efforts to limit and reduce the instruments of war.

- Last month in Geneva, the President committed the United States to negotiate a total and verifiable ban on chemical weapons. Such inhuman weapons, as well as toxin weapons, being used in violation of international law in Afghanistan, in Laos, and in Cambodia.

- Together with our allies, we've offered a comprehensive new proposal for mutual and balanced reduction of conventional forces in Europe.

- We have recently proposed to the Soviet Union a series of further measures to reduce the risk of war, to prevent accidental or miscalculation. And we're considering significant new measures resulting in part from consultation with several distinguished senators.

- We've joined our allies in proposing a conference on disarmament in Europe. On the basis of a balance of interests that came out of the Madrid meeting, such a conference will discuss new ways to enhance European stability and security.

- We have proposed to the Soviet Union improving the verification provisions of two agreements to limit ground nuclear testing, but, so far, the response has been negative. We will continue to try.

And, most importantly, we have far-reaching proposals, which I discuss further in a moment, for reductions in strategic weapons and the elimination of an entire class of intermediate-range weapons.

I am determined to achieve real and reliable agreements that stand the test of time, not cosmetic ones that raise expectations only to be cruelly dashed. I hope these negotiations certainly will be guided by these principles.

First, our efforts to control arms should seek reductions on both sides—significant reductions.

Second, we insist that arms control agreements be equal and balanced.

Third, arms control agreements must be effectively verifiable. We cannot gamble with the safety of our people and the people of the world.

Fourth, we recognize that arms control is not an end in itself but a vital part of a broad policy designed to strengthen peace and stability.

It's with these firm principles in mind that this Administration has approached negotiations on the most powerful weapons in the American and Soviet arsenals—strategic nuclear weapons.

Strategic Arms Reduction Talks

In June of 1982, American and Soviet negotiators convened in Geneva to begin

President's Statement, March 30, 1983

When I addressed the American people in this Administration's defense program on March 23, 1983, I expressed our determination to reduce our reliance on the power of nuclear weapons to assure our safety. Today, I want to say a few words on this critical aspect of our security and our efforts to drastically reduce the burden on the lives of our own people and our friends and allies, and, yes, of our enemies as well.

You know, over the last year and a half, this Administration has undertaken an intensive and far-reaching arms control program designed to achieve deep reductions in our arms, to rid the world of chemical weapons, and to cut the size of conventional forces in Europe. I will be saying more about these initiatives in my speech tomorrow.

This morning, let me focus on one of our negotiations. I have just met with the leaders of the countries of the North Atlantic Alliance. We invited them here to discuss the citizens of their countries share a deep and profound hope for successful negotiations on intermediate-range nuclear missiles.

These forces being discussed in the INF negotiations directly affect the security of our people. As I told you last week, the Soviet Union has deployed hundreds of powerful SS-20 missiles, armed with multiple warheads, and capable of striking the cities and installations of our allies in Europe and of our friends and allies in Asia. The Soviets have built up these forces even though there has been no commitment from NATO. They've deployed them without letup—there now are more than 500 SS-20 missiles with more than 10,000 warheads. NATO will begin to build up a specific deterrent to this threat this year, unless, as we hope, an agreement is reached to eliminate this entire class of weapons. Such an agreement

would be fair and far reaching. It would enhance the security of the Soviet Union as well as the security of NATO. And it would fulfill the aspiration of people throughout Europe and Asia for an end to the threat posed by these missiles.

So far, the Soviet Union has resisted this proposal and has failed to come up with any serious alternative. They insist on preserving their present monopoly of these weapons. Under their latest proposal, the Soviets would retain almost 500 warheads on their SS-20 missiles in Europe alone and hundreds more in the Far East, while we would continue to have zero. Their proposal would actually leave them with more SS-20 missiles than they had when the talks began in 1981. In addition, the Soviets have launched a propaganda campaign, aimed apparently at dividing America from our allies and our allies from each other.

From the opening of these negotiations nearly 18 months ago, I have repeatedly urged the Soviets to respond to our zero-zero proposal with a proposal of their own. I have also repeated our willingness to consider any serious alternative proposal. Their failure to make such a proposal is a source of deep disappointment to all of us who've wished that these weapons might be eliminated—or at least significantly reduced. But I do not intend to let this shadow that has been cast over the Geneva negotiations further darken our search for peace.

When it comes to intermediate nuclear missiles in Europe, it would be better to have none than to have some. But, if there must be some, it is better to have few than to have many. If the Soviets will not now agree to the total elimination of these weapons, I hope that they will at least join us in an interim agreement that would substantially reduce these forces to equal levels on both sides.

To this end, Ambassador Paul Nitze has informed his Soviet counterpart that we are prepared to negotiate an interim agreement in which the United States would substantially reduce its planned deployment of Pershing II and ground-launched cruise missiles provided the Soviet Union reduced the number of its warheads on longer range INF missiles to an equal level on a global basis.

Ambassador Nitze has explained that the United States views this proposal as a serious initial step toward the total elimination of this class of weapons, and he has conveyed my hope that the Soviet Union will join us in this view. Our proposal for the entire elimination of these systems remains on the table.

We've suggested that the negotiations resume several weeks earlier than originally planned. The Soviets have agreed to that, and talks will resume on May 17th. I hope this initiative will lead to an early agreement. We remain ready to explore any serious Soviet suggestions that meet the fundamental concerns which we have expressed.

I invited the NATO ambassadors here today not only to review these developments but to express my appreciation for the firm support which the allies have given to our negotiating effort in Geneva. And I can assure them of my personal commitment to the closest possible consultations with them on INF. This consultation process has already proven one of the most intensive and productive in the history of the North Atlantic Alliance. It's made the initiative announced today an alliance initiative in the best sense of that term.

Over the past months, we and our allies have consulted intensively on the INF negotiations. I have been in frequent and close contact with other heads of government. Vice President Bush had very productive discussions with allied leaders on INF during his trip to Europe. Secretaries Shultz and Weinberger have exchanged views with their counterparts from allied governments. And the NATO special consultative group has met regularly to review the negotiations and consider criteria which should form the basis for the alliance position in INF. The very thoughtful views expressed by the allies in these consultations have been a significant help in shaping this new initiative.

This process is a model for how an alliance of free and democratic nations can and must work together on critical issues. It is the source of our unity and gives us a strength that no one can hope to match. And it gives me great confidence in the eventual success of our efforts in Geneva to create a safer world for all the Earth's people. ■

the strategic arms reduction talks, what we call START. We've sought to work out an agreement reducing the levels of strategic weapons on both sides. I proposed reducing the number of ballistic missiles by one-half and the number of warheads by one-third. No more than half the remaining warheads could be on land-based missiles. This would leave both sides with greater security at equal and lower levels of forces. Not only would this reduce numbers, it would also put specific limits on precisely those types of nuclear weapons that pose the most danger.

The Soviets have made a counterproposal. We've raised a number of serious concerns about it. But—and this is important—they have accepted the concept of reductions. Now, I expect this is because of the firm resolve that we've demonstrated. In the current round of negotiations, we have presented them with the basic elements of a treaty for comprehensive reductions in strategic arsenals. The United States also has, in START, recently proposed a draft agreement on a number of significant measures to build confidence and reduce the risks of conflict. This negotiation is proceeding under the able leadership of Ambassador Edward Rowny on our side.

Intermediate-Range Nuclear Forces

We're also negotiating in Geneva to eliminate an entire class of new weapons from the face of the Earth. Since the end of the mid-1970s, the Soviet Union has been deploying an intermediate-range nuclear missile, the SS-20, at a rate of one a week. There are now 351 of these missiles, each with three highly accurate warheads capable of destroying cities and military bases in Western Europe, Asia, and the Middle East.

NATO has no comparable weapon, nor did NATO in any way provoke this new, unprecedented escalation. In fact, while the Soviets were deploying their SS-20s, we were taking a thousand nuclear warheads from shorter range weapons out of Europe.

This major shift in the European military balance prompted our West European allies themselves to propose that NATO find a means of righting the balance. And in December of 1979, they announced a collective two-track decision:

First, to deploy in Western Europe 572 land-based cruise missiles and Pershing II ballistic missiles, capable of reaching the Soviet Union. The purpose: to offset and deter the Soviet SS-20s. The first of these NATO weapons are scheduled for deployment by the end of this year; and

Second, to seek negotiations with the Soviet Union for the mutual reduction of these intermediate-range missiles.

In November of 1981, the United States, in concert with our allies, made a

Since the end of the mid-1970s, the Soviet Union has been deploying an intermediate-range nuclear missile, the SS-20, at a rate of one a week. There are now 351 NATO has no comparable weapon

sweeping new proposal: NATO would cancel its own deployment if the Soviets eliminated theirs. The Soviet Union refused and set out to intensify public pressures in the West to block the NATO deployment, which has not even started. Meanwhile, the Soviet weapons continue to grow in number.

Our proposal was not made on a take-it-or-leave-it basis. We're willing to consider any Soviet proposal that meets these standards of fairness.

- An agreement must establish equal numbers for both Soviet and American intermediate-range nuclear forces.
- Other countries' nuclear forces, such as the British and French, are independent and are not part of the bilateral U.S.-Soviet negotiations. They are, in fact, strategic weapons, and the Soviet strategic arsenal more than compensates for them.
- Next, an agreement must not shift the threat from Europe to Asia. Given the range in mobility of the SS-20s, meaningful limits on these and com-

parable American systems must be global.

- An agreement must be verifiable.
- And an agreement must not undermine NATO's ability to defend itself with conventional forces.

We've been consulting closely with our Atlantic allies, and they strongly endorse these principles.

Earlier this week, I authorized negotiator in Geneva, Ambassador Nitze, to inform the Soviet delegation of a new American proposal which has the full support of our allies. We're going to negotiate an interim agreement to reduce our planned deployment of Soviet Union will reduce their corresponding warheads to an equal level. This would include all U.S. and Soviet weapons of this class, wherever located. Our offer of zero on both sides, of course, remain on the table as our ultimate goal. At the same time, we remain open—as we have been in the past—very open—to serious counterproposals. The Soviet negotiators have returned to Moscow where we have a new proposal will receive careful consideration during the recess. Ambassador Nitze has proposed and the Soviets have agreed that negotiations resume in mid-May, several weeks earlier than scheduled.

I'm sorry that the Soviet Union, far from being willing to accept the complete elimination of these systems, has taken the opposite view on both sides. The question I now pose to the Soviet Government is: If not, to what equal level are you willing to reduce? The new proposal is designed to promote early and genuine progress at Geneva. For arms control to be complete and world security strengthened, however, we must also increase our efforts to halt the spread of arms. Every country that values a peaceful world order must play its part.

Our allies, as important nuclear powers, also have a very important responsibility to prevent the spread of nuclear arms. To advance this goal, they should all adopt comprehensive safeguards as a condition for nuclear supply commitments that we make for the future. In the days ahead, I'll be talking to other world leaders about the need for urgent movement on these other measures against nuclear proliferation.

Nuclear Freeze

that's the arms control agenda we've been pursuing. Our proposals are more far reaching and more comprehensive. But we still have a long way to go. We Americans are sometimes impatient people. I guess it's a symptom of traditional optimism, energy, and initiative. Often, this is a source of strength. Negotiation, however, is a real handicap. Any of you who have been involved in labor-

management negotiations or any kind of bargaining know that patience is essential to your bargaining position. If you seem too eager or desperate, the other side has no reason to offer a compromise and every reason to hold out. Expecting that the more eager side will win in the first.

Well, this is a basic fact of life we must not lose sight of when dealing with the Soviet Union. Generosity in negotiation has never been a trademark of ours. It runs counter to the basic tenets of Marxist-Leninist ideology.

It is vital that we show patience, understanding, and, above all, national self-interest. If we appear to be divided, if the Soviets suspect that domestic political pressures will undercut our position, if they dig in their heels. And that can happen even if we reach an agreement and may give us all hope for an agreement. It's why I've been concerned about nuclear freeze proposals, one of which is being considered at this time in the House of Representatives. Most of those who support the freeze, I'm sure, are well intentioned, concerned about the arms race and the danger of nuclear war. No one shares their concern more than I do. But, however well intentioned they are, these freeze proposals would do more harm than good. They may seem to offer a simple solution, but there are no simple solutions to these complex problems. As H. L. Mencken once aptly remarked, "For every problem there's one solution which is simple, and it's wrong."

A nuclear freeze concept is dangerous for several reasons.

First, it would preserve today's high, unstable levels of nuclear armaments, and, by so doing, reduce our incentive to negotiate for real reductions.

Second, it would pull the rug out from under our negotiators in Geneva, as they have been justified. After all, why should the

Soviets negotiate if they've already achieved a freeze in a position of advantage to them?

- Also, some think a freeze would be easy to agree on, but it raises enormously complicated problems of what is to be frozen, how it is to be achieved, and, most of all, verified. Attempting to negotiate these critical details would only divert us from the goal of negotiating reductions for who knows how long.

- The freeze proposal would also make a lot more sense if a similar move-

If we appear to be divided, if the Soviets suspect that domestic political pressure will undercut our position, they'll dig in their heels.

ment against nuclear weapons were putting similar pressures on Soviet leaders in Moscow. As former Secretary of Defense Harold Brown has pointed out, the effect of the freeze "is to put pressure on the United States, but not on the Soviet Union."

- Finally, the freeze would reward the Soviets for their 15-year buildup while locking us into our existing equipment, which in many cases is obsolete and badly in need of modernization. Three-quarters of Soviet strategic warheads are on delivery systems 5 years old or less. Three-quarters of the American strategic warheads are on delivery systems 15 years old or older. The time comes when everything wears out. The trouble is, it comes a lot sooner for us than for them. And, under a freeze, we couldn't do anything about it.

Our B-52 bombers are older than many of the pilots who fly them. If they were automobiles, they'd qualify as antiques. A freeze could lock us into obsolescence. It's asking too much to expect our servicemen and women to risk their lives in obsolete equipment. The 2 million patriotic Americans in the armed services deserve the best and most modern equipment to protect them and us.

I'm sure that every President has dreamed of leaving the world a safer place than he found it. I pledge to you,

my goal—and I consider it a sacred trust—will be to make progress toward arms reductions in every one of the several negotiations now underway.

I call on all Americans of both parties and all branches of government to join in this effort. We must not let our disagreements or partisan politics keep us from strengthening the peace and reducing armaments.

I pledge to our allies and friends in Europe and Asia: We will continue to consult with you closely. We're conscious of our responsibility when we negotiate with our adversaries on issues of concern to you and your safety and well-being.

To the leaders and people of the Soviet Union, I say: Join us in the path to a more peaceful, secure world. Let us vie in the realm of ideas, on the field of peaceful competition. Let history record that we tested our theories through human experience, not that we destroyed ourselves in the name of vindicating our way of life. And let us practice restraint in our international conduct, so that the present climate of mistrust can some day give way to mutual confidence and a secure peace.

What better time to rededicate ourselves to this undertaking than in the Easter season, when millions of the world's people pay homage to the one who taught us peace on Earth, goodwill toward men?

This is the goal, my fellow Americans, of all the democratic nations—a goal that requires firmness, patience, and understanding. If the Soviet Union responds in the same spirit, we're ready. And we can pass on to our posterity the gift of peace—that and freedom are the greatest gifts that one generation can bequeath to another.

¹ Texts from Weekly Compilation of Presidential Documents of Apr. 4, 1983. ■

Challenge to U.S. Security Interests in Central America

President Reagan's remarks at the annual meeting of the National Association of Manufacturers at the Washington Hilton Hotel on March 10, 1983.¹

Late last year, I visited Central America. Just a few weeks ago, our Ambassador [to the United Nations], Jeane Kirkpatrick, also toured the area. And in the last few days I have met with leaders of the Congress to discuss recent events in Central America and our policies in that troubled part of the world. Today I'd like to report to you on these consultations and why they're important to all of us.

The nations of Central America are among our nearest neighbors. El Salvador, for example, is nearer to Texas than Texas is to Massachusetts. Central America is simply too close, and the strategic stakes are too high, for us to ignore the danger of governments seizing power there with ideological and military ties to the Soviet Union.

Let me just show you how important Central America is. Here at the base of Central America is the Panama Canal. Half of all the foreign trade of the United States passes through either the canal or the other Caribbean seaways on its way to or from our ports. And, of course, to the north, as you can see, is Mexico, a country of enormous human and material importance with which we share 1,800 miles of peaceful frontier.

And between Mexico and the canal lies Central America. As I speak to you today, its countries are in the midst of the gravest crisis in their history. Accumulated grievances and social and economic change are challenging traditional ways. New leaders with new aspirations have emerged who want a new and better deal for their peoples. And that is good.

The Threat

The problem is that an aggressive minority has thrown in its lot with the communists, looking to the Soviets and their own Cuban henchmen to help them pursue political change through violence. Nicaragua has become their base. And these extremists make no secret of their goal. They preach the doctrine of a "revolution without frontiers." Their first target is El Salvador.

Important? To begin with, there's the sheer human tragedy. Thousands of people have already died and, unless the conflict is ended democratically, millions more could be affected throughout the hemisphere. The people of El Salvador have proved they want democracy. But if guerrilla violence succeeds, they won't get it. El Salvador will join Cuba and Nicaragua as a base for spreading fresh violence to Guatemala, Honduras, Costa Rica—probably the most democratic country in the world today. The killing will increase and so will the threat to Panama, the canal, and, ultimately, Mexico. In the process, vast numbers of men, women, and children will lose their homes, their countries, and their lives.

Make no mistake. We want the same thing the people of Central America want—an end to the killing. We want to

. . . if guerrilla violence succeeds, [the people of El Salvador] won't get [democracy]. El Salvador will join Cuba and Nicaragua as a base for spreading fresh violence in Guatemala, Honduras, Costa Rica . . .

see freedom preserved where it now exists and its rebirth where it does not. The communist agenda, on the other hand, is to exploit human suffering in Central America to strike at the heart of the Western Hemisphere. By preventing reform and instilling their own brand of totalitarianism, they can threaten freedom and peace and weaken our national security.

I know a good many people wonder why we should care about whether communist governments come into power in Nicaragua, El Salvador, or other such countries as Costa Rica and Honduras, Guatemala, and the islands of the Caribbean. One columnist argued last week that we shouldn't care, because their

products are not that vital to our economy. That's like the argument another so-called expert that we shouldn't worry about Castro's control over the island of Grenada—their important product is nutmeg.

Let me just interject right here Grenada, that tiny little island—w Cuba at the west end of the Caribbean, Grenada at the east end—is built now, or having built for it, on its sand shores a naval base, a superior base, storage bases and facilities for storage of munitions, barracks, and training grounds for the military. I'm sure all of that is simply to encourage the export of nutmeg.

People who make these arguments haven't taken a good look at a map or followed the extraordinary behavior of Soviet and Cuban military power in the region or read the Soviets' discussions about why the region is important to them and how they intend to use it.

It isn't nutmeg that's at stake. Caribbean and Central America; it's U.S. national security.

Soviet military theorists want to destroy our capacity to resupply Western Europe in case of an emergency. They want to tie down our attention and forces on our own southern border and so limit our capacity to act in distant places, such as Europe, the Persian Gulf, the Indian Ocean, the South Pacific, and Japan.

Those Soviet theorists noticed that we failed to notice: that the Caribbean Sea and Central America constitute our nation's fourth border. If we must defend ourselves against a large, hostile military presence on our border, or freedom to act elsewhere to help our allies and to protect strategically vital seaways and resources has been drastically diminished. They know what they've written about this.

We've been slow to understand the defense of the Caribbean and Central America against Marxist-Leninist takeover is vital to our national security. In ways we're not accustomed to thinking about.

For the past 3 years, under two Presidents, the United States has been engaged in an effort to stop the advance of communism in Central America, doing what we do best—by supporting

For 3 years, our goal has been to support fundamental change in El Salvador, to replace poverty with plenty and dictatorship with democracy.

These objectives are not easy to obtain. We're on the right track. Costa Rica continues to set a democratic example in the midst of economic crisis and Caribbean intimidation. Honduras remains free from military rule to a freely elected civilian government. Despite immense obstacles, the democratic centering in El Salvador, implementing reform and working to replace the rule of death with a life of democracy.

The good news is that our new efforts have begun to work. Democracy, free elections, free labor unions, freedom of religion and respect for the dignity of the individual, is the clear desire of the overwhelming majority of Salvadorians. In fact, except for the military and its followers, no government or significant sector of the public here in this hemisphere wants to see guerrillas seize power in El Salvador.

The bad news is that the struggle for democracy is still far from over. Our success in largely eliminating guerrilla political influence in rural areas, and despite some improvements in military armaments and supplies, El Salvador's people remain under strong pressure from armed guerrillas controlled by extremists with Soviet support.

The military capability of these guerrillas—and I would like to stress their capability, for these are not irregulars; they are trained, professional forces. This has kept political and economic progress from being made into the peace the Salvadorans so obviously want.

Part of the trouble is internal to El Salvador, but an important part is external: the availability of training, tactical supplies, and military supplies coming from the Salvador from Marxist

guerrillas. I'm sure you've read about guerrillas capturing rifles from government national guard units. And this has happened. But much more critical to guerrilla operations are the supplies and munitions that are imported into El Salvador by land, sea, and air—by pack mules, by small boats, and by small aircraft.

These pipelines fuel the guerrilla efforts and keep alive the conviction of extremist leaders that power will eventually come from the barrels of their

guns. All this is happening in El Salvador just as a constitution is being written, as open presidential elections are being prepared, and as a peace commission—named last week—has begun to work on amnesty and national reconciliation to bring all social and political groups into the democratic process.

It is the guerrilla militants who have so far refused to use democratic means, have ignored the voice of the people of El Salvador, and have resorted to terror, sabotage, and bullets, instead of the ballot box.

During the past week, we've discussed all of these issues and more with

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leaders and Members of the Congress. Their views have helped shape our own thinking. And I believe that we've developed a common course to follow.

Now, here are some of the questions that are raised most often.

U.S. Concerns

First, how bad is the military situation? It is not good. Salvadoran soldiers have proved that when they're well trained, led, and supplied, they can protect the people from guerrilla attacks. But so far, U.S. trainers have been able to train only one soldier in ten. There's a shortage of experienced officers. Supplies are unsure. The guerrillas have taken advantage of these shortcomings. For the moment, at least, they have taken the tactical initiative just when the sharply limited funding Congress has so far approved is running out.

A second vital question is: Are we going to send American soldiers into combat? And the answer to that is a flat no.

A third question: Are we going to Americanize the war with a lot of U.S. combat advisers? And again, the answer is no.

Only Salvadorans can fight this war, just as only Salvadorans can decide El Salvador's future. What we can do is help to give them the skills and supplies they need to do the job for themselves. That, mostly, means training. Without playing a combat role themselves and without accompanying Salvadoran units into combat, American specialists can help the Salvadoran Army improve its operations.

Over the last year, despite manifest needs for more training, we have scrupulously kept our training activities well below our self-imposed numerical limit on numbers of trainers. We're currently reviewing what we can do to provide the most effective training possible, to determine the minimum level of trainers needed, and where the training should best take place. We think the best way is to provide training outside of El Salvador, in the United States or elsewhere, but that costs a lot more. So the number of U.S. trainers in El Salvador will depend upon the resources available.

Question four: Are we seeking a political or a military solution? Despite all I and others have said, some people still seem to think that our concern for security assistance means that all we care about is a military solution. That's nonsense. Bullets are no answer to economic inequities, social tensions, or political disagreements. Democracy is what we want, and what we want is to enable Salvadorans to stop the killing and sabotage so that economic and political reforms can take root. The real solution can only be a political one.

This reality leads directly to a fifth question: Why not stop the killings and start talking? Why not negotiate? Negotiations are already a key part of our policy. We support negotiations among all the nations of the region to strengthen democracy, to halt subversion, to stop the flow of arms, to respect borders, and to remove all the foreign military advisers—the Soviets, the Cubans, the East Germans, the PLO [Palestine Liberation Organization], as well as our own from the region.

A regional peace initiative is now emerging. We've been in close touch with its sponsors and wish it well. And we support negotiations within nations aimed at expanding participation in democratic institutions, at getting all

parties to participate in free and non-violent elections.

What we oppose are negotiations that would be used as a cynical device for dividing up power behind the people's back. We cannot support negotiations which, instead of expanding democracy, try to destroy it; negotiations which would simply distribute power among armed groups without the consent of the people of El Salvador.

We made that mistake some years ago—in Laos—when we pressed and pressured the Laotian Government to form a government, a co-op, with the Pathet Lao, the armed guerrillas who'd been doing what the guerrillas are doing in El Salvador. And once they had that tripartite government, they didn't rest until those guerrillas—the Pathet Lao—had seized total control of the Government of Laos.

The thousands of Salvadorans who risked their lives to vote last year should not have their ballots thrown into the

A great worldwide propaganda campaign had . . . portrayed the guerrillas as somehow representative of the people of El Salvador. . . . Came the elections, and suddenly it was the guerrilla force threatening death to any who would attempt to vote.

trash heap this year by letting a tiny minority on the fringe of a wide and diverse political spectrum shoot its way into power. No, the only legitimate road to power, the only road we can support, is through the voting booth so that the people can choose for themselves; choose, as His Holiness the Pope said Sunday, "far from terror and in a climate of democratic conviviality." This is fundamental, and it is a moral as well as a practical belief that all free people of the Americas share.

U.S. Position

Having consulted with the Congress, let me tell you where we are now and what we'll be doing in the days ahead. We welcome all the help we can get. We will be submitting a comprehensive, integrated economic and military assistance plan for Central America.

First, we will bridge the existing gap in military assistance. Our projections of the amount of military assistance needed for El Salvador have remained relatively stable over the past 2 years. However, the continuing resolution budget procedure in the Congress last December led to a level of U.S. security assistance for El Salvador in 1983 below what we'd requested, below that provided in 1982, and below that requested for 1984. I'm proposing that \$60 million of the moneys already appropriated for our worldwide military assistance programs be immediately reallocated to El Salvador.

Further, to build the kind of disciplined, skilled army that can take and hold the initiative while respecting the rights of its people, I will be amending my supplemental that is currently before the Congress to reallocate \$50 million to El Salvador. And these funds will be sought without increasing the overall amount of the supplemental that we have already presented to the Congress. And, as I've said, the focus of this assistance will remain the same—to train Salvadorans so that they can defend themselves.

Because El Salvador's problems are not unique in this region, I will also be asking for an additional \$20 million for regional security assistance. These funds will be used to help neighboring states to maintain their national security and will, of course, be subject to full congressional review.

Secondly, we will work hard to support reform, human rights, and democracy in El Salvador. Last Thursday, the Salvadoran Government extended the land reform program which has already distributed 20% of all the arable land in the country and transformed more than 65,000 farm workers into farm owners. What they ask is our continued economic support while the reform is completed. And we will provide it. With our support, we expect that the steady progress toward more equitable distribution of wealth and power in El Salvador will continue.

And third, we will, I repeat, continue to work for human rights. Progress in this area has been slow, some-

times disappointing. But human means working at problems, not away from them. To make more progress, we must continue our support, and help to El Salvador's people and democratic leaders. Lawbreakers must be brought to justice, and the rule of law must supplant violence in disputes. The key to ending violent human rights is to build a stable, accountable democracy. Democracies are accountable to their citizens, and when abuses occur in a democracy, they will not be covered up. With our support, we expect the Government of El Salvador to be able to move ahead in prosecuting the accused and in building a criminal justice system applicable to all and ultimately, accountable to the elected representatives of the people.

And I hope you've noticed that speaking in millions, not billions, that, after 2 years in Federal office hard to do. [Laughter] In fact, in some areas of government where they spill as much as I've talked here over a weekend.

Fourth, the El Salvador Government proposes to solve its problems the only way they can be solved fairly—having the people decide. President Magana had just announced national elections moved up to this year, on all to participate, adversaries as friends. To help political adversaries participate in the elections, he had pointed a peace commission, including Roman Catholic bishop and two independents. And he has called on the Organization of American States international community to help. We were proud to participate, along with representatives of other democracies, as observers in last March's constituent Assembly elections. We will be equally pleased to contribute to an international effort, perhaps in conjunction with the Organization of American States, to help the government ensure the broadest possible participation in the upcoming elections, guarantees that all, including critics and adversaries, can be protected as they participate.

Let me just say a word about the elections last March. A great worldwide propaganda campaign had, for more than a year, portrayed the guerrillas as somehow representative of the people of El Salvador. We were told over and over again that the government was an oppressor of the people. Came the elections, and suddenly it was the guerrilla force threatening death to any who would attempt to vote. More than

and trucks were attacked and bombed in an effort to keep people from going to the polls. But went to the polls; they walked to do so. They stood in long lines and hours. Our own congress-observers came back and reported incident that they saw them—of a woman who had been shot guerrillas for trying to get to the tanding in the line, refusing attention until she had had her unity to go in and vote.

re than 80% of the electorate I don't believe here in our land, voting is so easy, that we've had out that great in the last half century elected the present government and they voted for order, peace, democratic rule.

ally, we must continue to help ple of El Salvador and the rest of America and the Caribbean to economic progress. More than quarters of our assistance to this has been economic. Because of importance of economic development region, I will ask the Congress million in new moneys and the amount of \$103 million from appropriated worldwide funds, total of \$168 million in increased aid assistance for Central America. And to make sure that this aid is as productive as possible, continue to work with the Congress urgent enactment of the long-opportunities for trade and free trade that are contained in the Caribbean Initiative.

El Salvador and in the rest of Central America, there are today thousands of small businessmen, farmers, workers who have kept up their projects as well as their spirits in the face of personal danger, guerrilla warfare, and adverse economic conditions. With them stand countless national and local officials, military and police leaders, and priests who have continued to give up on democracy. Their hope for a better future deserves our attention; we should be proud to offer it. For our past analysis, they're fighting for

By acting responsibly and avoiding illusory shortcuts, we can be both loyal to our friends and true to our peaceful democratic principles. A nation's character is measured by the relations it has with its neighbors. We need strong, stable neighbors with which we can cooperate. And we will not let them down. Our neighbors are risking life and

There are more than 600 million of us calling ourselves Americans—North, Central, and South. We haven't really begun to tap the vast resources of these two great continents.

limb to better their lives, to improve their lands, and to build democracy. All they ask is our help and understanding as they face dangerous armed enemies of liberty and that our help be as sustained as their own commitment.

None of this will work if we tire or falter in our support. I don't think that's what the American people want or what our traditions and faith require. Our neighbors struggle for a better future, and that struggle deserves our help, and we should be proud to offer it.

We would, in truth, be opening a two-way street. We have never, I believe, fully realized the great potential of this Western Hemisphere. Oh, yes, I know in the past we've talked of plans. We've gone down there every once in a while with a great plan, somehow, for our neighbors to the south. But it was always a plan in which we, the big colossus of the north, would impose on them. It was our idea.

On my trip to Central and South America, I asked for their ideas. I pointed out that we had a common heritage. We'd all come as pioneers to

these two great continents. We worship the same God. And we'd lived at peace with each other longer than most people in other parts of the world. There are more than 600 million of us calling ourselves Americans—North, Central, and South. We haven't really begun to tap the vast resources of these two great continents.

Without sacrificing our national sovereignties, our own individual cultures, or national pride, we could, as neighbors, make this Western Hemisphere, our hemisphere, a force for good such as the Old World has never seen. But it starts with the word "neighbor." And that is what I talked about down there and sought their partnership, their equal partnership in we of the Western Hemisphere coming together to truly develop, fully, the potential this hemisphere has.

Last Sunday, His Holiness Pope John Paul II prayed that the measures announced by President Magana would "contribute to orderly and peaceful progress" in El Salvador, progress "founded on the respect," he said, "for the rights of all, and that all have the possibility to cooperate in a climate of true democracy for the promotion of the common good."

My fellow Americans, we in the United States join in that prayer for democracy and peace in El Salvador, and we pledge our moral and material support to help the Salvadoran people achieve a more just and peaceful future. And in doing so, we stand true to both the highest values of our free society and our own vital interests.

¹Opening remarks omitted (text from Weekly Compilation of Presidential Documents of Mar. 14, 1983). ■

Struggle for Democracy in Central America

Secretary Shultz's address before the World Affairs Council and the Chamber of Commerce in Dallas on April 15, 1983.

I thought about what I might discuss here, and there's always a temptation for a Secretary of State to go around the world and make a few comments about this place and that place. But it seemed to me right now and right here that the subject to talk about should be Central America because it's very much on our minds in Washington, and I'm sure it's very much on your minds right here, close as in the sense you are.

I think that any discussion of Central America must address three questions.

- First of all, why should we care about Central America?
- Second, what's going on there now?
- And, third, what should we do about it?

Importance to the U.S.

The questions are important, and I'll try to answer them plainly and clearly. I think, first of all, that Central America's importance to the United States cannot be denied. Central America is so close that its troubles automatically spill over onto us; so close that the strategic posture of its countries affect ours; so close that its people's suffering brings pain to us as well.

I need not remind Texans that only the stability of our neighbors will prevent unprecedented flows of refugees northward to this country. Especially now, when a troubled world economy invites unrest, we must safeguard democracy and stability in our immediate neighborhood.

I did not use the word "strategic" lightly. Despite the 1962 Cuban missile crisis, and despite last year's war between Argentina and the United Kingdom, most Americans think of Latin America as not involved in the global strategic balance. People are aware, of course, that Cuba has intervened militarily in Africa, but they may

not realize that Cuba's Army is today three times larger than it was in 1962, or that 40,000 Cuban troops are now stationed in Africa, or that 2,000 Cuban military and security advisers are in Nicaragua. Some of you may also not have noticed that Nicaragua's Minister of Defense said on April 9 that Nicaragua would consider accepting Soviet missiles if asked.

In the great debate about how best to protect our interests in the Panama Canal, the only thing all sides agreed on was that the canal is critical and must be kept open and defended. Yet the security of the Panama Canal is directly affected by the stability and security of Central America.

The canal itself is but a 50-mile span in thousands of miles of sealanes across the Caribbean. In peacetime, 44% of all foreign trade tonnage and 45% of the crude oil to the United States pass through the Caribbean. In a European war, 65% of our mobilization requirements would go by sea from gulf ports through the Florida Straits onward to Europe.

During World War II—just to remind you again—our defenses were so weak, our lifeline so exposed, that in the first months of 1942 a handful of enemy subs sank hundreds of ships in the Caribbean and the Gulf of Mexico and did it more easily and faster than did Hitler's whole fleet in the North Atlantic. The Caribbean was a better target for them. Almost exactly 41 years ago a Mexican tanker—running with full lights, as was the custom for neutrals—was sunk off Miami. That June, a single submarine, U-159, sank eight American ships in 4 days, two of them just off the entrance to the Panama Canal. Remember, Hitler's Germany had no bases in the Caribbean, not even access to ports for fuel and supplies.

Most Americans have assumed that, because the Soviet Union knows that we will not accept the emplacement of strategic weapons in Cuba, we had nothing more to fear. It's true that there are no nuclear weapons in Cuba, and it is true that Cuba's communist utopia has proved such an economic disaster that it is entirely dependent on massive Soviet

aid to the tune of some \$4 billion yearly. Yet this has not kept Cuba from prying itself as the vanguard of the future and mounting a campaign to establish new communist dictatorships in Central America.

The Danger in Central America

There are some people I know well who in the Administration are exaggerating the danger. Let me, however, quote you this quote:

The revolutionary process of Central America is a single process. The triumph of one is the triumph of the other. . . . Guatemala will have its hour. Honduras and El Salvador, too, will have its hour of glory. The first note was heard in Nicaragua.

In case you're wondering, the speaker was not an Administration spokesman. That confident prediction comes from Cayetano Carpio, first leader of the Salvadoran guerrilla, in the August 25, 1980, edition of the Nicaraguan magazine *Proceso*. Look it up.

Your analysis, our strategy, or our predictions for the future of Central America are rooted in two perceptions. One is that democracy cannot flourish in the presence of extreme inequality of access to land, opportunity, or justice. The second perception is that Mr. Carpio and his allies are exploiting such qualities for antidemocratic ends.

I quoted a terrorist leader because his beliefs like his, backed by armed violence, that so concern our friends in Central America. In Costa Rica, democracy and respect for human rights are an ancient tradition; in Honduras where democratic institutions are being held; in El Salvador, where democracy is beginning to work; even in Nicaragua, where disillusionment is the order of the day.

Ask the people who live there and they will tell you, as they have told us through their governments, in the public opinion polls, and in their newspaper and radio editorials—that the revolution about which Carpio boasts a frightening phenomenon: a direct threat to their democracy and well-being. They will tell you that we Americans should also be concerned. Not because Mr. Carpio will tomorrow lead an FMLN [Farabundo Martí National Liberation Front] battalion into the Rio Grande but because the central theme of democracy and human rights is at stake.

Frankly, I agree. We cannot in good conscience look the other way when

ocracy and human rights are engaged in countries very near to us, tries that look to us for help. President Reagan put it well last month: "human rights," he said, "means working problems, not walking away from them."

Strategy

The key question is: What should we make the primary element of our strategy be to support democracy, reform, and the protection of human rights. Democracies are far less likely to threaten their neighbors or abuse their citizens' dictatorships.

The forces of democracy are many and varied. Some are deeply rooted, as in Costa Rica, which has known nothing but democracy for 35 years. Others are fragile but have grown steadily as economic development has strengthened the middle class and as trade unions and other organizations are making democracy a reality. The Catholic Church also made important contributions to democracy and social progress. So also have the United States through culture, money, and more recently through democracy as well.

The forces of dictatorship are of two kinds. One is old, the other new. The old is that of economic oligarchy, political despotism, and military repression. Except for Costa Rica, this has been the traditional method of social organization for most of Central America's history. The new form of dictatorship is that of a command economy, appointed elitist vanguard, and civil war. Nicaragua has become its all of Central America its target. Before the Sandinistas came to power in Nicaragua in 1979, they promised elections, political pluralism, and social equality. Today every one of these promises is being betrayed. First the Sandinistas moved to squeeze the military out of the governing junta; then to restrict all political opposition, to abolish freedom, and the independence of the church; then to build what is now the largest armed force in the history of Central America; then to align themselves with the Soviet Union and Cuba, overruling their neighbors.

El Salvador became the first target. Then, at Cuban direction, several Nicaraguan extremist groups were organized in Managua, where their operational headquarters remains to this day. Cuba's Soviet-bloc allies then provided money and supplies which began to

flow clandestinely through Nicaragua to El Salvador to fuel an armed assault. The communist intervention has not brought guerrillas to power, but it has cost thousands of lives and widened an already bitter conflict. Today El Salvador hangs in the balance with reforming democrats pitted against the forces of old and new dictatorships alike.

The struggle for democracy is made even more difficult by the heavy legacy of decades of social and economic inequities. And in El Salvador, as elsewhere, the world recession has hit with devastating effects.

We must also, therefore, support economic development. Underdevelopment, recession, and the guerrillas' "prolonged war" against El Salvador's economy cause human hardship and misery that are being cynically exploited by the enemies of democracy. Three-quarters of the funds that we are spending in support of our Central American policy go to economic assistance. And our economic program goes beyond traditional aid: The President's Caribbean Basin Initiative is meant to provide powerful trade and investment incentives to help these countries achieve self-sustaining economic growth.

But just as no amount of reform can bring peace so long as guerrillas believe they can win a military victory, no amount of economic help will suffice if guerrilla units can destroy roads, bridges, power stations, and crops again and again with impunity. So we must also support the security of El Salvador and the other threatened nations of the region.

Finally, faced with a grave region-wide crisis, we must seek regional, peaceful solutions. We are trying to persuade the Sandinistas that they should come to the bargaining table, ready to come to terms with their neighbors and with their own increasingly troubled society.

El Salvador

Let's now look at how this strategy works in practice, and let me turn first to El Salvador. The basic fact about El Salvador today is that its people want peace. Because they do, they have laid the essential groundwork for national reconciliation and renewal. Let me give you some details.

First: Even in the midst of guerrilla war, respect for human rights has grown. Violence against noncombatants is still high, but it has diminished mark-

edly since our assistance began 3 years ago. The criminal justice system does remain a major concern, and I'll come back to that in a moment.

Second: In 3 short years and despite determined guerrilla opposition, El Salvador's Government has redistributed more than 20% of all arable land. Some 450,000 people—about 1 Salvadoran in every 10—have benefited directly and have acquired a personal stake in a secure future.

Third: The general economic situation is poor. Just to stay even this year, El Salvador will need substantial economic assistance to import seed, fertilizer, and pesticides for its farms and raw materials for its factories.

The economic crisis stems in part from the international recession which has depressed prices of agricultural exports—coffee, cotton, sugar—on which El Salvador depends for foreign exchange. But the more serious problem is the guerrilla war against the economy. Some of the most fertile land cannot be cultivated because of guerrilla attacks. They have destroyed 55 of the country's 260 bridges and damaged many more.

The national water authority must rebuild 112 water facilities damaged by guerrilla action; 249 attacks on the telephone system have caused millions of dollars in damage. The guerrillas caused over 5,000 interruptions of electrical power in a 22-month period ending last November—an average of almost 8 a day. The entire eastern region of the country was blacked out for over a third of the year in both 1981 and 1982. The guerrillas destroyed over 200 buses in 1982 alone. Less than half the rolling stock of the railways remains operational.

In short, unable to win the free loyalty of El Salvador's people, the guerrillas are deliberately and systematically depriving them of food, water, transportation, light, sanitation, and work. These are the people who are claiming that their objective is to help the common people.

Fourth: This brings me to a fourth point. The three government battalions we have trained conduct themselves professionally, both on the battlefield and in their relations with civilians. But only 1 Salvadoran soldier in 10 has received our training—fewer than the many guerrillas trained by Nicaragua and Cuba.

Fifth: And, finally, what is at issue in El Salvador is the cause of democracy. I cannot stress this point enough, and here the progress has been substantial. The Constituent Assembly, elected

a year ago, has drafted a new constitution, sustained a moderate government of national unity, and extended land reform.

I remind you of that election just over a year ago with over 80% of the people voting—not a bad percentage—in the face of armed, violent efforts to prevent people from coming to the polls.

Most important, perhaps, the politicians and parties who participated in the March 1982 elections and are now represented in the assembly have begun to fix common goals in the pursuit of a political solution to their country's problems.

The most concrete indication of the self-confidence and growing strength of El Salvador's new democratic leaders took place last month in the presence of His Holiness, Pope John Paul II. On March 6, the President of El Salvador, Alvaro Magana, announced that national elections will be held in El Salvador this year and that they will be open to all political parties and groups. You have to have some confidence in the democratic process to move up the election and say, "All right, let's decide by the electoral process who should be the president."

On March 17, El Salvador's Peace Commission, made up of a Catholic bishop and two civilians, proposed legislation for a general amnesty that is now before the Constituent Assembly. And the president of the Constituent Assembly has explicitly called for the main political unit of the guerrillas, the FDR [Revolutionary Democratic Front], to take part in the elections.

As President Reagan has made clear, we support negotiations aimed at "expanding participation in democratic institutions, at getting all parties to participate in free, nonviolent elections." We will not support negotiations that short circuit the very democratic process El Salvador is trying to establish. We will not carve up power behind people's backs as happened in Nicaragua. I'm shocked at the suggestions I sometimes hear when I'm testifying that what we ought to do—having observed these people try by violence to prevent an election from happening, should by violence and with our agreement shoot their way into the government. No dice. We will not support that kind of activity.

We will help El Salvador to guarantee the personal security of candidates and their supporters; discourage coercion or intimidation; and help insure access to media, an honest tally, and ultimately respect for the people's verdict.

Let me turn a moment to the deeply troubling problem of El Salvador's ineffective system of criminal justice. They must do much better. The courts must bring cases to a timely and impartial conclusion, and we have to make that point to them unequivocally and very clearly. I might say, Attorney General Bill Smith is in El Salvador today, and a legal team has been down there, and we're doing our best to be helpful in that regard.

Nicaragua

Let me turn now to Nicaragua. Nicaraguans in growing numbers have concluded that their struggle for democracy has been betrayed. The preeminent hero of the anti-Somoza revolution, Eden Pastora, who as Commander Zero led the takeover of the Somoza National Assembly in 1978, is now in exile. So is Alfonso Robelo, a key member of the governing junta that replaced Somoza. So is Miskito Indian leader, Brooklyn Rivera. And so now is Adolfo Calero, the anti-Somoza businessman who for 3 years tried hard to play the role of "loyal opposition" inside Nicaragua. They and thousands of others in and out of Nicaragua bear witness that what began as an extraordinary national coalition against Somoza has cracked and shriveled under the manipulation of a handful of ideologues, fortified by their Cuban and Soviet-bloc military advisers.

But there is an answer to Nicaragua's problems. As in El Salvador, it is a political one. Last October, eight democratic countries of the region, meeting in San Jose, Costa Rica, called on Nicaragua to join them in allowing freedom of action for peaceful democratic groups, ending cross-border guerrilla violence, and freezing the growth of military arsenals. We support such negotiations. President Reagan has said,

... to strengthen democracy, to halt subversion, to stop the flow of arms, to respect borders, and to remove all the foreign military advisers—the Soviets, Cubans, East Germans, PLO [Palestine Liberation Organization], as well as our own—from the region.

If accepted, the San Jose proposals would reduce East-West tensions in Central America and lead to a regional political solution. Yet Nicaragua has so far refused even to discuss these principles, just as it earlier spurned our own efforts to reach a bilateral understanding to deal with mutual concerns.

U.S. Commitment to Regional Peace and Democracy

Our commitment to peace and democracy in Central America is not, of course, limited to El Salvador and Honduras. Like us, Costa Rica and Nicaragua have not given up hope that Nicaragua will return to the tenets of democracy and peace for which its people fought in 1979. But as Nicaragua's immediate neighbor, they feel directly the spill of Nicaragua's militarization and growing internal troubles. Six thousand Nicaraguans are now living in exile in Costa Rica. In Honduras the flow of refugees from Nicaragua continues to rise. Last year alone, some 15,000 Miskito Indians fled to Honduras rather than accept forced relocation by the Nicaraguan Government.

Until a peaceful solution is found, we must continue to bolster Honduras and Costa Rica. Both are democracies. Both have been hit hard economically by the regional turmoil and the world recession. And both have been victimized by terrorism directed from Nicaragua. We want to strengthen these democracies and help them provide their people stability and hope, even in the midst of a regional crisis.

Democracy in Central America will not be achieved overnight, and it will not be achieved without sustained support. To support our objectives in Central America—democracy, development, justice, and the security to which all are entitled—Congress has authorized substantial economic assistance. Congress continues, however, to provide aid to El Salvador—the country lit under the gun.

The security assistance we have asked for is to build disciplined, skilled armed forces to serve as a shield for democratization and development—a shield. We are not planning to Americanize the fighting or to send El Salvador advanced, heavy weapons, like Nicaragua's Soviet tanks. We will help El Salvador's Armed Forces to increase their mobility and to acquire necessary munitions, spare parts, engineering equipment, and medical supplies. But our primary emphasis is on greatly expanded training for Salvadoran soldiers. As I mentioned earlier, only a tenth of the soldiers have received our training and those who have, have a superior performance. So if we can increase the level of training, we can expect performance to improve.

Time is important. To quote Secretary Henry Jackson, "If you're going to

Caribbean Basin Economic Recovery Act

Secretary Shultz's statement before the Senate Finance Committee on April 13, 1983.¹

I welcome this opportunity to continue our dialogue on the Caribbean region and specifically the Caribbean Basin Economic Recovery Act. The legislation we have proposed is a far-sighted response to a deepening economic and social crisis troubling some of our closest neighbors. It deserves to become law this year—the sooner this year, the better.

Our Vital Interests

Let me begin by reviewing our own vital interests in the Caribbean Basin. The Caribbean is an unfenced neighborhood that we share with 27 island and coastal nations. Their security and economic well-being have a direct impact on our own strategic and economic interests.

We do not have to go to Miami to come in daily contact with people born in the Caribbean region or to appreciate the rapid impact of turmoil there on our own society. In fact, our country has become a safe haven for thousands upon thousands of Caribbean citizens who pin their hopes for a better life on a dangerous, uncertain, and clandestine migration to this country. As a result, the basin area is now the second largest source of illegal immigration to the United States. This situation will not improve until the nations of the Caribbean Basin are better able to offer their people opportunities to build secure, productive lives at home.

Economically, the Caribbean Basin region is a vital strategic and commercial artery for the United States. Nearly half our trade, three-quarters of our imported oil, and over half our imported strategic minerals pass through the Panama Canal or the Gulf of Mexico. If this region should become prey to social and economic upheaval, and dominated by regimes hostile to us, the consequences for our security would be immediate and far reaching.

The health of the Caribbean economies also affects our economy. The area is now a \$7 billion market for U.S. exports. Thousands of American jobs were lost when our exports to the region fell \$150 million last year as income in the region declined. A large portion of the debt of Caribbean countries is owed to banks in this country. At the end of 1981, U.S. direct investment in the region was approximately \$8 billion.

The Caribbean Basin Economic Recovery Act is the cornerstone of our effort to come to grips with these issues. This legislation recognizes the critical relationship between economic development and political stability. It is designed to promote self-sustaining economic growth; to enable countries in the region to strengthen democratic institutions; and to implement political, social, and economic reforms. Ultimately, its purpose is to help restore the faith of people of the region in their countries' ability to offer them hope for a better future.

Economic Problems

The societies of the Caribbean Basin republics are undergoing inevitable change that puts them under considerable stress. Declining employment in agriculture, high birth rates, and slow creation of urban jobs have diminished hopes for combating poverty and caused appalling rates of unemployment, especially among the young. Youth unemployment in Jamaica, for example, is estimated to be 50%. Without dramatic increases in investment to improve living standards and to create jobs, rising crime and urban instability will create a downward spiral of social disintegration. And because the Caribbean economies are so small, new investment—domestic as well as foreign—will not take place without assured access to outside markets.

The diminutive size of individual Caribbean markets—averaging just 1.5 million people, with 16 countries under 0.5 million—makes them uniquely dependent on the outside world in ways we can only dimly imagine. The national incomes of most Caribbean Basin countries are less than that of a U.S. metropolitan area of 300,000 people, such as

lot box free and open, there must
shield behind which the people can
ipitate." Whether we will be able to
rovide this shield in time depends
Congress. In the middle of a war,
Congress has cut security assistance
level two-thirds below the previous
year. So here you are—you're an
you're fighting, and all of a sudden
flow of what you need to fight
is cut by two-thirds. Then people
How come that army isn't doing
?" It's a terrific blow.
The Administration is seeking to
e these funds. The people of El
dor must have confidence that we
e their struggle through, or else
or democracy may not survive.

Conclusion

Information, let me say again that
are many reasons for us to care
what happens in Central America.
strategic, and we better remem-
ber. What is happening in Central
America could endanger our own securi-
ty of our friends throughout the
Caribbean Basin, from Mexico to the
Panama Canal.

It is an equal reason is moral. How
can we, in the name of human rights,
turn our neighbors to a brutal, mili-
tary takeover by a totalitarian minority?
If our concern is freedom, will a com-
munist victory provide it? If our concern
is social fairness, will a communist
victory provide it? If our concern is
economic prosperity, will a communist
victory provide it? If our concern is
the well-being of American people and
their representatives have difficult
choices to make. It is easy to play the
diplomatic game, and it is tempting to avoid
difficult decisions. But if we walk away
from this challenge, we will have let
our neighbors not only all those in Central
America who yearn for democracy, but
also who let ourselves down. We
must be for freedom and human rights
in the abstract. If our ideals are to
mean anything, we must defend them
when they are threatened. Let us meet
this challenge with confidence and
possibility.

SS release 109. ■

Omaha, Nebraska, or Charlotte, North Carolina. Dominica, for example, with a population of only 80,000, is the least developed country in the eastern Caribbean. It is also one of the most democratic and pro-Western. If small, vulnerable economies like Dominica are to be at all viable, they must have access to bigger markets. In Central America where the economies tend to be a bit larger, the disruptions in recent years of the Central American Common Market have made economies such as Costa Rica much more dependent on markets outside its region. As long as they are limited to production for their small and poor domestic markets, the small economies of the Caribbean Basin cannot diversify their economies. Nor can they develop the expertise and efficiency needed to become prosperous international traders.

We recognize that the Caribbean Basin economies will always be dependent to some degree on markets outside the region. But developments of the past few years have had a devastating impact. Prices of the non-oil commodities the Caribbean republics export—sugar, coffee, bananas, bauxite—have fallen drastically. And this is at a time when they are still struggling to cope with the massive increases of the 1970s in the price of their most basic import: oil. Recession in the United States has caused a steep drop in revenue from tourism. Foreign debt has mounted to increasingly burdensome levels. The withering of government revenues has stopped or delayed development projects. Real per capita incomes have declined throughout most of the basin region.

All this adds up to a massive problem: the governments of the Caribbean republics must find ways to assure sociopolitical stability and revive economic growth while also accommodating rapid internal change. Their success or failure in meeting this challenge will greatly affect the environment in which we live.

The Challenge/The Alternatives

The United States thus has a vital stake in helping its Caribbean neighbors pursue their goals of open societies and growing economies through productive exchange with us and the rest of the world. The Administration has approached this task with full recognition that we have great assets and advantages when it comes to supporting democratic development.

This becomes most clear when we look at the alternatives. One alternative is the closed solution: the society which, while not a viable economy, turns in on itself and enforces by fiat the distribution of the limited economic benefits a small economy can generate itself or receive in aid. This is a recipe for totalitarian force—because people will not take it willingly—and economic stagnation. It is the Cuban solution. It poses continuing threats to our interests in this hemisphere which we have had to counter for the last 20 years.

A second alternative is decline of the population to the level which a small economy can support on its own. With the young populations and high birth-rates of these countries, this alternative entails massive emigration from the Caribbean Basin region. Our country is inevitably the preferred destination. As much as we welcome the rich contribution of the region's immigrants to our own life, massive immigration is not what we want. Nor is it what the countries of the region want. That is not at issue. Nor is it the only reason we care.

The President's proposed legislation supports a third alternative—democratic development. This is the only alternative that meets our vital self-interests and our nation's long tradition as a source of progress and hope in the world. Politically, the people of these societies have shown they want a voice in their own fate and that they reject totalitarian formulas. Two-thirds of the governments of the region have democratically elected governments. Significant progress toward democracy is occurring in others as well, despite the obstacles. Democracy represents a set of values that virtually all the peoples of the region see as sympathetic to their own aspirations. The Cuban and now Nicaraguan models stand as clear demonstrations of both political repression and economic failure.

Economically we have the assets that can be ultimately decisive in the orientation of Caribbean development. We represent a market economy that works, a natural market for Caribbean exports, the major source of private investment in the region, and the management and technology that come with it.

The Caribbean initiative of the Administration is an imaginative and comprehensive approach to bringing these assets to bear on the problems of our Caribbean neighbors. It is a forward-looking effort to boost both development and stability. Because it builds on private resources and enterprise, it has the potential to deal with their deep

economic plight in a fundamental way. Because it can help to ease delicate social and political transitions by creating security problems of international dimension, it is a product ahead of history, instead of countering its unwelcome effect.

Caribbean Basin Program

Our program is part of a major effort. Other higher economies of the region are also increasing their efforts significantly. Canada embarked on a 5-year program area providing over \$500 million. Canada currently provides duty-free treatment or preferential access of its imports from the Caribbean. Mexico and Venezuela, despite financial difficulties, are continuing credits to the region through their oil facility. Venezuelan financial support has been over \$2.5 billion last 5 years. Colombia is initiating technical assistance of up to \$50 million in new credit lines of \$10 million per year, and additional balance-of-payments financing and a trust fund for the developed countries of the eastern Caribbean. The collective effort: these democracies are a strong encouragement to open societies to democratic development in the region. But success would be imperiled if we do not. Our full participation is vital needed.

The U.S. contribution integrates three types of mutually reinforcing economic measures—trade opposition, tax incentives, and aid. The program has been developed in continuing cooperation with the governments and the private sectors of the regions. It reflects their own priorities and assesses their needs.

As you know, we were able to start on our Caribbean economic initiatives last summer, when the President approved an emergency supplemental aid package of \$350 million—a landmark in the President's original Caribbean Basin program. Our aid program for both FY 1983 and FY 1984 has been given the new higher priority we have given the Caribbean Basin area in the wake of our scarce economic assistance resources. As a percentage of our overall economic assistance budget, assistance to the Caribbean region has doubled in FY 1983 and 1984, over 1980, from 6.6% authorized in 1980 to 13.6% proposed in FY 1984.

Most of the \$350 million appropriated last year has been obligated

the private sector in those countries. This is the most serious financial crisis. This assistance has helped establish, productive private enterprise to obtain needed raw materials and equipment from the United States. In addition, it has provided practical support for balance-of-payments problems and infrastructure in the small, least developed countries.

It has also been able to use a portfolio of these funds to support training and scholarship opportunities for students from the Caribbean region. This leadership potential. These opportunities support our goal of transferring technology and skills, enhancing economic cooperation among nations of the region and strengthening political ties with recipient countries and the United States. We are currently offering 100 scholarships each year. As new money is available, the number of scholarship recipients will continue to increase. These programs have high developmental, economic, and political impact. A key element in our assistance to the Caribbean Basin region.

As the President said when he signed that emergency CBI [Caribbean Basin Initiative] appropriation, "The assistance is only a short-term measure. Indeed, financial assistance and other projects will be wasted if the development process is not a broad-based and integrated process. We believe that such development can only be achieved through a strategy which encourages private initiative and invest-

ment, this measure will provide strong and continuing incentives for investment, innovation, and risk-taking in the Caribbean countries.

As I have pointed out, the domestic economies of most Caribbean Basin nations are simply too small to permit the diversification essential for noninflationary growth. An opening of the U.S. market to the nontraditional products of these countries will provide important opportunities to develop new production and an incentive to produce more efficiently. Increased and diversified production will mean higher wages, a strengthened middle class, more resources available for education and health—and more demand for raw materials, equipment, and finished goods from the United States.

I recognize that these are difficult economic times in our own country. Understandably, there is concern over the impact this legislation will have on workers in the United States. I am convinced that the impact on our economy will be positive. Because the Caribbean countries are so closely linked to our economy, our sales to them will grow apace with their economies. Excluding petroleum trade, we have a \$2 billion trade surplus with the Caribbean Basin and are already the major trade partner of most countries there. A stronger Caribbean Basin will be an even better and more reliable customer for U.S. products. As countries in the region produce more, they will import more. American workers will share in the fruits of that growth.

The Caribbean Basin economies are equal to only 2% of our GNP, and our imports from the region are less than 4% of our total imports. Imports not already entering duty-free are an even smaller percentage. Therefore, even a significant increase in Caribbean Basin production and exports will not have a significant negative impact on our economy. And if American industries are injured by Caribbean imports, they have the remedy of seeking relief under the safeguard provisions of the 1974 Trade Act.

The United States is the world's most open major market. A large share of the Caribbean Basin's exports to the United States already enter duty free. Petroleum accounts for almost 60% of our imports from the region. In 1982, 70% of our nonpetroleum imports from the Caribbean Basin entered duty free. Sixteen percent of these nonpetroleum imports entered under GSP [generalized system of preferences]. But GSP is due

to expire next year. While the Administration strongly supports the extension of GSP, it contains competitive need restrictions and product exclusions which limit its usefulness as a stimulus to broad-based recovery by the small Caribbean Basin countries. The products that would be extended duty-free entry as a result of the proposed CBI legislation comprised only one-quarter of 1% of U.S. imports in 1982. Yet these products represent an important area of potential new production for the Caribbean Basin countries.

I would like to mention briefly a section of this bill that was not included when I addressed this committee last August on this legislation. I refer to the convention tax deduction. This provision recognizes the vital importance of tourism and travel to the economies of many Caribbean nations. I should emphasize that this provision would simply grant Caribbean Basin conventions tax status equal to that presently enjoyed by Mexico, Canada, and Jamaica. In our consultations with Caribbean Basin business and government leaders, they have frequently cited the disadvantageous present tax treatment of Caribbean conventions as being an obstacle to the recovery of their travel industries. We should also keep in mind that many American travel dollars spent in the Caribbean come back via U.S.-owned airlines, hotels, and recreation facilities.

Let me reiterate the important role that Puerto Rico and the U.S. Virgin Islands have in the Caribbean Basin Initiative. Since the earliest days of this Administration, we have consulted closely with the governments of Puerto Rico and the U.S. Virgin Islands to fashion the initiative in a way that would foster the development of the U.S. Caribbean. The legislation reflects that in several ways. It liberalizes duty-free imports into the United States from insular possessions. It explicitly permits industries in Puerto Rico and U.S. territories to petition for relief under the safeguard provisions of U.S. trade law. It also modifies environmental restrictions on the U.S. Virgin Islands rum industry and constructs the rules-of-origin requirements to encourage the use of products of Puerto Rico and the U.S. Virgin Islands. An important provision would transfer excise taxes on all imported rum to the treasuries of Puerto Rico and the U.S. Virgin Islands. In sum, the facilities, skills, and people of Puerto Rico and the U.S. Virgin Islands are a major component of our development cooperation efforts elsewhere in the Caribbean.

5. Market

to new production and employment in the Caribbean is assured access to a natural market in this country. Countries in the Caribbean need help to compete in the competition with more experienced, and established producers elsewhere. That such a market that reinforces the role of attraction of the U.S.

The President's proposal to grant duty-free entry to Caribbean Basin products over a 12-year period is the centerpiece of the Caribbean Basin Initiative. It provides a decisive boost to Caribbean development. The proposal is simple and direct. It offers long-term economic benefits of free trade and the positive impact of a major political commitment to the region. By assuring free access to the vast U.S.

The Political Dimension

The political dimension of Caribbean progress is of great and ultimate importance to us. We do not seek clients. Our goal is a region of independent countries in which people can choose their leaders and their own path to economic and social progress. We are confident that will produce societies and regimes which are not hostile to us. That same belief underlies the strong commitment of the other democracies in the region to the Caribbean initiative. Together with Mexico, Venezuela, Colombia, and the region's other democratic governments, we seek to encourage economic and social reforms which address the real grievances of various sectors of the population of Central America and Caribbean countries.

Stability in societies based on free association rather than coercion must depend on addressing people's right to own their own land. They must be able to organize in cooperatives and unions to promote their economic interests. And they must be able to exercise their political rights, free of intimidation. That is the course we encourage through our support in the Caribbean Basin region. That is also the course which the peoples of the region seek—as they have shown repeatedly in their own political life.

Conclusion

The Caribbean Basin Initiative is solidly grounded in the tradition and values of both this country and the Caribbean region. It is a strong and multilateral effort in which the U.S. Government has cooperated and consulted with the Governments of Canada, Venezuela, Mexico, and Colombia; with other donor countries; and with the international financial institutions. The proposals before this committee are the result of extensive discussions with business and government leaders in the Caribbean Basin region about the obstacles to their economic revival. The focus of our efforts is on the private sector, which must be the engine of a lasting economic growth.

The nations of the Caribbean Basin are counting on us. It is now over a year since President Reagan outlined his Caribbean Basin Initiative proposals before the Organization of American States. Those proposals were warmly, even enthusiastically, received by most government, labor, and private sector leaders in the region. For those in the Caribbean Basin countries who believe

in cooperation with the United States, in pluralistic democracy and private enterprise, the announcement of the initiative demonstrated that the United States realizes the importance of urgent and far-reaching action to promote the region's prosperity. They were bitterly disappointed that this legislation did not reach the Senate floor during the last Congress. If we fail to act now, our inaction will be interpreted as lack of interest and a broken promise. It would undercut moderate leaders in the region who have geared their policies to cooperation with the United States and to serious efforts for economic development and democracy. It would extinguish the hopes that have been raised

in the region that the United States is willing to give significant help to economic and social progress in the Caribbean Basin.

I am confident that after careful consideration, this committee and the Senate will recognize that this legislation is important to the interests of the United States and the Caribbean Basin countries. I strongly urge favorable action.

¹ Press release 108. The complete transcript of the hearings will be published by the committee and will be available to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1984 and 1985 Authorization Requests

Excerpt from Secretary Shultz's statement before the Subcommittee on International Operations of the House Foreign Affairs Committee on February 23, 1983.¹

I appreciate the opportunity to meet with you to begin discussion of the Department of State authorization request for fiscal years 1984 and 1985. Of all my appearances before Congress, none is more important. Indeed, our success in the world depends on our willingness to allocate the resources necessary to support a foreign policy worthy of our traditions and the role we must play in today's world.

I believe I know as well as anyone the competition for our nation's resources. I also understand the inevitable trade-offs between our domestic and international priorities that are a part of that process. I firmly believe, however, that just as we cannot compromise on funding vital to America's defense, it is equally important that our diplomatic efforts receive the resources essential for their success. Indeed, to the extent we succeed diplomatically in assuring the security and well-being of ourselves, our friends, and allies, our military strength need never be tested.

U.S. Agenda Goals

Our nation's foreign policy agenda is a very ambitious one. Three broad goals

dominate that agenda—goals which are once interdependent and mutually reinforcing.

- The first goal is our commitment to a more peaceful, secure world, in which all countries are free to pursue peace, economic change and to realize their political and economic aspirations safe from threat, coercion, or intimidation. To address this goal, President Reagan is moving decisively to restore our military strength, to negotiate on disarmament and arms control, and to act decisively and imaginatively to help make peace a reality in the regions of the world which have known only anguish and strife for generations.

- The second goal is to restore order and stability to the international economic system by recognizing the interdependence of our own domestic and foreign economic policies must interact effectively to achieve sustainable noninflationary growth.

- A third goal is the President's commitment to expanding the freedom of democracy and freedom. Last June, in a speech to the British Parliament, President Reagan pointed out the need to decisively strengthen the infrastructure of democracy; a free press, free trade unions, free political parties, free institutions which allow people to mine their own future.

ary Resources

I like now, however, to discuss resources needed by the Department to advance U.S. interests.

As I am requesting appropriation authority for \$2.4 billion in 1984 and \$1 billion in 1985. The 1984 request entails an increase of \$169 million over 1983 estimates.

The largest component of this increase—\$85 million—results from a previously approved change in timing of our payment of assessed contributions to the major international organizations. This, therefore, does not entail an increase in the budgets of organizations. In fact, without this process, our 1984 authorization would be only 4% greater than 1983 level. If the budget request is approved, the U.S. payment will be reduced. This would be inconsistent with our global responsibilities.

Most of the Department's 1984 increase is necessary to continue operating at existing levels and to correct operational deficiencies. We must meet increased wage and price increases abroad, where inflation rates have become significantly higher than domestic. We must respond to the growing demand for economic and overseas passport and consular services; and continue efforts to protect life and property abroad in an increasingly dangerous international environment.

Despite the remaining growth in the Department's budget is devoted to continuing several programs of critical importance to U.S. interests.

First, we must continue the Secretary's effort to strengthen reporting and analysis of foreign political and security events. Our ability to influence international events is dependent upon the degree and sensitivity to unique situations. The Iranian crises of 1979 show what can happen when we are not adequately informed.

Second, we must continue to renew our trade and operational capability. To make these investments not only modernizes the effective conduct of our affairs but also increases the technical necessary investments in our trade. In this area, it is necessary

to improve the security and reliability of the Department's telecommunications systems. The Falklands and other conflicts demonstrated the need for upgrading our crisis management communications system;

- Provide new facilities where needed and restore the condition of existing overseas property. Maintenance activities have been seriously neglected, and renewal of our existing capital investment is both cost-effective and a high priority;

- Meet increased demands for the continued security of life and property;
- Expand the Department's worldwide information processing capability to meet increased workload demands and to improve our management efficiency; and

- Improve our administrative support for U.S. Government activities abroad, particularly in lesser developed countries.

Finally, there are several matters of current interest to this committee that I would like to address briefly. First, this request provides authorization to support the 1983 reopening of seven consulates closed in 1980—Brisbane, Mandalay, Salzburg, Nice, Bremen, Turin,

and Goteborg. Our authorization also will support the opening of three new posts in Chengdu, People's Republic of China; Bandar, Brunei; and Enugu, Nigeria. Each of these is important to our foreign policy and commercial interests.

I would like to report that our Office of Foreign Missions is steadily expanding its operations, including a careful review of ways to ensure reciprocity. The Department also is establishing a Coordinator for International Communication and Information Policy. The coordinator will provide executive branch leadership and we welcome your continuing interest and support for our efforts in this important area.

1 Press release 61. 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 News Briefing on Arms Control

*Secretary Shultz held a news briefing at the White House on March 31, 1983.*¹

I thought I would make a few opening comments and then we can just have the questions we wish. I have been trying to think to myself what is this really all about. And obviously it is about reductions in nuclear arms, particularly a particular class of armaments in Europe that are highly destabilizing and, therefore, especially dangerous. And clearly we have been in the position—the President has—of wanting to see that whole class of weapons eliminated globally. We continue to think that is the best solution.

We recognize that this is a negotiation and the Soviet Union has rejected that, and so the President has made another proposal. The new proposal you will have so I won't repeat it other than to say that it is a further effort to negotiate something that still aspires, although it isn't a condition, to get to elimination of these weapons but is willing to take, as an interim step, some finite number somewhere between zero and 572 warheads on both sides, according to specified criteria that has been set out.

So partly this is about that. But I think that in the full perspective of things, we tend to mislead ourselves if we concentrate overly on the weapons aspect of this problem. And it is a fact that we have had an extensive rich consultative process with our allies on the original 1979 dual-track decision, in the first place, then on the elimination option, in the second place, and now on the President's most recent proposal.

And we have had really sort of an alliance view throughout. It is very unified and strong and determined. So I think that raises a question of how it is possible to get so many countries that are geographically spread around and which have varying interests on many things to be so unified on something of this kind. And I think you have to come back to the values that these countries share in a determination to be able to defend those values against a very clear threat to them.

It is really that that underlies the unity that we have and the fact that we are undertaking both to confront the Soviet Union with the strength implied by the first-track and the dual-track decision, but at the same time hold out to everyone the prospect of a reduction

or, in our basic prospect, elimination of these very destabilizing weapons.

The perspective that I want to lend is the strength of the alliance and the reason for that, namely our jointly held values, as really the underlying source of strength. And I don't say that in any way to neglect the importance of the particulars of the arms reduction negotiation and the weapons systems and all that.

Q. From Moscow recently, we have heard from Andropov and we have had some journalists reporting on the temper of the talk over there. And the general feeling seems to be that the Russians have had it up to here, if you will, with dealing with the Reagan Administration. Is that, do you find that is their reading?

A. There have been some very sharp statements made, and I think it is fair to characterize the U.S.-Soviet relationship as not a particularly good one right now. It is tense. At the same time, I think it is important to point out that we have discussions going on with the Soviet Union in two fora in Geneva that include both the INF [intermediate-range nuclear forces] and the START [strategic arms reduction talks] talks also kind of adjoining each one of those talks about confidence-building measures.

There is a continuing discussion in Vienna and MBFR [mutual and balanced force reduction] talks. We are engaged with them across a range of Helsinki Final Act and disarmament issues in Madrid. And we have quite a number of other settings in which there are from time-to-time meetings, for example, meetings that I have with Ambassador Dobrynin. So there is a dialogue.

And it is our feeling that the important element here is to see and to probe and to find out whether there are some areas of importance where substantive agreements can be made. That is, tone reflects substance, not the other way around. And there are a great many substantive matters where we are in deep disagreement with the Soviet Union, and that is the essence of it.

We need to work at the substance. And if it turns out that the substance can be improved, then I think the tone of the relationship will improve.

Q. There are some very sharp differences in statements which the President made over a period of some weeks—very, very harsh denunciations of the Soviet Union—and what everyone seems to feel is a very con-

structive proposal at this time. Why is there such a great variance between the President's rhetoric on some of these occasions when he speaks so sharply and so strongly of the Soviet Union, the focus of all evil, and then made movement toward this kind of substantive thing? Because the first statements almost indicate that it wouldn't matter what negotiation we had, we wouldn't trust them to carry it out. And it would be almost impossible to negotiate. Is there a plan here? Is it by accident? Why are these enormous differences in tone?

A. I think that if we didn't feel that there was a reasonable possibility of arriving at significant agreements in these discussions, we wouldn't be having them. The fact that they are going on, at least from our standpoint, shows that we think there is a chance that things can improve and that the improvement can be genuine in the sense that it can be built on substance.

The range of issues that one can discuss is quite broad. And, of course, on many of them, particularly when you are talking about something like arms control, I think that it is not so much a matter of trust as it is verifiability, that you are going to aspire to an agreement that is inherently capable of being carried out because you can know on both sides, they as ourselves, that it actually is being carried out. The key here is the subject of verifiability.

Q. Do you get any indication from the Soviets at all of a shift in their position on verifiability? Are they moving toward a more acceptable position as far as we are concerned? Is there any shift in that whole area?

A. Our negotiations are ongoing in various areas, and I think that the notion that an agreement ought to be verifiable is an accepted notion. The question of what it takes to satisfy yourself on that is where all of the argument comes. For example, the President feels that the Threshold Test Ban Treaty is capable of considerable improvements in the area of verifiability, and the Soviets have told us that they do not agree with that. The Soviets have a difference of opinion there. It is not over whether verifiability is a proper concept; it is over the implementation of the concept.

Q. Given that you have said that the tone for that meeting reflects substantive disagreements between us and the Soviet Union, wherein lies the possibility for an improvement or a

change of an agreement on improvement of the relationship? Why do you think there might be such a thing, do you think there is any prospect of a summit meeting before the end of the first term in this Administration?

A. I think you have to review the issues and then appraise them by one and see what the prospect is piece by piece, so if you say "an agreement," that can cover a broad range. The focus of attention right now is on the major arms reduction negotiations and particularly today the INF negotiations. But there are a lot of things.

The President has said, and as I can read it Mr. Andropov has said, that in principle they are prepared to have a summit meeting but only on the basis of the prospect that something really significant could be achieved at the meeting. So the idea of a simply acquainted meeting doesn't seem to be in the cards.

Q. You have expressed the wonder—the pleasurable wonder—that at the—

A. No, I didn't express any wonder. I insist that it is remarkable that it is important and then I try to have wonderment but rather to you an answer, namely our shared values.

Q. Isn't it true though that I don't think Reagan would have stayed original zero-zero option had it been for pressure from our allies in Europe?

A. The President has said—and as I understand it, I am relatively sure to it, but the 1979 decision—the proposal—has been an alliance proposition all along and it has been discussed continuously about what position should take and what our negotiating strategy should be, and so on. And there have been lots of discussions with the U.S. Government, as well as with the European governments and among them I think was a shared view that this is right now to make this clear our position. So I don't think it is a question of pressure this way or that way. It is a question of a continuous process of consultation, and I think there emerged a very broad consensus in our government and in the governments abroad that this was the time to make a change as the President has done.

Q. You didn't find a reluctance at the Pentagon to make this change

No. We had lots of discussions of practically ever since I got here—I reminded this morning 9 months somebody implied that it ought to be for me to produce something. [inter]

Isn't there perhaps a considerable danger that offering the in-proposal at this point, shortly after the hurdle of the West German proposals, will suggest or be interpreted as meaning that the Administration was not terribly intent on zeroption to begin with, that once the initial hurdle had been cleared out a more specific bargain-situation and that this might tend to undercut the substance of zero-

I don't think there is really a late question about what the intent feels and, for that matter, our allies feel is the best outcome. The elimination of these weapons. I think so, we continue to think so, I think that that position has a kind of appeal to mankind in a sense, supported by the Japanese. I think that is the right proposal on. There is a worldwide acceptance. I think there is also a recognition of the reality that we are to bring about arms reduction in the process of conducting negotiation, we need to try out options, and so we have. I think it is worth pointing out that the President has constructed a proposal, he did not substitute some number for zero. He rather said, in effect, that there are a variety of numbers conceivable, and we are saying to the Soviet Union that we are willing to accept an interim number. And if they accept this concept, maybe there are numbers that they think are better than other numbers. Obviously, I don't just pick any number for a bunch of reasons. But I think it is important to put this forward in a manner that maximizes the potential for negotiation and for some reality of the prospect of getting some place as much as we cannot do it, of course. It takes time to make an agreement.

Does this put the onus on the Soviet Union now to come up with a number—an acceptable number—and does this of the public relations battle is the ball now to be perceived as a Soviet court?

I think that the ball has always been on the Soviet court because we

have tabled a complete and very good proposal in what has been called the zero option. I guess you could say that they have made a response but the response is so far out of the ballpark that I don't think anyone really took it that seriously. But at any rate, certainly this is another effort to put forward something as they have said very clearly that they do not accept the idea that they will have none of these weapons.

So this is another way of trying to get at it consistent with the principles that have been implicit in the President's position and the alliance position all along and has been enunciated most recently in his American Legion speech and again by Paul Nitze [head of the U.S. delegation to the INF negotiations] in Geneva.

Q. You are saying to the Soviets in effect, what number will you take? Is that the way that you read it?

A. It leaves it open to the negotiators to say, well, you think this number, we might think that number, but if we can get the thing into that ballpark then it seems to me that that is a big advance. I don't know whether the Soviets will respond that way, but at any rate, I think that our position is a good one. It has a good ultimate objective, and it is a negotiating position, and it has strong alliance support.

Q. We are truly trying to maximize the prospects of coming up with an agreement. Will there be some way to take account of the fact that the British and the French are modernizing their strategic nuclear forces in a significant way and either in this negotiation or in START might we accommodate that fact somehow? Because it doesn't seem to me from the Soviet perspective of a priori crazy to insist that these forces be factored in this tabulation of forces.

A. I will just focus on the negotiations we are talking about. You used a good word, "strategic," and these are intermediate-range missiles that we are talking about. We are talking about land-based missiles, and we are talking about the United States and the Soviet Union. I don't think that it is reasonable to consider—we should not consider a proposition broadly that equality consists of adding up the armed forces of every country in the world and then saying that the Soviet Union has to have the same as everybody else combined.

I think this problem that we have has to be put in terms of the United States and the Soviet Union and equality and capacity to deter on our part based on that notion. As you know, the overwhelming number of U.K. and French systems are submarine-based so that they are not land-based systems—I believe only a very small number of the French systems are land-based. Strategic land-based—those are national systems. They are not NATO systems. I don't think that they should be counted, let alone taken into account in this negotiation.

Q. I wondered if the United States would feel that the number of SS-4 and SS-5 missiles that the Soviet Union has, if they eliminated those would this be a realistic approach to the thing? Because the Soviets have never given an indication in their history of eliminating a new weapons system.

A. You must be kidding.

Q. No, I am not.

A. You must be kidding.

Q. The Soviet Union has never eliminated an operating weapons system. They have only gotten rid of the old obsolete systems, and they haven't given any indication in these negotiations, I am sure, that they wish to dismantle any of the SS-20s.

A. We cannot appraise proposals according to what the Soviet Union would like. We have to appraise proposals according to what would be sensible and reasonable from the standpoint of our allies and which one would think would be reasonable for them. If they feel, as it has been said so often, that they are threatened, then why isn't it reasonable to say let's just eliminate all of these weapons and then they don't threaten anybody.

Q. I wasn't talking about what was reasonable—

A. I think that there are all sorts of responses to these things, but to think that we could accept—the number of SS-20 warheads now deployed, I think, well exceeds 1,000 and not have anything to confront that and to be used as a component of our deterrence would be absolutely ridiculous.

¹ Press release 95. ■

FY 1984 Assistance Requests for Africa

by Chester A. Crocker

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on March 22, 1983. Mr. Crocker is Assistant Secretary for African Affairs.¹

I appreciate this opportunity to discuss with you publicly and for the record our proposals for Africa for 1984. I am most concerned that those of us who are truly committed to a positive future for Africa carefully examine the role of foreign assistance in achieving that future.

The West's interests in Africa include such obvious material and strategic interests as access to vital materials and the importance of maintaining partnership with friendly nations flanking the transportation lanes to the Persian Gulf. They include our deep concern for the economic development and growth of Africa, without which the continent cannot realize its great potential.

Americans are tied to Africa by bonds of ancestry and culture. We remain committed to helping Africans suffering the effects of famine and civil strife, all too common in the world's most recently independent continent. We are actively seeking peaceful solutions to the conflicts and problems in southern Africa. We remain equally determined to prevent Soviet, Cuban, and Libyan adversaries from taking advantage of Africa's current weaknesses to pursue strategies of destabilization, which could further delay Africa's progress toward economic and political well-being.

The United States, by virtue of our technical skills, economic strength, and humanitarian concern, has the wherewithal to forge a growing and mutually advantageous partnership with Africa. And we know that increasing numbers of African leaders look to the West for help.

The request for economic and military assistance now under construction is certainly not the only means to help us achieve a more effective partnership with Africa—much can be done by private individuals and organizations—but there can be no doubt that aid is of critical importance.

We are not alone in this effort. Our allies, particularly the Europeans, bear a major share of the burden. Our own contribution of bilateral economic aid ranks

third behind France and West Germany. The United States is taking the lead in only a few countries, such as Liberia and Sudan, which are of special importance to us. While we welcome the key role of our allies, it is nonetheless clear that inadequate assistance levels will threaten our ability to promote U.S. interests or even to cooperate effectively with our allies. In this connection, it must be a matter of concern that although our interests in Africa are steadily increasing, American aid is barely keeping pace with inflation. A recent General Accounting Office (GAO) study notes that in the early 1960s, the United States contributed 60% of total economic aid worldwide. Today the level of U.S. bilateral aid is down to 16% of worldwide official aid flows. In Africa, U.S. bilateral economic aid is less than 10% of official aid from all sources.

Economic Crisis: The Threat to Africa's Political Viability

In the past year, we have witnessed growing economic crisis in African countries, most of which are dependent on one or two primary products for their income, as they have had to suffer the painful consequences of continued low commodity prices. For these countries, declining food production, mushrooming population, and skyrocketing international indebtedness are not descriptive terms but threats to the lives of their people and to their very existence as nations. The impact of today's world recession has been aggravated substantially by the growth-inhibiting economic policies pursued by many African countries over the past generation.

In the last year, some two dozen African countries have sought the assistance of the International Monetary Fund (IMF) in dealing with their economic difficulties. A dozen or so of these nations have also had to reschedule their external government debt. And still the great majority of African nations face extremely limited short-run prospects for improvement in their financial situations.

The unprecedented economic crisis in Africa threatens U.S. interests on several levels. Unless it is alleviated, African leaders will be increasingly attracted by authoritarian or repressive political strategies with destructive consequences. Although Africa does not

have debt problems on the scale of America, default by one or more African countries would certainly increase present strains on the international financial system. Unchecked economic crisis will, in time, generate further burden on famine, refugee, civil strife, deplorable in itself and demanding expensive international efforts in response. Finally I would remind you that one out of five U.S. dollars depends in some way on international trade and that 40% of our crops devoted to production for export performance in Africa reduces the growth in our export sales, depresses our economic growth, and slows the creation in the United States.

The Successful Uses of Assistance

We must not conclude, however, that the future is doom and gloom. There are bright spots on the African horizon, and aid programs have a significant role to play in some of them. In Senegal, for example, the U.S. Agency for International Development (AID) has been instrumental in improving health conditions, bringing to rural villages the results of agricultural research and new technical developments, and in increasing crop yields significantly. Our aid has been equally successful in Zimbabwe, where, despite political problems, the government has clearly demonstrated its ability to absorb and use effectively assistance in support of pragmatic economic policies. An economic stabilization fund (ESF) commodity import program has provided badly needed direct support for the private sector, among things enabling a major American firm—Caterpillar—to continue a program which trains black employees a wide range of skills.

For many countries in Africa, the present crisis requires a two-phase response. The first phase is usually IMF-supported stabilization programs which emphasize short-term balance payments adjustment. If successful, stabilization phase will eliminate disincentives to exporters and other domestic producers and set the stage for renewed growth. The second phase is typically an investment program by the World Bank (IBRD) and other donors encourage and help finance growth-producing development activities.

aid is essential in both phases. Programs often demand painful measures, including adjustment valued exchange rates, reduction of budgets, and elimination of subsidies. Fast disbursing balance-of-payments assistance, often provided in the form of ESF, may be required to bridge the balance-of-payments gap in conjunction with the IMF and other multilateral institutions. Our balance-of-payments support is directly keyed to economic growth efforts being urged by the IBRD and the World Bank. Later in the investment phase, project and nonproject aid funded development assistance, ESF, and technical assistance can be provided with complementary technical assistance to help get the adjustment process going again. It is clear that the two phases—stabilization and growth—be presented together, unless African leaders perceive otherwise and can reasonably understand the relationship between the two phases and growth, they will hardly be able to take the political risks which these measures demand of them. Our support over the past 6 months has been instrumental in organizing a multi-country response to Sudan's economic crisis. It takes these two phases into account. Within the past month, donors have agreed to support a World Bank investment program, the IMF has approved a new stabilization program for Sudan, and official creditors have provided needed debt relief. A variety of ESF programs also have been developed, including developmentally oriented concessional means of disbursing ESF. The commodity import program enables us to provide made capital goods and spare parts that local American companies, often squeezed by severe foreign exchange shortages, might go under. It is a boost to the private sector to firms which are trainees, contributing to agricultural development, and serving as agents of technology, as in Zimbabwe. A significant component of our commodity programs in Africa consists of the importance to food production of needy people: fertilizer and farm machinery are two examples which come to mind. Finally, when commodity-financed goods are sold, local currencies which are administered by AID and the host country are used to fund development activities.

Port. Africa's crisis demands a flexible and flexible mixture of project and nonproject economic assistance.

The growth in nonproject aid in recent years, delivered through ESF and Title I PL 480, reflects the depth of the current crisis and the consequent emphasis on successful economic stabilization. The need for such assistance is recognized by virtually all development experts and was endorsed by the World Bank's 1981 study, *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*, which noted that "quick disbursing balance-of-payments assistance is critically needed in some countries to permit fuller operation and maintenance of existing productive capacity and infrastructure."

Addressing Africa's Security and Development Needs

Whatever we and the Africans themselves may wish, the politics of survival dictate that for the majority of African countries security, economic growth, and development are inseparable. In Africa the security program is particularly difficult because not only are the economies weak and vulnerable but the means of legitimate self-defense are expensive and draw on scarce resources. Our answer to Africa must include a response to legitimate needs, both for self-defense and for development. In shaping our response, we have focused most heavily on the economic requirement, but we have not and must not neglect the defense needs of our friends in Africa who face direct threats from abroad.

Terms of Partnership. In undertaking a response to Africa's several problems, we cannot force on Africa solutions that we would reject for ourselves as untenable and unrealistic. Instead, in his speech this past November in Kenya, Vice President Bush spoke explicitly of the kind of partnership with Africa that this Administration views as possible and desirable.

Because we believe that Africa has the capacity and will to be master of its destiny, President Reagan has over the past 20 months worked to forge a new and mature partnership with the nations and people of Africa. We speak of a partnership that begins with mutual respect. We speak of a partnership that includes honest discussions. We speak of a partnership which recognizes that each nation must do its part if the goals we share are to be achieved. Partnership is a two way street based on shared goals, common principles, and mutual interests.

What we envision and propose for Africa is a program of security and developmental assistance that takes into

consideration African needs and realities as well as our own interests and capabilities. In view of the importance of this proposal, I want to make clear to you the process by which we arrived at the request levels we are placing before you today.

Security Assistance: Myths and Realities. I believe we need to begin by dealing with the pernicious misconception that this Administration's goal is to arm Africa and in so doing contribute to both the diversion of funds that could be used for development and the increase of Africa's debt burden. In 1981, all of Africa, with the exception of Egypt, accounted for less than 1% of the total value of U.S. exports of defense articles and services. The foremost supplier of military equipment in Africa continues to be the Soviet Union; the United States is fourth or fifth on the list. African nations themselves have asked us for assistance in assuring their security.

The Administration is often criticized for requesting funds for large, expensive military assistance programs that wind up in ruins and that detract from the critical need for economic development. I would like to take a moment to set the record straight. The United States can point with pride to the fact that the great majority of our programs in Africa are successful. These programs run the gamut from engineering in Liberia, Senegal, and Sudan to aviation in Kenya and mechanized infantry and armor in Botswana, Gabon, and Somalia. These programs have not only added to the capabilities of the host military but have introduced senior officials to the concepts of planning, budgeting, and logistics that are vital to the success of any military organization. I would also like to point out that all of the U.S. foreign military sales (FMS) programs in Africa have come in at, or under, the projected cost.

These programs also provide direct civilian benefits. The engineering and construction programs in Kenya, Liberia, Senegal, and Sudan have made direct contributions in the form of new facility and housing construction and of building and improving roads in both urban and rural areas. Communications programs in Somalia and Sudan allow units in remote areas to communicate with population centers, not only for military purposes but also to obtain needed attention to civilian requirements and emergencies.

Finally, I must once again bring to your attention the tremendous success of our international military education and training (IMET) program. Without exception, each of our ambassadors reports that IMET is one of the most valuable programs we have to offer. Each of our missions would like to have more of such programs to offer to the host country. We have trained large numbers of managers and technicians who are now providing much needed skills in their own countries. These skills range from finance, to administration, to engineering, to avionics, to electronics and vehicle maintenance, to name a few. We are beginning to see remarkable improvements in military management and equipment operation and maintenance in those countries where we have these programs. I cannot overemphasize the importance and value of our IMET program in Africa.

The Vetting Process. With regard to requests from African nations themselves for security assistance, let me point out that the close scrutiny the American people rightfully demand of such assistance requires that the Administration employ a very careful screening process to assess the validity of a country's declaration of need. In the case of FMS/MAP, for example, the Department of Defense is often asked to lend its expertise and undertake a survey of needs. When the survey indicates that a need does exist, a stringent vetting process within the Administration as a whole measures individual country requirements against other policy demands, both foreign and domestic. The bulk of our FMS/MAP program is concentrated in a few key countries such as Sudan, Somalia, Niger, and Kenya.

The record proves that we are not ignoring developmental goals in favor of military sales. The 1983 supplemental request for \$47 million for ESF and \$106 million for MAP/FMS before you does not involve increases over our original FY 1983 proposals. Rather, these funds are needed to make up for the shortfall which our programs for Africa suffered as a result of overall appropriations levels set by the continuing resolution. Including the supplemental, we are proposing \$868.7 million in economic assistance and \$193.5 million for military programs for Africa in FY 1983. For FY 1984, we are asking for \$963.7 million in economic assistance against a total of \$202.3 million for military programs. We continue to emphasize economic over military

assistance at a ratio of better than 4 to 1.

I have, of course, been discussing the totality of our assistance effort, including MAP/FMS, IMET, ESF, development assistance, and PL 480. I will now turn to some of the ESF and MAP/FMS programs for Africa for which the State Department has primary responsibilities within the executive branch.

Southern Africa

Perhaps nowhere in Africa have our own security concerns, and our own security policies, coincided with African security needs and been more intensely engaged than in southern Africa. This region, from Zaire to the Cape of Good Hope, contains the bulk of Africa's mineral wealth, its most developed industrial structure, and almost two-thirds of the continent's GNP. It is also a region threatened with the prospect of heightened violence and polarization that could lead to great power confrontation.

It is precisely to avoid that possibility of violence and confrontation that we have fashioned a major effort to bring about regional peace and security. We have launched a policy of constructive engagement with all the states of the region that wish the same with us. A major policy objective is to provide an alternative to conflict, not only in Namibia but throughout the region. Vice President Bush summed up our policy in Nairobi last November when he said: "We are determined to help turn the sad tide of growing conflict and tension in southern Africa."

The United States and its Western allies are in a unique position to play a leading role in helping southern Africa reverse the trend of mounting violence and avoid disaster. The material resources we require in support of this regional diplomatic effort are comparatively modest but absolutely essential to its success.

Our security assistance request for southern Africa in FY 1984 includes \$155 million for ESF, \$24 million for FMS/MAP, and \$1.975 million IMET, for a total of \$180.975 million. Our supplemental request for 1983 totals \$22 million in ESF and \$11.5 million in FMS/MAP.

In order to elucidate how these requests fit into our strategy for the region, however, I shall address some specific programs.

Zaire. Zaire's size, mineral wealth, and the fact that much of its southern border—including the borders of the invaded Shaba Province—are contiguous with Angola's and Zambia's northern borders make Zaire's continued economic and viability important to our southern Africa strategy. We are concerned about the recurrence of turmoil in Shaba which could have a disquieting effect on Angola and Zambia that would hamper the West's efforts to engage the states in the process of resolving southern Africa's regional conflicts.

Zaire faces critical economic problems, and we are engaged with our allies—especially Belgium and France, the World Bank and the IMF—through broadly based assistance efforts. France's total assistance to Zaire amounts to about \$60 million and Belgium's \$90 million. Our own FY 1983 assistance level, including development assistance and the supplemental, will total \$100 million. In FY 1984 we are proposing a total of \$43.4 million.

From the FMS/MAP perspective we have a C-130 program that is a part of an agreement on our part with our allies and with Zaire to work with military airlift capability force brigades now being trained by France, China, and Israel. Since we were able to provide only \$2 million for MAP and \$2 million for FMS under continuing resolution for FY 1983, we are requesting an additional \$8 million in the supplemental for a total of \$10 million in 1983, as well as \$10 million in FY 1984 in order to begin to reconstitute the C-130 program to a working level.

We are also requesting \$7 million for ESF in the FY 1983 supplemental \$10 million in 1984 to be used for commodity import programs. We are that this subcommittee last year the expenditure of ESF monies. We have reason to hope, however, that the current effort being made by the Zairian Government to deal with economic problems, including management and lack of accountability, will lead to an accord with the IMF in 1983. Disbursements of our assistance will depend upon the existence of such an accord.

Our ESF program will be directed toward revitalization of the private sector. Zaire's domestic industry is operating at from 25% to 40% of capacity because of shortages of imported equipment, spare parts, and raw materials. The \$7 million ESF area would be expended in those areas

lition ESF in 1984 would help the importation of agricultural machinery.

Zimbabwe. Zimbabwe's emergence as a newly independent nation is a seminal event in the political history of southern Africa. The West's role in assisting Zimbabwe was based on the hope that Zimbabwe's development would reflect the best of our own—commitment to respect for individual rights and freedoms, racial equality and integration, economic prosperity, and growth leading to a better life for its citizens.

This year, under the continuing agreement, we fell \$15 million short of the \$5 million we requested for 1983 as our pledge to provide \$75 million over the 3 years 1982-84. I hope this subcommittee will assist us in keeping that pledge in 1983 and in 1984 by giving us the funds we are requesting. I have widely reported events in the region may lead some to question whether we should keep our commitment. I hope this subcommittee will understand that it is critical that we recommit to Zimbabwe's future.

There is a new nation whose leaders face many competing and demanding pressures and demands. Our government has committed itself to a steady course of economic policy, to the rule of law, and to the path of reconciliation and respect for international law. We take those commitments seriously and have made our views known in an appropriate manner when our concerns about developments in the region. In the current context of this in Matabeleland, for example, we made clear our concern not only about the human rights implications but also about the implications for Zimbabwe's stability and the reconciliation process. Moreover, we are sensitive to public opinion in this country of our relationship with key countries in Africa—Zimbabwe and South Africa—we are in other regions.

Having said this, we are also deeply concerned about the long-term and complex nature of the process of building and fostering peaceful change in southern Africa. If we expect to achieve results or consistent improvements are bound to be disappointed. Our policy recognizes this reality and the importance of this region to the West. To a certain degree, we are exposed to the possibility of occasional disappointment because we have assumed an ac-

tive, positive, and conciliatory stance toward the states of southern Africa, not a self-righteous, admonitory one. Africa's political future will hinge in substantial part on the ways in which the deep tensions of southern Africa are resolved.

It is for these reasons that this Administration has adopted a policy of constructive engagement in southern Africa. There is no other responsible course for American policy. The goal we seek in southern Africa involves Zimbabwe as well as South Africa, Angola as well as Namibia, Botswana as well as Mozambique. Our reason for not turning our backs on Zimbabwe is the same reason for not turning our backs on South Africa—the price of success may be great, but the price of failure cannot be borne.

Other Programs. The compelling nature of our interests in southern Africa demands a response that, indeed, encompasses all of the states of the region. It is for this reason that we are requesting assistance both for specific countries and for a southern Africa regional program.

In Botswana, our objective is to strengthen that country's border security and thus provide a deterrent to destabilizing forces in the region. Past unresponsiveness on the part of the United States to Botswana's security concerns contributed to the formation of a limited military supply relationship with the Soviet Union. We view our FMS and ESF requests for Botswana as important to the continued ability of this moderate, democratic, multiparty state to make an active, positive contribution to the peaceful evolution of the region. We are requesting \$10 million in ESF and \$11 million in MAP/FMS guarantees in 1984 as well as an additional \$2 million FMS in the FY 1983 supplemental to assist Botswana with building an adequate air defense, while at the same time helping to meet the developmental needs of its people. Our ESF program is focused on the country's agriculture and health sectors.

Our FY 1984 request for \$20 million in ESF for Zambia is based on equal concern about the continuing ability of a key player to sustain an important role in the evolution of events in southern Africa. The strategic location of Zambia, its mineral wealth in cobalt and copper, and the support it has lent to the concept of peaceful solutions to the conflicts of the region make it important that we contribute to efforts to help that nation

survive its current economic difficulties. Our programs in Zambia are principally related to agriculture and specifically focused on increasing productivity and reducing imports.

The southern Africa regional program for which we are requesting \$40 million in ESF in 1984 is designed to complement our country-specific programs in addressing developmental issues that must be resolved if regional stability is to be achieved. The program is specifically directed toward two goals: (1) assisting the regional development efforts of the black-majority ruled countries in the Southern Africa Regional Coordinating Conference (SADCC) in the fields of transportation, communications, and manpower training; and (2) educational assistance to South African youth disadvantaged by the practice of apartheid in South Africa's educational system. For example, 116 students are currently studying in the United States and we hope eventually to place over 400 disadvantaged South Africans in U.S. universities.

East Africa

Our interests in East Africa and the Horn reflect to a great extent the region's considerable strategic significance to the West because of shipping and oil tanker lanes leading to Europe. Somalia and Kenya are critical to our logistical supply systems in the event of a security crisis in the gulf or Middle East, and Sudan plays a key role in containing Libyan aggression in East and Central Africa. The three recipients of a major portion of our total assistance to East Africa are Sudan, Somalia, and Kenya, which together account for \$498.9 million of the total \$520.6 million (including development assistance, PL 480, and security assistance) we are requesting for East African and Indian Ocean countries in 1984.

Sudan. Sudan's greatest needs are economic, but recent events involving Libya make clear the need for traditional military assistance as well. We are asking for \$25 million ESF for Sudan in the supplemental as well as \$50 million FMS/MAP. This will mean \$25 million more in ESF for 1983 than we originally requested for Sudan, but \$32 million less in FMS/MAP in 1983 than we had originally requested. For 1984 we are requesting \$120 million ESF and \$60 million MAP monies.

Our emphasis on quick-disbursing ESF money stems from our concern

that the most serious threat to stability in Sudan is internal political discontent as a result of poor economic conditions. Over the past 18 months, Sudan has implemented a series of politically difficult economic reforms and far-reaching austerity measures. Despite these efforts, and despite increased agricultural productivity, Sudan's balance-of-payments gap remains close to the 1981 level when the United States gave \$100 million in a worldwide effort that provided \$800 million to Sudan. The World Bank's recent reappraisal of Sudan's debt commitments in light of declining world prices for Sudan's principal exports has led the Bank to conclude that Sudan will need continued high levels of assistance for several years. As Sudan's closest Western friend, we are seeking to maintain the level of assistance needed both to help sustain Sudan through this difficult period and to encourage other countries to be as supportive as possible.

Our diplomatic efforts, supported by our significant assistance level, were instrumental in securing about \$780 million in new aid commitments from donors at the World Bank sponsored consultative group meeting in mid-January. This aid level will enable Sudan to implement the first year of a 3-year, World Bank designed recovery program. It has also, in combination with devaluation and other economic reforms by the Sudanese and with the debt relief provided by Sudan's creditors, made a new IMF economic stabilization program possible.

Somalia. As one of the countries on the Horn with which we have a facilities access agreement, Somalia's stability and independence are important to Western interests in the Horn. Somalia was attacked last year by Ethiopian forces which continue to hold two towns in Somali territory. Somalia's own past history of irredentism has contributed to tensions in the region and raised questions on the part of some about possible provocations by Somalia. In this instance, however, we believe Ethiopia was the aggressor. Ethiopia possesses massive amounts of Soviet arms and has the largest standing army in sub-Saharan Africa, one much larger and better equipped than the Somali Army. It also has a security treaty with Libya and South Yemen. The apparent purpose of this incursion was to try to provoke the downfall of the Somali Government.

In response to the Ethiopian incursions, we provided two emergency

airlifts of needed military supplies and equipment to Somalia. This was an appropriate response to help a friend whose territorial integrity was threatened. In recognition of Somalia's continuing military inferiority to Ethiopia and vulnerability to attack, we are continuing to provide military assistance designed to enhance Somalia's ability to deter and defend against such attacks. It is in this context that we are seeking \$9 million in MAP/FMS for Somalia in the 1983 supplemental—to bring the total up to the \$30 million originally requested—and \$40 million in MAP in FY 1984.

Important as it is, however, I would not want to leave the impression that military assistance is the only or even the principal instrument of our policy with respect to Somalia and the problems of the Horn. In the long term, there is no military solution to the problems of this area; the only route to lasting solutions to deep-seated conflicts, such as that between Ethiopia and Somalia, is through negotiated, political settlements. We fully recognize this and are working to encourage and support movement toward negotiations. Our assistance policies are part of this approach. We cannot be passive in the face of aggression, and we must and will support our friends, but our response has been characterized by moderation and restraint. The amounts of our assistance are very modest in absolute terms; the minimum necessary to support deterrence and defense. We are demonstrably not arming Somalia to a degree that need arouse legitimate concerns on the part of Ethiopia or any other state in the region about possible Somali aggression. Further, we have made clear that we are open to dialogue and discussion with all the states in the region, including Ethiopia, and are encouraging others whose relations with Ethiopia are better than ours to do the same. No one wants more than we to move from deterrence to dialogue, but it is only realistic to recognize that an ability to deter plays a part in inducing others to engage in dialogue as well.

Finally, we are also fully aware that long-term security is only possible under conditions of basic economic health, and in the case of Somalia we are devoting significant amounts of our assistance—nearly two-thirds of the total, counting food aid and development assistance as well as ESF—to economic support. Somalia has, in fact, made significant progress on the economic side, including freeing up the economy through a series

of reforms endorsed by the IMF. We believe this process of reform and recovery needs to be encouraged, one of the ways we are doing so through our request for \$35 million ESF for FY 1984 which will be a commodity import program directly providing raw materials, spare parts and the capital equipment needed to rehabilitate the agricultural sector.

Kenya. The August 1982 coup in Kenya raised critical questions about the viability of a country that has been viewed by the West as Africa's success stories and as a protection of Western strategic interests in the region. The coup attempt, however, destroyed neither our relationship with Kenya nor civilian institutions that country. What the coup did force Kenya and the Western community to focus on is the interplay between economic and political stability, and economic reforms in Kenya, and the vulnerability of even the most successful of developing nations when faced with a worldwide economic crisis.

We are asking for \$19.5 million in FMS/MAP in the supplemental to the \$35 million level we had originally requested. For 1984 we are asking \$35 million MAP/FMS and \$42 million ESF. The FMS/MAP funds will be in part to help maintain the F-4 helicopter programs, as requested by the Kenyan Government. The ESF will be used for a commodity import program designed to finance items critical to the agricultural production process. The purpose is to ensure that the foreign exchange shortages now facing Kenya do not have a harmful effect on food and export crop production. Counterpart funds generated by the commodity import program will be used for credit programs, extension services and other activities directed to farm production.

West and Central Africa

Our primary security concerns in West and Central Africa are the continuing stability and viability of Nigeria, the needs of nations facing threats of subversion or outright aggression from Libya. Nigeria is one of our country's primary sources of imported oil, and a dominant economic force within the 16-nation Economic Community of Africa States (ECOWAS). Due to a sharp drop in world oil prices, Nigeria faces a precipitous reduction in budgetary revenues and foreign exchange, which is having a severe

ts domestic economy. While we o economic or security assistance ns for Nigeria, and none is onated for FY 1984, we will give sus- attention to Nigeria's economic ities in our continuing high-level ve with this important country in onths to come.

ad. Chad is one of two countries ca—the other was Uganda under in—in which Libyan troops have intervened in an attempt to im- government to Libya's liking, it did from December 1980 until umber 1981, when Libyan forces ew under pressure from the ization of African Unity (OAU). nited States on that occasion ed \$12 million for airlift and sup- e Zairian and Nigerian contingents OAU peacekeeping force. We also ad \$17.8 million to Chad in FY or emergency economic assistance, ng food aid.

nce then we have joined a multi- effort to revive Chad's war- d economy and central govern- perations. We plan to provide ap- ately \$10 million for food and itarian assistance in FY 1983 and requested \$9 million in develop- ssistance in FY 1984. Without b, Chad will have difficulty with- continuing Libyan subversion e threat of a second military in-. Although we look to France and lies to provide Chad with needed y assistance, we are seeking y in IMET for FY 1984 and are g Chad's needs under regular y light of the recently height- ighty menace.

ger and Senegal. Niger and l are two moderate states in the under regular political, economic, urity-related subversive es from Libya but which publicly hem. Niger shares a common with Libya and stands in the way Qadhafi's pan-Sahara expan- ambitions. Senegalese troops had put down a bloody coup attempt an-inspired revolutionaries in ring Gambia, which has led to mal creation of the Sene-Gambian tion, in large part because of n security needs caused by efforts at subversion.

meet Niger's additional re- ts, we are requesting \$2.5 million in MAP in FY 1983 supplemental nd \$5 million in ESF in FY 1984. Also seeking to assist Senegal at e of particularly urgent need

with an FY 1983 supplemental request for \$2.5 million MAP; \$10 million in ESF in FY 1984 is also requested.

Liberia. Because Liberia is our oldest friend in Africa, and because of our substantial interests there, we have taken the lead among foreign donors in assisting to promote its economic recovery and political stability. There has been substantial progress on the political front, with the release of all political prisoners, a general amnesty for exiles, and a commitment by the government to return Liberia to democracy by April 12, 1985. The economic situation remains fragile due to depressed markets for Liberia's major exports, but the government has instituted difficult austerity measures, including sharp cuts in civil service salaries and compliance for 2½ years with an IMF standby program—one of the best records in Africa.

Our security assistance has been an important factor in helping to bring stability to Liberia. The \$3.5 million in MAP amount we are requesting under the FY 1983 supplemental is to be used for the construction of military housing. This amount will restore the shortfall in this long-planned program which occurred as a result of the FY 1983 continuing resolution. Inadequate housing contributed to instability in the past, and the government has linked provision of decent housing for the troops with the return to civilian rule. We consider this a high priority. Our ESF has all been used for economic support, specifically for oil payments and to help meet IMF targets. Our FY 1984 request for \$13

million in MAP and \$35 million in ESF reflect modest increases in security assistance which we believe are necessary to promote economic recovery and progress toward democracy. We have also requested funds under the U.S. Information Agency's Project Democracy to assist with Liberia's return to civilian rule.

Conclusion

At a time when domestic budgetary constraints demand scrupulous examination of any proposed expenditures, we all face difficult decisions with regard to requests for foreign assistance. The amount we are asking for sub-Saharan Africa, however, comes to about 14% of our total foreign assistance budget request. It is the minimum the United States needs to sustain its part of the commitment we have undertaken with our allies to further Africa's development. In asking you to support this request, I also ask you to keep in mind the gravity of Africa's need and the importance to our own future, in terms of export markets, trade, and jobs, not to mention meeting humanitarian concerns which are central to the Western tradition of helping Africa to survive the threat to its political and economic growth and stability that is posed by the current economic crisis.

¹The 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. Export Policy Toward South Africa

by Princeton Lyman

Statement before the Subcommittees on Africa and on International Economic Policy and Trade of the House Foreign Affairs Committee on December 2, 1982. Mr. Lyman is Deputy Assistant Secretary for African Affairs.¹

The Administration welcomes this opportunity to testify before your respective subcommittees concerning U.S. policy toward South Africa and the role that economic, trade, and investment policy play in U.S.-South African relations. In the context of this hearing, I would like to begin by responding to the

subcommittees' interest in the broader approach of U.S. relations with South Africa, our policy of constructive engagement. To put the economic issues in perspective, let me then begin with an overview of Administration policy.

U.S. policy objectives toward the Republic of South Africa include:

- Fostering movement toward a system of government by consent of the governed and away from the racial policy of apartheid both as a form of racial discrimination and national political disenfranchisement of blacks.
- Continued access to four strategic nonfuel minerals where the United

States and OECD [Organization for Economic Cooperation and Development] countries are either import or price dependent on South Africa, assuring the strategic security of the Cape sea routes through which pass vital U.S. oil supplies from the Middle East; and

- Regional security in southern Africa.

Peace and stability are needed so that this key region can develop and prosper, so that peaceful change can occur in South Africa, and so that the region does not slide into an escalating cycle of destructive cross-border violence exploited by our adversaries as we are pursuing these goals. Our objectives are pursued through a regional policy of constructive engagement—constructive engagement not only with South Africa but with all the states of the region. The specific components of our regional approach include:

First, internationally recognized independence for Namibia;

Second, internationally supported programs of economic development in all the developing countries of the region;

Third, a negotiated framework that will permit agreement on the issue of withdrawal of Cuban troops from Angola;

Fourth, detente between South Africa and the other states in the region; and

Fifth, peaceful, evolutionary change in South Africa itself, away from apartheid and toward a system of government to be defined by South Africans themselves but firmly rooted in the principle of government by consent of the governed.

Diplomatic Efforts

The United States is presently leading a major diplomatic effort designed to achieve independence for the territory of Namibia based on implementation of U.N. Security Council Resolution 435. In a separate but parallel negotiating process, the United States is seeking to resolve the related issue of the presence of Cuban forces in adjacent Angola with the impact that their presence has in terms of southern African regional security. The United States believes that a resolution of these conflicts is essential to build a regional climate conducive to constructive change inside South Africa away from apartheid. U.S. policy toward South Africa is thus both a bilateral policy and also an important part of our policy toward a key region, a region also vital in global terms.

President Reagan indicated that the United States views the apartheid system as repugnant to basic U.S. values. He has stated that as long as there is a sincere and honest effort to move away from apartheid in South Africa, the United States should be helpful in encouraging that process. On this basis, the United States has indicated to South Africa that relations with the United States are based on the commitment of the South African Government to reform away from apartheid and on South African cooperation in moving toward an internationally recognized settlement for Namibian independence.

The United States has no blueprint for a future political system for South Africa. Nor would we have a right to attempt to impose such a plan if we had one. We do have a right to ask South Africa to respect the same universal principles of human rights and human freedoms that we seek for peoples everywhere. For all South Africans, as for people everywhere, we ask for government based squarely on the freely expressed consent of the governed. South Africa's present system of government is not, although there are signs of a willingness to move toward such government.

The subcommittees have asked whether, as a result of South Africa's apartheid policy, the Department considers that country to be a gross violator of internationally recognized human rights. The Department's view with respect to the human rights situation in South Africa is expressed in some detail in our annual human rights report to Congress. The Department would not argue that South Africa is not a violator of internationally recognized human rights. However, the Department does not advocate a formal determination that South Africa—or any other country—is a gross violator, because such determinations are barriers to dialogue that might serve to induce the human rights improvements that we seek. In situations where there is a consistent pattern of gross violations, the intent of the legislation is being carried out by refraining from security assistance and from issuance of licenses for crime control equipment. However, formal designations would largely rob the legislation of its desired effect by signaling to the designated party that the United States saw no hope for improvement.

Ending Apartheid

Apartheid is by no means the only system by which contemporary governments deny citizens freedom of speech and assembly, the right to democratic participation in government, and equality under the law. Government by fiat with the consent of the governed remains a rare commodity in our world. The principles of freedom, equal democracy, and the standards of rights which so many endorse for South Africa are also utterly absent from political practice of many other nations not similarly subject to either the scrutiny or sanctions applied to South Africa. This double standard has hindered constructive changes in our country by persuading some South Africans that their country will not be singled out for negative press but held accountable to standards applied uniformly elsewhere, and by persuading others that constructive change when it does occur, will not be recognized for what it is.

The United States is looking for mere expressions of sympathy at outrage toward practical and effective means to help end apartheid. This report focuses specific attention on particular items to which South Africa might be said to address the general issue of what influence we have on change in South Africa. The real question is whether a policy of denial is, in itself, going to cause such disruption of the South African economy that the South African Government will have no choice but to abandon apartheid. We believe that the change we wish to see in South Africa is more likely to place in a relationship of mutual confidence.

The subcommittees have asked for an explanation of how trade controls relate generally to U.S. relations with South Africa. I speak to what this means—and to the question of what regime of trade controls can play in the effective pursuit of peaceful, evolutionary change in South Africa away from apartheid.

Trade Restrictions

The United States has restricted trade with South Africa since 1961 to a greater or lesser extent as a means of denial and symbolic disassociation from its racial system. A strict U.S. arms embargo was followed by a mandatory U.N. arms embargo in 1977.

The decision of the Carter Administration to go beyond the main

embargo to also restrict all exports of arms, police and military was not only emulated by other nations. A number of oil-exporting countries for a number of oil shipments to South Africa have shown very mixed adherence.

Experience presents questions that legitimately be asked with regard to the use of trade controls as a coercive instrument of foreign policy with regard to South Africa. It would seem a fair question to make, that symbolism *per se* is not the only objective of trade controls. Trade controls are also expected to have a substantive impact on the economy on which one is trying to affect; in this instance, South Africa's apartheid system.

That, then, has been the effect of trade controls on internal change in South Africa? There are some rather mixed results. Over the course of the past 10 years, South Africa has become one of the world's 10th largest arms producers and is now becoming an exporter of arms. Over the course of the past 10 years, South Africa has become a major leader in synthetic fuel production over the course of the past 5 years. South Africa has made giant leaps toward nuclear self-sufficiency in the production and fabrication of low enriched uranium.

The logic of this sequence does not lead to the conclusion that all controls should be abolished. On the contrary, the Administration has continued to implement a wide set of controls on trade with South Africa. But we do need to question seriously the efficacy of trade controls and to look carefully to see whether they are, indeed, achieving their objective—or if in some way the objective is better achieved by other policy tools. The question should be the impact these controls have on events in the country. The question shows that controls have ended greater self-sufficiency and they have not in themselves been found to encourage a process of

Objective

One of our policy is not merely to seem to criticize practices of government. If our views are to have any objective must be to devise a means to implement an effective and concrete means policy by which the United States can encourage genuine change in South Africa.

As described earlier, the objective of our trade engagement is to create a

climate of confidence in which persons can be encouraged to make difficult changes, on Namibia and on domestic change. In specific reference to export controls, we need to maintain those controls which serve as an instrument for symbolically and substantively disassociating ourselves from the apartheid regime in South Africa. At the same time, we do not believe that a regime of controls or coercive leverage by itself is a sufficient means to encourage the process of change in South Africa. In that regard, we oppose proposals for total embargoes to South Africa.

The United States had identified three areas where significant change is underway in South Africa and which can lead to meaningful reform away from apartheid: economic growth, education, and trade union development. In order to help insure that the change which is beginning to take place moves in a peaceful direction away from apartheid, the Administration has moved to support people and programs both inside and outside the government in South Africa seeking to develop a new nonracial system. Because this hearing focuses on trade controls as an instrument of foreign policy, let me address the relationship between economic growth and movement away from apartheid as it affects our policy and the activities of the U.S. private sector.

The South African Government and its business community even more so recognize that it is not possible to segregate South Africa into separate economies. The growth of the economy has resulted in a growing demand for skilled manpower. While South Africa's economic growth is historically based on the exploitation of unskilled black labor, the development of a modern diversified economic system requires that blacks be included on an equal wage base with whites. Economic growth, therefore, renders ineffective the apartheid political system. The United States has traditionally supported American private sector trade and investment in South Africa. While not promoting U.S. trade and investment in South Africa, we opposed disinvestment by U.S. firms from South Africa and have supported the Sullivan principles, a voluntary code of fair employment practices.

The Reagan Administration believes that U.S. firms can help to foster meaningful change away from apartheid. U.S. economic interests in South Africa are substantial. Two-way trade totaled over \$5.3 billion in 1981, with the United States holding its position as South

Africa's leading trade partner. U.S. direct investment in South Africa now stands at over \$2.5 billion. Over 200 U.S. firms, affiliates, and subsidiaries do business in South Africa. While the United States continues to fully adhere to the arms embargo, the vast majority of U.S. exports to South Africa are unaffected by any special export controls.

I have prepared for the subcommittees a detailed description of the legislative and administrative mechanisms of controls which are currently being administered. In the detailed description, it will be evident that the existing controls are substantial. The arms embargo remains fully in force and remains an important symbol of disassociation from apartheid. Where changes have been made in other controls—such as those made earlier this year and discussed with these subcommittees—they were made because they were found to be counterproductive and to be having no effect in encouraging the process of change.

Current Restrictions on Exports

Let me, then, review for the subcommittees what specific controls do affect U.S. exports to South Africa. U.S. export restrictions of importance to our policy toward South Africa fall very generally under three separate regulatory regimes:

- That administered by the State Department under the Arms Export Control Act (AECA) and the International Traffic in Arms Regulation (ITAR);
- That administered by the Commerce Department pursuant to the Export Administration Act (EAA) of 1979, the Nuclear Nonproliferation Act (NNPA) of 1978, and the Export Administration Regulations (EAR); and
- That administered by the Nuclear Regulatory Commission (NRC) and the Department of Energy (DOE) under the NNPA and regulations promulgated thereunder.

Nuclear nonproliferation related controls are discussed in detail in the testimony of the other agencies. I will concentrate here on controls promulgated under the authority of the AECA and the EAA.

Arms Embargo. The United States has, since 1962, enforced an embargo on the sale of military equipment to South Africa. From 1963 to 1977, the United States observed a voluntary arms em-

bargo pursuant to U.N. Security Council Resolutions 181 and 182 (1963). In 1977 the Security Council, with U.S. support, established a mandatory embargo on the export of arms and related material to South Africa.

Security Council Resolution 418 (1977) provides in pertinent part that the Security Council "Decides" that all States shall cease forthwith any provision to South Africa of arms and related material of all types, including the sale or transfer of weapons and ammunition, military vehicles and equipment, paramilitary police equipment, and spare parts for the aforementioned, and shall cease as well the provision of all types of equipment and supplies and grants of licensing arrangements for the manufacture and maintenance of the aforementioned"

The U.S. Government has implemented the arms embargo primarily through control of items on the U.S. munitions list. Under the provisions of the AECA of 1976 and the ITAR promulgated pursuant to the act, no item on the munitions list may be exported without a license issued by the Department of State. The ITAR also require such a license for the export of technical data useful in the production of munitions list items and State Department approval for manufacturing license agreements and technical assistance agreements relating to items on the munitions list. Applications for licenses or other approvals for exports to South Africa, with very rare exceptions for items for non-military use, are denied.

In addition, Section 385.4(a)(1) of the EAR provides that:

An embargo is in effect on the export or reexport to the Republic of South Africa and Namibia of arms, munitions, military equipment and materials and machinery for use in manufacture and maintenance of such equipment. Commodities to which this embargo applies are listed in Supplement No. 2 to Part 379 [15 C.F.R. Section 385.4(a)(1)].

The commodities listed in that supplement are items on the commodity control list—and so not on the munitions list—that are military-related or capable of military use. They include machinery for the manufacture of arms and military equipment, military construction equipment designed for airborne transport, certain vehicles designed for military purposes, ammunition components, nonmilitary shotguns, and shotgun shells. These controls, designed to implement the U.N. arms embargo, were not altered by the 1982 revision of the trade controls.

The subcommittees have asked for the Department's views regarding enforcement of the Department's export control regulations and the arms embargo against South Africa. You requested our reaction to a staff study of the subcommittee that was published as an appendix to the hearing on "Enforcement of the United States Embargo Against South Africa" and inquired about actions taken subsequently to strengthen the enforcement of export controls and embargoes.

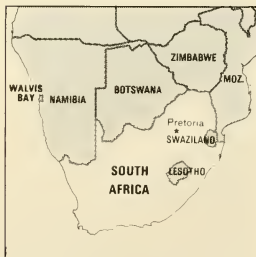
The Department attaches great importance to its statutory functions and responsibilities under the AECA. As you know, under the supervision of the Director of the Bureau of Politico-Military Affairs, the Director of the Office of Munitions Control is responsible for carrying out the functions assigned to the Department by law to control the commercial export of defense articles and services. In discharging these functions, the office of Munitions Control is directly concerned with enforcing export control regulations. It is standard procedure to refer reports of violations, which the Office of Munitions Control obtains from a variety of sources including the intelligence community, to the U.S. Customs Service for investigation. The Office of Munitions Control provides appropriate support to Customs and other law enforcement agencies in

the investigation and prosecution of alleged violations. This support takes the form of record searches and certifications, research material related to alleged violations, and testimonies before grand juries and courts.

In direct response to your inquiry, we would like to apprise you specifically of the Department's recent efforts to improve and strengthen export control enforcement. Interagency consultation and coordination through established channels have been increased on a wide range of enforcement-related matters. Our Foreign Service posts, having been reminded of the importance of the Office of Munitions Control's enforcement function, have been prompt in reporting alleged or possible violations. The Office of Munition Control has also initiated more frequent end-use checks through our posts in order to verify proper end-uses. During the summer, the Office of Munitions Control conducted a review of the licensing history of certain weapons-related items to selected countries in order to ascertain the likelihood of diversion other than the authorized end-use.

In this connection, you should be aware that the Department is deeply involved in Operation Exodus, a U.S. Customs Service enforcement program designed to stop the illegal export of defense articles and dual-use technology. To the end, the Office of Munitions Control

South Africa—Economic Profile



Economy

GNP (1981): \$81.9 billion. GDP (1981): \$78.4 billion. Annual growth rate (GDP): 13.7% nominal, 4.6% real. Per capita GNP: \$2,800. Avg. inflation rate (1981): 15.2%.

Natural resources: Nearly all essential minerals except oil.

Agriculture (7.4% of 1981 GNP): *Exports*—corn, wool, dairy products, the sugarcane, tobacco, citrus fruits. *Cult* land—10%.

Mining: 16.7% of GDP. *Manufacturing*—25% of GDP.

Industries (24.4% of GNP): *Manufactures*—automobiles, fabricated metal, machinery, textiles, chemicals, fertilizers.

Trade (1980): *Exports*—\$25.5 billion; gold, diamonds, corn, wool, sugar, fruit, and skins, fish products, metals, metal ores, metal products, coal. *Major markets*—US, UK, Switzerland, Japan. *Exports*—\$18.3 billion: machinery, electrical equipment, transportation equipment, machinery and data processing equipment, textiles, metal products. *Major suppliers*—US, FRG, Japan.

Official exchange rate: The South African rand is under a managed float and is US\$1, 1981 avg.

Membership in international organizations: UN and many related agencies, General Agreement on Tariffs and Trade (GATT), INTELSAT.

a Customs officer on detail, has markedly increased its ability to support Operation Exodus wide range of related enforcement activities and has enhanced the already collaborative relationship with the Department and the Customs Service. To date there have been 765 seizures of all kinds of Operation Exodus, including 10 tons destined for South Africa. We have noted the recommendations of a staff study regarding the authorization and mission of the Department's enforcement function. In this regard, we believe that the reinforced authorization arrangements and increased level of effort within the Department in addition to the more active participation of Foreign Service posts in enforcement and enhanced interagency coordination, are adequate to carry out our primary export control responsibilities, including enforcement of the arms embargo against South Africa.

Restrictions on Exports to the Military and Police. In 1978 the United States unilaterally went beyond the intent of the 1977 U.N. arms embargo and imposed a total ban on all exports of goods and technical data to the South African police and military. In the only exception was established for exports of medicines, medical equipment, and related technical data as well as parts and components primarily destined for the South African police and military. In 1981 two exceptions were established to permit exports to the police and military and to permit the export of technical data, parts, and components "to be used in efforts to prevent unlawful interference with international civil aviation" (i.e., airport x-ray equipment).

On March 1, 1982, further modifications were introduced that have the effect of retaining the ban on exports of technical data and military as to those goods and technical data controlled for national security purposes; and permitting the export of five categories of goods and data to the military and police under a general

license permitting the export of all other technical data under a validated license to a determination that the export will not "contribute significantly to the military or police functions;" and establishing two *de minimis* provisions allowing the export of U.S. technical data that will constitute up to

20% by value of goods assembled overseas and sold to the South African military or police, and the other permitting receipt or resale to the military or police of insubstantial portions of items originally sold to purchasers other than the military and police if the item would not contribute significantly to military and police functions.

On September 15, 1982, the regulations were further modified to allow companies which have sold equipment to the police and military, under approved license, to supply service manuals without submitting a separate license application, to place air ambulances under the exception for medical equipment, and to allow the export without license of items falling under the "basket entries" of the commodity control list, namely miscellaneous electronic products and other products not elsewhere specified. In addition, subsidiaries of the South African parastatal arms manufacturing organization, ARMSCOR, were specifically defined as military entities.

Crime Control Equipment. Section 385.4 (a)(5) of the EAR requires a validated license for the export to any end-user in South Africa or Namibia of "any instrument and equipment particularly useful in crime control and detection. . . ." The commodities controlled under this section are listed in EAR Section 376.14. This restriction is not unique to South Africa; pursuant to Section 6(j) of the EAA, a validated license is required for the export of such equipment to any country except NATO members, Japan, Australia, and New Zealand. EAR Section 376.14 provides that applications for validated licenses will generally be considered favorably on a case-by-case basis "unless there is evidence that the government of the importing country may have violated internationally recognized human rights and that the judicious use of export control would be helpful in deterring the development of a consistent pattern of such violations or in distancing the United States from such violations."

The Department does not view favorably the proposal to transfer all crime control equipment to the U.S. munitions list. The munitions list, which derives its authority from the AECA, covers arms, ammunition, and implements of war. Crime control equipment, such as handcuffs or lie detectors, do not logically fall into these categories.

In addition, pursuant to Section 107 of the International Security and Development Cooperation Act of 1981, the munitions list is subject to periodic

review to determine whether any items should be removed from it and perhaps transferred to the Commerce commodity control list. Our Office of Munitions Control, in consultation with the Department of Defense, thus endeavors to limit the munitions list to defense articles and defense services. To add items which are arguably not defense articles would not be consistent with this effort.

The other two types of export controls—nonproliferation and short supply—also affect trade with South Africa. Short supply controls restrict the export of commodities of which there is a critical shortage in the United States. The nuclear nonproliferation controls effectively supplement those administered by the NRC and DOE.

In processing applications for validated licenses, the Commerce Department must consult "to the extent necessary" with other interested agencies. The Secretary of State has the right to review any application for export of commodities controlled for foreign policy purposes.

Aircraft. Section 385.4(a)(8) of the EAR states that a validated license is required for the export to any South African consignee of aircraft and helicopters. Applications for exports for civil use are generally considered favorably on a case-by-case basis, subject to a license condition that the aircraft will not be put to military, paramilitary, or police use. This provision thus assists in enforcing the arms embargo in the classic "grey area" of nonmilitary aircraft and addresses the problem of South Africa's paramilitary Air Kommandos.

Computers. Section 385.4(a)(9) of the EAR requires a validated license for the export of computers as defined in commodity control list entry 1565A to the Ministry of Cooperation and Development, the Department of the Interior, the Department of Community Development, the Department of Justice, the Department of Manpower, and administrative bodies of the "homelands" that carry out similar functions. Applications for validated licenses will generally be considered favorably on a case-by-case basis for the export of computers that would not be used to enforce the South African policy of apartheid.

¹The 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. ■

FY 1984 Assistance Requests for East Asia and the Pacific

by Paul D. Wolfowitz

Statement before the Subcommittee on East Asian and Pacific Affairs of the Senate Foreign Relations Committee on March 11, 1983. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.¹

I am delighted to have this opportunity to present both our FY 1984 foreign assistance request and the need for a supplemental appropriation for FY 1983. I would like to give you a brief overview of how both requests relate to our foreign policy objectives in East Asia and the Pacific. This will be followed by supplemental material presenting a more detailed discussion of our proposals country-by-country.

U.S. INTERESTS AND OBJECTIVES

The Secretary's recent Northeast Asian trip and our recent chiefs of mission conference in Hong Kong underscored for me the serious need for additional foreign assistance. As important as Asia and the Pacific are today, they will only be more important tomorrow. There is perhaps no other area of the world about which this can be said with such confidence. There are myriad ways in which to support this view. But to make this point today, in shorthand, let me point to just two facts.

First, we trade more today with East Asia and the Pacific than with any other region on Earth, including Western Europe, and East Asia's share of the pie is gaining.

Second, we have fought two wars since World War II, both in Asia. We do not want to fight another.

The resources we seek for East Asian and Pacific countries serve in numerous ways.

- They bolster our treaty relationships with Korea and Thailand, two front-line states, and with the Philippines, with which we will shortly enter important base negotiations.
- They strengthen our relationships with other treaty allies such as Japan, Australia, and New Zealand which do not receive credit or grant assistance but, nevertheless, view U.S. assistance to other key Pacific nations as an in-

dicator of our resolve to remain a Pacific power.

- They reinforce our defense relations with countries, such as the Association of South East Asian Nations (ASEAN), in strategic proximity to sea lanes of communication essential not only to the region but to access to the Indian Ocean and the Middle East as well.

- They help to assure our access to key commercial markets and raw material.

- They strengthen movement toward democracy in those countries, such as the ASEAN states, that have become a voice for peace in the region.

These are some of the major benefits we gain, but I could have easily mentioned half a dozen more, such as managing refugee flows, impeding the flow of narcotics, promoting peaceful resolution of regional conflicts, and reducing the abject poverty and social strains that spawn domestic violence and weigh heavily on all of us.

Finally, all of these benefits serve as useful components of our efforts to improve human rights practices in the region. Governments which are secure and prosperous are better able to implement human rights policies. Closer ties with the United States, furthered by our assistance programs, make it more likely that our concern with human rights will be given consideration. Progress on human rights, vitally important on its own, in turn is an integral part of all our other concerns. Human rights abuses undermine the legitimacy, progress, and even stability of governments, thereby vitiating other components of our strategy.

With that brief background, let me discuss in very broad terms East Asia and the Pacific's share of the requests before you.

THE REQUESTS

In the supplemental bill for FY 1983, we seek only to restore foreign military sales (FMS) guaranteed credits and military assistance program (MAP) funds to the amounts initially sought.

- The FMS funds which can be feasibly allocated to East Asia under the

current continuing resolution—\$2.1 billion—fall 20% below the level actually funded last year and 30% below what we sought for this year. Such a substantial reduction poses serious problems for us in terms of our key relationships, the gravest being with Korea and Thailand.

- Regarding MAP, we face a similar situation. The \$9 million proposed for East Asia under the continuing resolution level is barely a third of the we have requested.

- Rapid restoration of these funds is required to prevent hazardous delays and disruptions in urgent military modernization programs and to ensure that the United States is perceived as a steady, reliable security partner.

Our FY 1984 request, of course, covers not only FMS and MAP, but also international military education and training (IMET), economic support funds (ESF), development assistance, and so on. Over four-fifths of the region's economic assistance would go to key countries—the Philippines, Thailand, and Indonesia—and the amounts requested are virtually lined from last year's requests at real terms, are virtually the same amounts funded in FY 1982.

The \$436 million in FMS guaranteed credits sought for FY 1984 exceeds the FY 1983 request by 12%. The real dollar increase sought is targeted to two front-line states—Korea and Thailand. The FMS requests for other three FMS recipients—the Philippines, Indonesia, and Malaysia—straight-lined from the FY 1983.

The increases sought for Korea and Thailand are well justified. As we recently at the DMZ [demonstrations in Korea, Secretary Shultz remains how strong an impression standstill at the edge of hostility leaves and a great contribution the people of Korea are making to their own security of the world's. Much the same might be said of the Thai, whose contribution to the front-line state are crucial to ASEAN's and the world's efforts to resist Vietnamese aggression in neighboring Kampuchea. Funds for these front-line states will serve purposes and send an important message to others.

Ironically, due to the limited availability, we have reduced our FY 1984 request for Thailand to \$50 million, a reduction of 80%.

Similarly, we have reduced our requests below the FY 1983 request

We would retain the \$50 million for the Philippines as part of the bases agreement but permit continuation of the ESF to Thailand from the original FY 1983 request.

Initially, we have requested \$9.69 billion in IMET funds, a mere 4.6% in excess over the FY 1983 request level. Small in total dollars, IMET is our most cost-effective form of assistance.

We believe that these requests, as they have been with an eye to resource constraints, and the increasing Soviet, North Korean, and Chinese threat, represent the best use of resources needed to protect our front-line allies and preserve our commitments. The needed restoration of FMS and MAP funds initially requested for this year, and the small real increase sought for next, will represent an important investment in the future and in our own.

Supplemental Appropriation—

Understanding East Asia's vast natural resources, and significant contribution to many of our highest policy objectives, our requested FMS guaranteed credits for FY 1983 amounted to only \$388.5 million, or 10% of the global request level. The next level should be an increase over the FY 1982 level of \$1 billion in nominal dollars and, of course, much less an increase in real

terms. We should also mention that a by-product of the lower worldwide level of the continuing resolution has been a reduction of East Asia's percentage of guaranteed credits from 9% of the global request level of \$4,323.3 billion to 7.4% of the smaller continuing resolution level of \$3,638 million. Both the reduction of earmarks and the requirement to fund new high priority programs outside of East Asia have contributed to this effect.

The \$9 million FMS/MAP proposed for East Asia under the continuing resolution level, although double the FY 1982 level of \$4.5 million, is a reduction from the FY 1983 request level of \$25 million. Moreover, the funded level itself was far below the concessionality requested for programs in that the \$4.5 million FMS/MAP program was in lieu of an amount requested for \$50 million in direct support of our original FY 1983 request level. The \$1 million FMS/MAP program is

designed to provide a degree of concessionality that would both help compensate for last year's shortfall and permit reduction of concessional financing beginning with the FY 1984 program. As with FMS guarantees, the reduction in FMS/MAP worldwide levels under the continuing resolution has had the effect of reducing the percentage of the total available to East Asia. Thus, under the continuing resolution, East Asia would receive 3.6% of the worldwide allocation for country programs of \$250 million versus 5.8% of \$427 million under the original request level. Let me now turn to some of the country programs; that is those for which we are requesting a supplemental appropriation.

Korea. For the past 30 years, the combined U.S.-Republic of Korea deterrent has been successful in preventing renewed aggression on the Korean Peninsula. The peace has been maintained, and the Republic of Korea has enjoyed an era of unprecedented economic and social progress. Despite this impressive record, however, the need for continued U.S. support remains. In the past 10 years, North Korea, which spends between 15% and 20% of its GNP on defense, carried out a major force buildup which has seriously affected the military balance on the peninsula. North Korea has about 1.25 times as many men under arms as the South, and 2½ times as many armored personnel carriers, artillery pieces, and tanks—which are larger and more modern than those of the South. The North also possesses more combat aircraft than the South and maintains a 100,000-man commando force, probably the largest such force in the world. Because it is a totalitarian state, North Korea can and does maintain a high state of readiness. With its forces only some 35 miles from Seoul, North Korea could mount an attack with very little notice.

To counter this threat, South Korea, which spends 6% of its GNP on defense, is engaged in a major force improvement program, designed to improve its warning capability, increase its effective firepower, and enhance its air defense capability. The program, which includes the coproduction of F-5s and the acquisition of the F-16, is projected to cost some \$10.3 billion during the period FY 1982-86, with \$4.7 billion slated for procurement in the United States.

To assist the vital efforts of this important ally, we provided \$166 billion in FMS credits in FY 1982. Our FY 1983

proposal for \$210 million was limited by the continuing resolution to \$140 million, some 16% below last year's figure. This has been a major blow to Korean defense planning in a time when South Korea's budget, like our own, faces unusual constraints and pressures because of economic conditions. It is worth noting in this context that during FY 1982, the South Korean Government paid some \$254 million to the U.S. Government on principal and interest charged for previous loans, exceeding by some \$88 million the amount of new credits provided in that year.

In order to ease the very real burden Korea faces in maintaining a credible deterrent against North Korean aggression, we are proposing the restoration of \$70 million to the FY 1983 budget for Korea.

Our Korean allies are doing their utmost for their own security. We believe it is in our interest to assist Korea in meeting its force improvement goals and our mutual security objectives. We should bear in mind that Korean combat forces, whose capabilities would be enhanced by higher FMS levels, are stationed with our own forces along the DMZ and would operate with ours under a joint command in time of war. Thus, we have a very direct stake in the force improvement efforts of this front-line ally.

Thailand. Restoration of all or most of Thailand's FY 1983 request levels is necessary to maintain our support for its position as the ASEAN front-line state in its confrontation with improved Vietnamese forces in Kampuchea. Thus, we are requesting restoration of \$9 million in FMS guaranteed credits and \$16 million in FMS/MAP to provide the \$66 million and \$25 million in FMS guarantees and FMS/MAP, respectively, which were originally requested for FY 1983.

The continuing resolution FMS level of \$57 million in guaranteed credits and \$9 million in MAP for a total FMS program of \$66 million falls 27.5% short of the \$91 million request level for FY 1983 and 16.6% below the FY 1982 total FMS program of \$79.2 million. Moreover, the original request included \$25 million in FMS/MAP which would have provided badly needed concessionality.

Thailand is confronted with a serious military threat from Vietnam. Soviet-supplied Vietnamese troops occupy Kampuchea, operate in strength along the Thai-Kampuchea border, and have already begun to exploit the dry season by launching combined armor—infantry

operations against all elements of the Khmer coalition government's resistance forces. Moreover, the Vietnamese operations suggest further improvements in their force capability—specifically in command and control, target acquisition, and logistical support.

In response to this increasing military threat, the Royal Thai Government has continued a major force improvement program to deter or defend itself against an invasion, while continuing operations to contain a small but troublesome insurgency in rural Thailand. President Reagan has publicly reiterated our commitment to Thailand under the Manila pact and made clear our continued support to Thailand under the Manila pact. In the context of increasing Vietnamese capabilities and activities, cutting Thailand's FMS program below the FY 1982 levels might lead the Thais, the other ASEAN states, and the Vietnamese to feel that the United States is unlikely to remain a serious player in the area.

Maintaining adequate, consistent levels of military assistance is necessary to maintaining U.S. influence in an important part of the world at relatively low cost, without risking involvement in military hostilities.

Finally, permitting the Thai program to fall below the FY 1982 level could impair Royal Thai Government cooperation with us on some of our other objectives, such as assistance to refugees seeking first asylum, control of narcotics traffic, and support for other U.S. policies in the international arena.

Indonesia. Although not allied with us or with other powers, Indonesia is a major regional power with which we have significant relationships. Indonesia, the largest ASEAN state, is a central element in ASEAN's resistance to expanding Soviet and Vietnamese influence in the region and plays a constructive, moderate role in the Non-aligned Movement, the Islamic Conference, and other international fora.

The continuing resolution level of \$20 million in FMS guarantees, a reduction of 60% from the requested \$50 million and of 50% from the FY 1982 funded level of \$40 million, is likely to be interpreted by the Indonesian Government as a downgrading by the United States of its security relationship with Indonesia, especially since it comes so soon after the state visit of President Soeharto. We have expected that the Indonesian Government would use most of its FY 1983 credits for four C-130 air-

craft, after which Jakarta would use its FY 1983 FMS credit for badly needed air or naval force improvements. A major cut below the FY 1982 level will undercut the credibility of our commitment to support Indonesia's military modernization program and could consequently harm our overall relationship. In order to avoid these adverse consequences, we urge that a supplemental appropriation include an additional \$30 million for Indonesia's FMS program to bring it up to the requested \$50 million.

Malaysia. A reduction from the request level of \$12.5 million to \$4 million, a drop of 68%, will impede Malaysian efforts to modernize its forces and restructure them to address an external threat. Moreover, the unavailability of FMS credits will lessen the attractiveness of American military equipment to the Malaysians and may lead to greater reliance on other suppliers. It may also give the Malaysians second thoughts as to the wisdom of seeking closer security relations with the United States. Therefore, we are requesting that a supplemental appropriation include an additional \$8.5 million to restore the FY 1983 request level, which exceeds the \$10 million FY 1982 funded level by only \$2.5 million.

Assistance Request—FY 1984

I would like now to turn to our foreign assistance request for FY 1984. FY 1983 was the first year in which this Administration integrated military and economic assistance into a single strategic package. The FY 1984 foreign assistance proposal continues to refine this concept in linking all components of U.S. assistance to our strategic interests and foreign policy objectives.

Although my remarks concern primarily security assistance, that is, FMS guaranteed credits, FMS/MAP, ESF, and IMET, I will touch on the total request to include development assistance and PL 480.

Our total East Asia and Pacific foreign assistance request for the aforementioned kinds of bilateral assistance during FY 1984 is \$722 million, or an increase of less than 5% over the FY 1983 request level of \$689 million. It exceeds the FY 1982 funded level of \$606 million by 19.1%. Thus, full funding of the requested levels for FY 1984 would be a decrease from fully funded FY 1983 programs in real terms, since inflation exceeded 5%. Even for the 2-year period, full funding would, at best, keep pace with inflation.

Our development assistance level of approximately \$168.9 million is virtually a straight line from FY 1982 and exceeds the FY 1982 funded level about \$163 million by only 3.7%. The requested levels for PL 480 of \$30 million for Title I and \$17 million for Title II, respectively, both represent virtually straight line from the revised FY 1982 request.

Some \$180 million of our real economic assistance—development assistance and PL 480, or 83.3% go to Indonesia, the Philippines, and Thailand. Thus, most of our real economic assistance will be allocated to a country in which we have a military base. In addition, the ASEAN front-line states to Indonesia which occupies a key strategic position, both geographically and politically and is the poorest in ASEAN. The remaining portion allocated to Burma and regional states are small in dollar amounts but are economically significant and shall discuss later.

Turning to our FY 1984 security assistance request levels, you can see that most—in fact about 87%—total FMS guarantees, FMS/MAP and IMET requested is to protect treaty relationships with Korea, Philippines, and Thailand. I should note that the FY 1984 military assistance request of \$506.09 million is less than the FY 1983 request level of \$482.65 million; in other words, a 5% increase over the FY 1983 request level of \$463.1 million. The FY 1984 request level exceeds the FY 1982 request level of \$407.103 million by 24.3% in nominal dollars and the little more than keep pace with inflation.

Our request for FMS guaranteed credits for FY 1984 totals \$436.1 million. It exceeds the FY 1983 request level of \$388.5 million by 12.3%. The FY 1982 funded level of \$340.7 million is 28.1%. Thus, if fully funded for FY 1984 and FY 1984, our overall FY 1984 request is an extremely small increase in real terms. In addition to FMS guaranteed credits, we have requested \$5 million in FMS/MAP for Thailand, a decrease of \$20 million from the FY 1983 requested level. The reduction in the request was necessitated by the shift of MAP funds available and other priorities. Nevertheless, a MAP program has significance in Thailand and throughout ASEAN as an indication of U.S. commitment to the region.

The modest nominal dollar increase sought in East Asia's overall FMS level is targeted on two front-line

—Korea and Thailand. The FMS requests for our other three FMS recipients—the Philippines, Indonesia, and Asia—are all straight-lined from the FY 1983 request. We believe that these levels, devised as they have been in the light of our severe resource constraints and on the increasing Soviet, Korean, and Vietnamese threats in the region, represent the minimum needed to protect our front-line treaty allies and preserve our base agreements. Our ESF request level of \$55 million represents a \$5 million reduction from the FY 1983 request level. This would reduce the \$50 million level for the Philippines as part of the military bases program but permit reduction of the \$5 million for Thailand in anticipation of a possibly adverse impact on Thailand from refugee flows. The lower ESF level also is predicated on full funding of Thailand's FY 1983 ESF request level of \$10 million.

Our IMET request for FY 1984 of \$220 million represents a 4.8% increase over the FY 1983 request level of \$9.15 million and a 38.7% increase over the FY 1982 funded level of \$6.91. IMET is our most cost-effective form of military assistance. For FY 1984, we are requesting slight increases for seven of our IMET recipients, straight-lined from them from FY 1983, and one new \$30,000 program for a country whose government has not fully supported U.S. objectives in the region and has rejected our approaches in the form of aid of military assistance. Let me now address the specific country programs requested for FY 1984.

Korea. Our proposed program of \$220 million in FMS credits for the Republic of Korea is designed to help Korea address more effectively its heavy military balance on the Korean peninsula, an imbalance likely to worsen in the absence of even heavier South Korean defense expenditures.

Our program is urgently needed to permit continuation of the F-5 coproduction program, the completion of a tactical air support system, and the procurement of military vehicles, TOW [tube-launched, optically tracked, wire-guided] missiles, and Hawk modifications. The \$230 million request level to the Republic of Korea sustain its security improvement program objectives is a decrease over the FY 1983 request level of \$210 million, but a 38.5% increase over the FY 1982 funded level of \$167 million. The adequacy of the FY

1984 request level is predicated upon full funding of the FY 1983 request.

For IMET, we seek to hold the FY 1983 request level of \$1.85 million, which is an increase of \$450,000 over the FY 1982 level. The proposed IMET program is essential to assure the necessary training to support the force improvement program, as well as to improve the interoperability of South Korean and U.S. forces, enhance the commonality of U.S.-South Korean tactics, and to assist the development of modern management expertise in the South Korean Armed Forces.

For FY 1984 we are proposing that Korea receive \$230 million in FMS credits. In order to permit more effective use of resources available for this important program, we are also proposing for FY 1984 that Korea be granted better repayment terms. Specifically, we are proposing that Korea be permitted a 10-year grace period as to principal with a total of 30 years for repayment.

The diversity and slower economic growth that characterizes Southeast Asia necessitates that U.S. assistance to the subregion include diverse forms of assistance—economic and military—and be spread among a number of recipients.

Philippines. The Philippines is the United States' oldest Asian ally and shares U.S. perceptions about the danger to peace in Southeast Asia. The state visit of President Marcos in September 1982 and his discussions with President Reagan served to reaffirm the excellent state of U.S.-Philippine relations.

U.S. military facilities at Subic Bay Naval Base and Clark Air Base in the Philippines are of central strategic importance. With their advantageous geographic position, they help the United States protect the Western Pacific sea lanes and respond to contingencies in the Indian and Pacific Oceans. They enable the United States to fulfill its treaty obligation to defend the Philippines under our mutual defense treaty.

The requested FMS and ESF levels for FY 1984—\$50 million for each program—are unchanged from FY 1983 and FY 1982. They reflect President Carter's pledge at the time of the 1979 amendment to the U.S.-Philippine military bases agreement that the United States would make its "best effort" to secure \$500 million in security assistance for the Philippines during the period FY 1980-84. Security assistance is a prime element of our good relations with the Philippines and thus of con-

tinued and effective U.S. military operations at the bases. It assumes added significance in view of the growing challenge of the communist New People's Army insurgency which, if unchecked, could ultimately threaten U.S. military facilities. Your support for our FY 1984 request for the full \$100 million combined FMS and ESF total—continuing the support the Congress has consistently given to honoring the 1979 pledge—is highly important.

The Philippines is expected to request use of the proposed FMS financing for aircraft, including helicopters, naval combat systems, ground vehicles, communications gear, engineering and electronics equipment, and other defense articles.

The ESF requested will continue to make a major contribution to improving the lot of Filipinos residing in the areas surrounding our military base facilities. This close association with base security distinguishes our ESF from the less directly connected projects which come under development assistance projects in the Philippines. The ESF funds will continue to fund such major activities as: (1) a municipal development fund to improve local government administration and construct public works and infrastructure projects in about 21 cities and municipalities adjacent to U.S. military facilities; (2) improvement of municipal market operations and construction of new or rehabilitation of existing markets throughout the country; (3) improvement of social and economic conditions in six provinces adjacent to U.S. military facilities through the development of high growth related infrastructure projects; and (4) a renewable energy resources project in rural areas using gasifiers, wood, and charcoal.

In IMET we are requesting \$1.3 million for FY 1984, the same figure as requested for FY 1983. IMET is closely related to, but not a part of, our military bases agreement with the Philippines. At the time of the 1979 military bases agreement amendment, Secretary Vance wrote Foreign Minister Romulo that "we will support those efforts [to achieve military self-reliance] by means of our security assistance programs, including the important training component." The Philippine Government has always placed a high value on IMET training in increasing the efficiency and professionalism of its armed forces.

In addition to military assistance, we have requested \$40 million in develop-

ment assistance and \$7.78 million PL 480, Title II. A significant portion of the Philippine population lives below the poverty line. The communist New People's Army exploits rural poverty to build support. The Philippine Government is working to improve living standards. Our assistance program emphasizes agricultural production, rural employment, and family planning. Although these broad economic and social projects are not as directly tied to our military security as those under ESF and, therefore, are not categorized under the broad rubric of "military assistance," they, nevertheless, are linked to our broad strategy in the Pacific in the sense that I outlined in my opening remarks on U.S. interests and objectives in East Asia. It was understood at the time of the 1979 military bases agreement amendment that the United States would maintain approximately the 1979 level of development assistance through 1984.

The United States and the Philippines will begin a complete review of the military bases agreement in April 1983 to ensure that it continues to meet our mutual interests.

Thailand. Thailand's overall FMS request level of \$99 million—\$94 million in FMS guaranteed credits and \$5 million in FMS/MAP—is an 8.8% increase over the FY 1983 request level of \$91 million and an increase of 20% over the FY 1982 funded level of \$79.2 million. However, the \$5 million in FMS/MAP requested for FY 1984 represents a sharp drop in concessionality from the requested FY 1983 level of \$25 million, but a drop which we believe Thailand can handle if the FY 1983 request is fully funded and the overall request levels for all of our bilateral assistance programs requested for FY 1984 are fully funded.

We expect that most of the FMS financing will be used to purchase military equipment which will supplement or replace equipment previously purchased; this includes tanks and missiles. Equipment to be purchased for the first time will probably include aircraft capable of operating against armored units which constitute a major threat to Thailand.

The \$5 million which we are requesting in ESF for FY 1984 is half of the FY 1983 request level of \$10 million, and the same as the FY 1982 funded level. The requested funds will continue to be used to supplement Royal Thai Government resources directed to assistance programs in areas which have

been most seriously affected by past military incursions and the inflow of refugees. About 200,000 Thais along the border are so affected.

Under this program, the government is restoring homes, building or repairing roads, furnishing medical facilities, and other essential services to Thai villagers. Such economic assistance to Thais adversely affected by refugee inflow is still funded under ESF as a form of security assistance, due in part to the military or security importance of coping effectively with refugees and our security interests in maintaining Thai political support for handling refugees as a country of first asylum.

We are requesting \$2.4 million in IMET, an increase of 9% over the FY 1983 request level of \$2.2 million in order to maintain the training levels necessary to support Thailand's urgent military modernization efforts, on which the Royal Thai Government places so much emphasis. The Thais always make maximum use of IMET funds allocated to them.

The \$29 million in development assistance proposed for FY 1984 is a \$1 million increase over the FY 1983 request level and some \$400,000 over the FY 1982 level. It is designed to abet government efforts to mitigate poverty and facilitate social and economic development in backward areas, particularly such politically sensitive regions as the northeast. The Thai Government fully recognizes the political hazards inherent in a "grapes-of-wrath" economy and, accordingly, gives development its highest budgetary priority. Finally, our development assistance to Thailand is designed to promote growth in the private sector to help limit the time period in which Thailand will require economic assistance.

Indonesia. The \$50 million FMS requested for FY 1984 is the same as the FY 1983 request level but exceeds the FY 1982 funded level by \$10 million, or 25%. Modernization of existing forces continues to be the major thrust of the FMS financing program. However, if the Indonesians select a U.S. fighter aircraft and it is approved for sale, we expect that over half of its FY 1984 credits will be used for initial payments for the purchase of such aircraft from the United States. The remainder may be spent on other air defense systems such as the Stinger missile, the Vulcan, or Chapparral air defense equipment. The government also has a strong, continuing interest in purchasing four to six used ships, particularly Corvettes,

frigates, and patrol craft. If such become available, the Indonesian Government may give high priority such purchases.

The IMET request level of \$2 million is an increase of less than the FY 1983 request level of \$2.6 million exceeds the FY 1982 funded level of \$2.2 million by 22.7%. The top level of Indonesia's leadership continue to the importance of proper training component of military modernization and regard U.S. provision of adequate IMET levels as indicative of the U.S. commitment to Indonesia's security. Indonesia's military remains in critical need of more qualified technician managers, and officers with adequate professional military education. Most students in the FY 1984 program take courses in these fields. This program will permit about 300 Indonesian middle-grade officers, who will be backbone of their country's future military and government establishments to travel to and train in the United States. The mobile training team element of the program provides for instruction in technical subjects to military technicians.

Our development assistance for FY 1984 is for \$64 million, a reduction of \$1 million from the FY 1983 request and a little over \$3 million over the FY 1982 funded level. Our request for \$30 million in PL 480, Title I, holds the line at the FY 1983 level, the requested \$9.246 million in Title II would be a slight increase over the FY 1983 level.

Our development assistance of 480 requests are aimed at fostering continued stability of the Indonesian economy and Government in the face of a deteriorating global economy. In the past 2 years, Indonesia's export earnings, which have fueled its past impressive development, have dropped a third. A serious drought and other natural disasters reduced the 1983 rice crops substantially, slowing Indonesia's drive to reach food grain self-sufficiency in the face of a growing population. In this context, Indonesia continues to need and deserve development and PL 480 assistance at the requested levels.

Malaysia. The \$12.5 million FMS request level for Malaysia in FY 1984 is straight-line of the FY 1983 request level and a 25% increase over the FY 1982 \$10 million program. Malaysia is expected to use the FMS credits requested toward purchase of F-5E A-4 aircraft and for radar equipment

its air defense capability. The IMET request of \$900,000 is an increase of \$50,000, or 6%, over the 1983 requested level of \$850,000 and FY 1982's \$500,000 program by 40%, or 80%. These higher levels are essential to provide the trained personnel to mold the conventional force already mentioned. These requirements should be added to, on a priority basis, and to build the relationships with the military and Government by providing the training desired is now. The Malaysian budgetary consensus suggests that that government should send military students to any which does not provide the

Singapore. U.S. interests in Southeast Asia relate to our objectives of maintaining Southeast Asian stability and ensuring unimpeded transit for U.S. commercial and military air traffic between the Pacific and Indian Oceans, as well as maintaining U.S. naval and air forces to ensure the excellent sea port, ship repair services, and air terminal facilities. The economic vitality of Singapore, its active role internationally, and its strategic location at the entrance to the Strait of Malacca accord Singapore importance far in excess of what its geographically small size would suggest. U.S. military assistance to Singapore in FY 1983 consisted of \$1.3 million in IMET. The same level is being requested for FY 1984. Because of the relatively advanced state of Singapore's additional assistance is not needed. This nominal level of aid, however, demonstrates to a nonaligned nation our continued interest in its security and helps ensure the Singaporean Armed Forces continue to look to the United States for training and equipment purchases. This assistance program is consistent with U.S. policy supporting

the region. While we do not expect a change in Burma's basic commitment to the region, it is in our interest to ensure that the region is not neglected. Although it is currently one of the poorest countries in the region, it has significant mineral resources which, if developed, could ensure interregional prosperity in the region as a

whole. A small investment now could, therefore, yield significant dividends later.

U.S. Agency for International Development (AID) and IMET programs resumed in FY 1980 after a 16-year hiatus and have grown rapidly although they remain relatively small. Together with our antinarcotics assistance to Burma, these programs have promoted a warming of our bilateral relations at the same time that Burma has been pursuing approaches by the Soviet Union. They have also supported our broader interests, including narcotics cooperation, and have responded to specific Burmese requests.

The \$12.5 million in development assistance proposed for FY 1984 represents a \$1.3 million decrease from FY 1983, which has been necessitated by current budgetary constraints. While this figure is sufficient to maintain existing agricultural development and public health projects, the planned expansion of our AID program will require slightly higher funding levels in subsequent years. The modest increases contemplated will maintain the momentum of our program, assist Burmese development efforts in a number of promising new areas, and demonstrate to the Burmese our continued concern and commitment.

The proposed 25% increase in IMET funding in FY 1984 to \$250,000 will enable about 45 Burmese officers to receive U.S. military training, compared to 35 officers in FY 1983. These officers will gain exposure to U.S. concepts and systems by attending courses in the U.S. Army Command and General Staff College program, helicopter maintenance, field artillery, and other subjects. Given the key role of the military in Burma's political structure, IMET training will have a favorable long-term impact on Burmese attitudes toward the United States far out of proportion to its modest cost.

We will continue to assist Burmese antinarcotics efforts, primarily through maintenance support for aircraft which we have supplied for use in antinarcotics operations. Both we and the Burmese attach high priority to curbing narcotics production and trafficking in Burma and maintain an active dialogue regarding ways in which we might cooperate more closely to achieve this objective.

World War II demonstrated the importance of the Pacific Islands, which lie across the lines of communication between the U.S. west coast and Australia, New Zealand, and Southeast

Asia to our security. The importance of these lines of communication has increased greatly over the past 40 years.

Since the war, island states have undergone great changes and in the past 20 years have, in the main, transformed themselves from dependent to independent states. Our relations with them are friendly; we share a belief in democratic government and a devotion to individual liberties. It is in the U.S. interest to assist island governments in their efforts to promote economic growth.

For the third straight year, we have requested \$5.1 million in development assistance to support an innovative, region-wide program to improve agricultural and fishing techniques and to promote regional cooperation in this area of small populations and small markets. Our military assistance programs are even more modest in size.

Fiji. The \$80,000 IMET program requested for FY 1984 would be a \$25,000 increase over the FY 1983 initial funding level. The additional money will assist the Royal Fiji military forces in acquiring needed professional and technical skills to better operate a small but modern defense force, which permits them to continue their participation in Middle East peacekeeping forces.

The Fiji Government is pro-Western and broadly supportive of U.S. policy goals in international fora. Fiji's participation, at our request, in the Sinai multinational force and observers was critical to international acceptance of the organization; Fiji has also provided, since 1978, one of the best trained battalions to the U.N. forces in Lebanon. Fiji stations more troops in the Middle East to try to keep peace there than it has garrisons at home.

Papua New Guinea. The United States has enjoyed friendly relations with Papua New Guinea before and since its independence from Australia in 1975. The country's size, strategic location, and resources make it a major actor in the South Pacific.

Papua New Guinea maintains the largest defense force in the Pacific island region, and it has recently increased its military's cooperation with the U.S. Army's western command. The proposed FY 1984 IMET program of \$30,000 is an increase of \$10,000 over last year's request level, enough to permit adding one, or perhaps two, additional training programs. Papua New Guinea is expected to use its IMET grant to provide staff or technical training for two or three officers and equip-

ment repair and maintenance courses for the same number of enlisted men.

Tonga. The United States has a long history of missionary and merchant contacts with the Kingdom of Tonga. This small, pro-Western and staunchly anti-communist nation has publicly welcomed U.S. Navy ships and has done so when other island governments, concerned over an upsurge in public sensitivity to nuclear energy uses, have been reluctant to do so. Tonga's defense budget is very small, and the nation is still recovering from the effects of a disastrous hurricane which swept through Tonga in early 1982.

This is the first IMET program that we have proposed for Tonga. The requested \$30,000 will be used to train Tonga defense force officers and men in a mix of professional and technical courses, from midlevel command training to patrol boat maintenance and disaster relief techniques.

ASEAN. ASEAN continues as a major force for stability in Southeast Asia and is of central importance to U.S. interests in the region. The ASEAN nations are united in their opposition to the continuing Soviet-supported Vietnamese occupation of Kampuchea, and they are resisting the expanding Soviet military presence in the region. Soviet port calls are denied by all member countries, for example.

The proposed \$4.5 million development assistance program for FY 1984 will fund scholarships and training in Southeast Asia studies and regional programs in agricultural planning, plant quarantine, watershed conservation, and tropical medicine. Although only a portion of the \$18.3 million in Asia regional development assistance will be allocated to East Asia, we urge full funding of this request. Full funding will permit initiation of an ASEAN small industries project. We feel strongly that it is in the U.S. interest and cost-effective to strengthen the free market economies of ASEAN countries.

China

Having now completed the discussion of security assistance recipients, I now want to emphasize the importance the Administration places on completing action on proposed legislative changes for China.

Our rapprochement with China over the past decade has made important contributions to global and regional peace and stability. U.S.-China relations

have meshed well with our alliance and security relationships in Asia and Europe.

The relationship has also produced many other bilateral benefits. Our expanding economic, scientific, and cultural ties have been mutually beneficial and have become a very important element in our overall relationship. A strong factor is our two-way trade in goods which totaled \$5.2 billion during 1982, with a surplus of \$628 million in the U.S. favor. We share a broad range of official exchanges—over 100 Chinese delegations visit the United States each month and over 9,000 Chinese students now study in the United States. In 1982, more than 100,000 Americans visited China. The 17 protocols under the U.S.-China science and technology agreement have promoted valuable exchanges in such widely varying fields as earthquake studies, hydropower, and health.

Consistent with our growing relationship, the President in June 1981 decided to seek legislative change to laws that link China with the Soviet bloc. I am pleased to note that with your assistance, important progress was made in this effort during the past year. Congressional clarification of language in the Agricultural Trade Development and Assistance Act now permits the President to declare China eligible for PL 480 programs. In addition, the President recently signed legislation lifting the prohibition on importation of Chinese furskins.

The proposal to eliminate the prohibition of foreign assistance to China, which was submitted to the Congress in our FY 1983 authorization bill, received favorable consideration in both the Senate Foreign Relations and House Foreign Affairs Committees. However, the overall bill was not passed by the

97th Congress for reasons unrelated to China. We have resubmitted the proposal concerning China in this year's foreign assistance bill.

I would again emphasize that we have no plans to establish bilateral development assistance or PL 480 programs for China. Our principal interest in amending these laws is to ensure that, in principle, we treat China the same way that we treat other friendly nonaligned countries. We do not request additional funds for China as a result of these amendments.

Amendment of the Foreign Assistance Act would allow China to participate in ongoing AID technical assistance programs, under current funding levels, in the same manner as do other countries. We previously provided committee staff a paper outlining the type of ongoing projects which we consider for China. We have not discussed any of these ideas with the Chinese and will not do so until the bill is amended. I would stress that our participation in these programs will not threaten AID programs with other countries but will contribute to China development through existing AID research and training projects which are familiarizing China with commercially available U.S. technology.

We would, of course, consult with the Congress if, in the future, should decide that development assistance programs for China were in the U.S. interest. The initiation of an assistance program for China will be subject to the normal authorization and appropriation procedures.

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

FY 1984 Assistance Requests for Korea

by Thomas P. Shoensmith

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 9, 1983. Mr. Shoensmith is Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

I am pleased to appear before you today to discuss an issue important to Korea, to the U.S.-Korea relationship, and to

American interests in Northeast Asia—security assistance for the Republic of Korea. We firmly believe that the level of foreign military (FMS) credits available under the current funding resolution, which is 16% less than was provided last year and 33% less than our original FY 1983 request, is insufficient to meet the pressing requirements of this front-line ally. However, before turning to that subject, and in order to place it in

context, I would like to speak about the full-range of our involvement in Korea and the policy framework within which we seek to address our interests.

Our overriding objective in Korea, throughout the past 30 years, is to bring peace on the peninsula. We have a massive stake in the maintenance of stability in Northeast Asia, and Korea is absolutely essential to our objective. North Korean hostility toward the South appears unabated, and tensions remain high. War in Korea, in our view not likely to occur so soon, would be a disaster for both South Korea and U.S. strength in the region. Peace, if achieved, is always possible—and its political consequences are sobering. In addition to massive investment and loss of life in Korea, the lives of American citizens would be at risk if a North Korean attack upon the South would risk direct confrontation between the United States and the North. At the least, it would strain relations between ourselves and the South, unprecedented since the Cuban crisis. It would sharply disrupt the flow of trade for the medium term, our relationship with China. It would threaten directly the security of the South. I do not believe I have overstated the possible effects of renewed war on the Korean Peninsula, nor do I think we need further elaboration of the case to say that deterring war is our main and urgent objective in the United States in Korea, and in that context that we have put before Congress our request for assistance funds.

Interests

It is our aim to return to that request later in my report, but first I want to sketch for you a variety of our other interests in Korea, all of which are interrelated and which we have given our ties with that country considerable—and growing—importance.

South Korea's dramatic economic progress has been a major focus of our attention. In one year, Korean per capita GNP has risen by more than \$100 to more than \$1,000. This growth has increased our international trade and, accordingly, making Korea a major factor in world trade and an increasingly important trading partner for the United States. Last year, two-way trade between Korea and the United States, virtually in balance, amounted to \$12 billion. During 1982, and the effects of worldwide recession

upon this traditionally export-led economy, Korea's GNP recorded more than 5% real growth. The Korean performance is, of course, all the more impressive when one considers that Korea lacks natural resources and must rely heavily on imported sources of energy and industrial raw materials. Korean progress instead stems from the entrepreneurial and managerial talents of its economic leaders and the unsurpassed industriousness of its people. We anticipate that Korea, drawing on its abundant human strengths, will continue to make impressive progress in its efforts to develop its economy. As it does so, the importance of our economic interests in Korea will grow apace.

In policy terms, we seek greater access to Korea's expanding domestic market and the smooth management of sectoral trade problems. In a more general sense, we want to enlist Korean support in the global battle against protectionism. We also seek improved investment opportunities for American business. We are encouraged by prospects in all of these areas. Korean leaders appear to recognize the significant benefits to be derived from greater American private sector involvement in their development process, and we believe they are as determined as we to manage successfully this increasingly complex and constructive economic relationship.

Diplomatic Objectives

Related to both our security and economic interests in Korea, we have certain diplomatic objectives, which form a third element of our policy toward the peninsula. Broadly speaking, we seek to alleviate tension between North and South Korea and thereby to reduce the possibility of dangerous confrontation. The Government of the Republic of Korea shares that objective, faced as it is with a constant military threat and the consequent need to devote fully 6% of the country's GNP to defense. There has been little progress, however. The North remains unwilling to accept the legitimacy of South Korea or to have any dealings with its government. Instead, it insists on preconditions to dialogue—a change of leadership in the South, dismantling of the "anticommunist system" there, and a withdrawal of U.S. forces. Thus, North Korea has rejected a series of proposals put forward by the Republic of Korea for resuming a dialogue; has blocked initiatives by the UN Command in the

Military Armistice Commission at Panmunjom designed to reduce possibilities for incidents along the DMZ and to build mutual confidence concerning the intentions of both sides; and, we believe, resists strongly any moves by its major allies to develop even informal contacts with the South.

The United States has expressed support for the initiatives put forward by Seoul, which we believe are both comprehensive and realistic. Consistent with our view that the reunification of Korea is something which must be worked out by the Korean people themselves, we have maintained our position that we will have no direct contact with North Korea unless the South is represented as a full and equal participant. We have continued to make proposals in the Military Armistice Command which we believe could, if accepted, reduce the danger of military confrontation without prejudging the fundamental political issues at stake. We also support South Korea's efforts to develop contacts with the Soviets, Chinese, and other communist countries, and we continue to have as a long-term objective "cross-recognition" of the two Koreas by each other's major allies.

Given North Korean attitudes, we do not anticipate major progress in any of these areas in the near future. We will, nonetheless, continue to do what we can, when we can, to reduce tension on the peninsula and consolidate the diplomatic framework which helps to maintain stability there.

But Korean diplomacy, and our own diplomatic objectives in relation to Korea, are not confined exclusively to North-South Korea issues. The South Korean Government has sought, with increasing success, to develop a more active and influential role in the East Asia region and globally, befitting Korea's growing economic importance. Koreans take pride in having been named host for the 1988 Olympics. In the more immediate future, Seoul will also be the venue for the 1983 conference of the Interparliamentary Union, the 1984 International Monetary Fund (IMF) world conference, and the 1986 Asian Games. All of these events will underscore the new and more substantial role of Korea and its considerable potential. We support these Korean efforts, which are consistent with our interest in greater regional cohesion and broader international acceptance for an important ally.

Human Rights Issue

There is a fourth major strand in American policy toward Korea, of particular interest to several members of this committee, which is to seek continued progress toward liberalization of the political environment there and greater respect for human rights. We have made, and continue to make, our views known to Korean Government leaders on these issues. We do so to the maximum extent possible through quiet diplomatic means, in the belief that this is not only the most effective approach but the most appropriate in a relationship of friendship and alliance.

Korean political life is remarkably active and, by the standards of many countries, unfettered. It, nonetheless, is constrained within what has to be called an authoritarian framework. While I believe one should exercise restraint in making judgments about the politics of other countries, we, nonetheless, believe that a more open and participatory political system and greater respect for human rights are important for the long-term stability of Korea, and we hope that Korea will continue to move in this direction.

We are encouraged by recent developments, including the December release of Mr. Kim Dae Jung and more than 40 other persons imprisoned for political reasons; the recent removal of the ban on political activity by some 250 prominent politicians of the Park Chung Hee era; and the increasingly assertive role of the National Assembly and the political parties. We would welcome further progress.

As I hope my remarks have made clear, our relations with the Republic of Korea in the 1980s have several important dimensions, reflecting the variety of our interests in this increasingly important country. And yet, while security issues are by no means our only policy concern with respect to Korea, they are, as I stated at the outset, of fundamental importance. Economic and political progress in Korea, as well as Korea's ability to play its deserved role internationally—developments very much in our interests—are dependent upon the maintenance of security. So too are the broader strategic concerns I outlined earlier in commenting upon the effects war in Korea could have for the peace and stability of the entire region. The threat to that security posed by North Korea is both immediate and unrelenting.

Security Threat

The major force buildup undertaken by North Korea over the past 10 years has resulted in a significant military imbalance on the peninsula. This effort has annually absorbed some 20% or more of North Korean GNP. The North has more men under arms than the South and a pronounced superiority—more than 2 to 1—in several important categories of offensive weaponry, notably tanks, long-range artillery, and armored personnel carriers. The North's 80,000–100,000-man commando force, one of the largest such contingents in the world, would pose a serious threat to South Korea's military facilities and population centers behind the lines in time of war. North Korea's well-equipped and modern forces are deployed well forward, with major elements arrayed along the DMZ only 35 miles from Seoul, and they are maintained in a high state of readiness. The North could mount an attack with very little warning.

While we are able to assess with some clarity North Korean military capabilities, North Korean intentions remain obscure. We believe, however, that there has been no diminution in North Korea's determination to achieve the reunification of the peninsula on its own terms. Its arms buildup had given it an impressive force with which to pursue that objective militarily should it so choose. Thus, while we believe the North Korean leadership must recognize the risks any attack upon the South would entail, we cannot rule out the possibility that the North might accept those risks. Prudence, therefore, requires that the Republic of Korea forces and our own also maintain a high state of readiness and that there be no room for doubt about either our determination or our ability to defeat an attack.

In view of continuing North Korean efforts to strengthen their forces, and with no sign of change in North Korean attitudes or policy toward the South, Republic of Korea military capabilities must also be further strengthened. Accordingly, South Korea—which as I have noted devotes 6% of its GNP to defense—is pursuing a major force improvement program designed to enhance warning capabilities, increase effective firepower, and improve air defenses. That carefully phased program includes the coproduction of F-5s and acquisition of the F-16. It is projected to cost some \$10.3 billion over the next 5 years, with \$3.2 billion for new equipment purchases in the United States. Total procurement

from the United States during that period will come to \$4.7 billion. We and when this program will be used to eliminate the military imbalance on the peninsula is difficult to predict; it should help to narrow the gap; tainly without it the North's lead would widen dangerously.

Assistance Request

Our Korean allies are doing their best to counter the North Korean threat to restore a military balance on the peninsula. I believe it is clearly in our interest to assist this crucial, long-term effort. To that end, we provided \$166 million in FMS credits in FY 1982. Our FY 1983 request of \$210 million was reduced under the continuing resolution to \$160 million, 16% below last year's figure. This has severely complicated Korean defense planning at a time when, like ourselves, faces unusual budgetary constraints due to economic conditions. Despite having achieved more than 10% real growth in 1982, Korea still has a sizeable current account deficit—approximately \$2.5 billion—sharply limiting availability of foreign exchange for equipment purchases. Moreover, repayments of interest and principal on previous credits during FY 1982—\$1.2 billion—exceeded by some \$88 million the new credits provided, further straining the funds available for equipment procurement. We, therefore, believe that in the absence of a substantial appropriation, the Korean improvement program would be delayed and our mutual security objectives to some degree jeopardized.

Accordingly, we believe it is important to restore the FY 1983 level of funding previously requested, and previously supported unanimously by the subcommittee and by the full committee. This is what our proposed supplement would do.

For FY 1984, we are requesting \$230 million in FMS credits. These proposed credits would be used on ongoing projects involving F-5s, F-16 aircraft, automated air defense systems, anti-aircraft missiles, radio-TOW [tube-launched, optically tracked wire-guided antitank] missiles and similar equipment. We are also requesting authorization to provide extended repayment terms in FY 1984. Specifically, we are proposing that Korea be granted a 10-year grace period as the principal followed by 20 years for repayment. While this would mean substantially higher total interest payments

over the full life of the loan, payments would be much less than existing terms. This would enable the Government to devote more money each year to needed equipment purchases. We believe it is in Korea's interest, and ours, to commit through this means a more effective use of available resources in the essential Korean security regions. Prospects for attaining force improvement goals, and growing the North's military lead, are enhanced by this action. Today, no less than 30 years ago, security is of vital importance to the United States. Then, Korea was at the center of an area in transition and turmoil. Today it is at the center of an area where the interests of four of the most powerful nations of the world converge. Then, Korea was a newly independent and weak nation. Today it is an increasingly consequential factor in the

political and economic life of East Asia and the world. Today, as in 1950, war in Korea would have implications reaching far beyond the peninsula. In sum, today more than ever before Korean security is essential for the peace, stability, and continuing prosperity of Northeast Asia—a condition in which our own stake is very great indeed. Our commitment to the security of Korea must, therefore, remain at the center of our policy concerns in East Asia, and we must insure that the credibility of the deterrent represented by U.S. and Korean forces on the peninsula remains unquestioned. It is in this context that we ask your support for the proposals now before this committee.

¹The 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. ■

1984 Assistance Requests Thailand

by *W. A. O'Donohue*

*Member before the Subcommittee on East and Pacific Affairs of the Foreign Affairs Committee on July 4, 1983. Mr. O'Donohue is Deputy Assistant Secretary for East Asian and Pacific Affairs.*¹

I am delighted at this opportunity to appear before you to discuss our assistance requests for Thailand, one of our closest and most valued allies.

Objectives and Interests

As I have noted, I am a member of the Wolfowitz Committee [Paul D. Wolfowitz, Assistant Secretary for East Asian and Pacific Affairs], in his testimony before the committee, set forth our basic objectives and interests in East Asia. All of our major programs are in direct support of these objectives he outlined.

Thailand is a long time security ally and is the Association of Southeast Asian Nations (ASEAN) state facing a direct threat from the Soviet-supported Vietnamese occupation of Kampuchea.

Thailand is a key member of ASEAN, which has emerged as the major force for stability in Southeast Asia

and a subregional grouping of central importance to U.S. interests.

- Thailand is in strategic proximity to the key sealanes of communication linking East Asia to the Indian Ocean and Middle East.

- Thailand has borne the heaviest burden of refugees in Southeast Asia and is central to maintaining the first asylum principle and the continuation of the major international efforts which have allowed us to cope with this immense human problem.

- Thailand's cooperation is essential in our efforts to stem the flow of narcotics out of the Golden Triangle.

Program Summary

In the FY 1983 supplemental, we have asked for \$19 million in foreign military sales (FMS) guaranteed credits and \$6 million in FMS and the military assistance program (MAP). These sums would bring our FY 1983 level up to the amount requested by the Administration originally, which was supported by this committee.

In FY 1984 the Administration is requesting:

- \$94 million in FMS guaranteed credits and \$5 million in MAP. This is a 9% increase over our FY 1982 request;

- \$2.4 million in international military education and training (IMET) funds, a moderate increase over the 1983 continuing resolution amount of \$1.7 million;

- \$5 million in economic support funds (ESF), the same as FY 1983, to be used to assist the Thai directly affected by the heavy refugee inflow and border fighting; and

- \$29 million in development assistance, \$1 million over this year's level.

Policy Justification

These programs directly support U.S. interests in Thailand and contribute to its security and economic development. They also support security, economic, political, and humanitarian interests of regional and global, as well as bilateral, importance.

The security assistance levels we have requested for FY 1983 and FY 1984 reflect the Administration's determination to strengthen the defense capabilities of a close treaty ally manning the front-lines against a threat to the region as a whole. The program is not only an essential signal of our commitment to Thailand and its ASEAN policies but also demonstrates our determination to play an appropriate security role in the area.

ASEAN has emerged as a dynamic force for peace and progress in Southeast Asia and deserves our full support. The Thai and their ASEAN partners have been defending the region's continued stability by resolutely opposing the Vietnamese occupation of Kampuchea and by determinedly pursuing a political solution to this problem. A strong, confident Thailand, around which the other ASEAN states and most of the international community have rallied, is central to this task. Our assistance to Thailand consequently contributes significantly to the overall ASEAN efforts to bring about a comprehensive political solution to the Kampuchea problem.

FMS/MAP. Unfortunately, as a result of the FY 1983 reduction, not only have we been unable to increase the Thai FMS program, as we had hoped, but, in fact, the overall level is \$13.2 million less than that provided in FY 1982. This undercuts our whole approach, creating an erroneous impression of diminishing U.S. interest at a time when the Vietnamese threat remains unchanged. Consequently, we have, as a matter of high priority, re-

quested that the Congress, in the supplemental, restore the FMS and MAP funds which we have requested.

In looking at our FY 1984 program levels, we are projecting a measured increase in the FMS/MAP program. This program is the most visible and concrete manifestation of our security relationship and of our readiness to play an appropriate security role with Thailand. The Thai have indicated they believe they can manage their own security problems without U.S. military involvement but have stressed their hope that we would provide the security assistance needed to allow them to meet the Vietnamese challenge. Our program does that. The funds we have requested will enable the Thai to proceed with their force modernization program as well as build an inventory of badly needed spare parts for existing weaponry.

IMET. Our military training program will be devoted to expanding space allocations for training of officers and enlisted men in use of modern weapons, management of logistics, and technical fields such as intelligence and communications. The Thai are making a genuine effort to improve their logistics systems, which will be a great step forward in their overall defense effectiveness. In FY 1983, we have projected training for about 369 military personnel and a larger total in FY 1984.

ESF. The large number of refugees and displaced persons which remain on Thai soil constitute a serious humanitarian problem, as well as a threat to the region's stability. It is an international problem which requires an international solution. The United States is firmly committed to helping alleviate this burden by providing relief and resettlement within the framework of an international program. Tangible expression of our continued support is necessary to maintain the momentum of the international effort and the principle of first asylum.

As part of this cooperation, we and other countries provide assistance to Thai villages affected by border fighting and the influx of refugees. We believe the ESF will be needed in FY 1984 at

about the same levels as FY 1983. The recent Vietnamese attacks in the area of Nong Chan, on the Kampuchea border, have added to the number of refugees in Thailand and caused new losses of Thai lives and property. In addition, ESF funds are being directed to areas of the Thai-Lao border, also affected by refugee flows, where many of the nation's poorest people live. These programs will fund improvements in basic services in the villages, assist in improving agricultural productivity, and help bind these areas into the economic and political mainstream of the country. Most importantly, they encourage the Thai to maintain first-asylum policies and to facilitate international relief and resettlement efforts.

Development Assistance. Thailand has suffered from the world recession and spiraling energy costs over the past several years along with most Third World countries. Yet due to favorable harvests, Thailand has managed to retain relatively high growth rates in both its agricultural and industrial sectors. Agricultural productivity, however, remains low relative to its potential. Significant disparities of income persist both between regions and between different occupational groups. Our development assistance to Thailand is part of a much larger international effort to assist this important developing country, which has proven its determination to put such resources to effective use. Besides our bilateral assistance, the United States contributes significantly to the international effort through the World Bank and the Asian Development Bank (ADB).

U.S. development assistance for Thailand will increase slightly over 1983 if the FY 1984 program is approved at the requested level. This program supports current Thai Government efforts to redirect public and private investment toward rural growth and development. Other projects will seek to enhance efficiency of the private sector in Thailand in meeting overall development objectives. Finally, the program is designed to aid the Thai Government in directing economic growth toward increased equity for the poorest sectors of its population.

Conclusion

I have outlined a balanced assistance program for Thailand reflecting the strengths and diversity of our relationship. There is a proper emphasis on security assistance given the threats Thailand faces from Vietnam and our own security treaty commitments. President, Secretary Shultz, and [Defense] Secretary Weinberger reaffirmed our clear commitment to Thailand embodied in the Manila Declaration. Our military assistance and the support of U.S. constancy and supply of essential elements in strengthening Thai security.

At the same time, we recognize that economic development is equally important in enhancing domestic stability and social development. Through development assistance, we remain determined to contribute along with other donors such as the World Bank and Japan to help Thailand maintain its priorities in education, economic development, and more equitable income distribution.

Both of these programs also ensure secure Thai cooperation on refugee and narcotics matters. In the broader context, the ASEAN countries look to our security relationship with Thailand and our assistance program as a measure of our support to their efforts to reach a comprehensive political settlement in Kampuchea.

The levels we have requested recognize the severe budgetary constraints working under. They are necessary to demonstrate our continued support for Thailand—a treaty ally and ASEAN front-line state.

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

1984 Assistance Requests for Philippines and Indonesia

iel A. O'Donohue

tement before the Subcommittee on and Pacific Affairs of the Foreign Affairs Committee on 18, 1983. Mr. O'Donohue is Assistant Secretary for East and Pacific Affairs.¹

ased to address today our ce requests and U.S. interests icies toward two key countries in t Asian and Pacific area, both s of the Association of South sian Nations (ASEAN)—the nes and Indonesia. The United and the Philippines have had istoric ties this entire century. lippines has been our ally since dence in 1946. Indonesia, the ASEAN state, is a major ower with which we have im- olitical and economic relation-

olicies toward these two Southeast Asian states stem e set of regional foreign policy es that Assistant Secretary Paul tz outlined to this subcommittee uary 23. These objectives are

rotect our existing treaty rela- s; ainain unhampered use of our facilities in the Philippines; ainain and enhance defense ships with countries with : proximity to key sealanes; ssure continued access to signi- mercial markets and basic raw s; pport ASEAN and strengthen to ASEAN countries; renghen domestic efforts to overty and social strains that olence and political instability; mprove human rights practices.

AM SUMMARY

est for the Philippines in FY

0 million in foreign military IS) guaranteed credits. This is a line of our FY 1983 request and

corresponds to the presidential best ef- fort pledge made in 1979, when our military bases agreement was amended, to provide security assistance at indicated levels over a 5-year period:

- \$1.3 million in international military education and training (IMET). This is equal to the FY 1983 level;
- \$50 million in economic support funds (ESF), the same as FY 1983, corresponding to the presidential best effort pledge made in 1979;
- \$40 million in development assistance and \$7.8 million in PL 480, Title II. Development assistance levels have remained roughly constant since 1979, when during military bases agreement negotiations it was understood that development assistance would not be supplanted by ESF.

Our request for Indonesia is for FY 1983, \$21 million in supplemental FMS guaranteed credits, bringing the FY 1983 request to \$41 million.

For FY 1984, we are requesting:

- \$50 million in FMS guaranteed credits, a straight line projection of our original FY 1983 requests;
- \$2.7 million in IMET, an 11% increase over FY 1983;
- \$64 million in development assistance, \$1 million less than last year because of overall budget stringencies; and
- \$39.2 million in PL 480 assistance, up approximately \$500,000 over FY 1983.

THE PHILIPPINES

There is no country in the region with which the United States enjoys a deeper, longer relationship than the Philippines. This oldest of our Asian allies, which shared with us the suffering of World War II and has inherited so much from the United States, today shares our perceptions about the dangers in Southeast Asia. We have had a mutual defense treaty with the Philippines since 1952. Economic ties are strong; the United States continues to be the largest source of foreign investment and largest market for Philippine goods. Our cultural links span this entire century. Most recently, the state visit of President Marcos last September, and his discussions with President Reagan,

served to underscore the excellent state of our bilateral relations and to reaffirm our security ties.

Current Economic Situation

Like many nations, the Philippines today is passing through a period of political transition and economic difficulties brought on by the world recession. The country maintained a good growth record of around 6% during the 1970s. However, rising oil prices and escalating interest costs have created financial limitations on growth over the past 3 years. Debt service costs increased during the past year, but self-imposed restraints have controlled large increases in debts. Balance-of-payments deficits widened as terms of trade, reflecting decreased world market prices for the country's prime exports, deteriorated. It is important to note that about one-third of the population of the Philippines depends in some way upon income derived from one of these, coconut products.

In contrast, exports of electronic components have continued vigorous growth, the government has pressed ahead with a broad export development program, and new financial policies recently show a capacity to face economic adjustment problems and lay a firm foundation for future growth. The International Monetary Fund (IMF), the World Bank, and the international financial community have all recently recognized those positive steps by negotiating support of well over \$1 billion for the Philippines.

Political and Human Rights Developments

As this was happening, changes were taking place within a political system in which a strong president unquestionably dominates the arena. Martial law ended in 1981, a presidential election was held, and the political climate became more relaxed. Controls on the press have been eased, although on occasion reasserted, as witnessed by the recent closure of an opposition newspaper. Nevertheless, criticism of the government continues in the media, though subdued. It is fair to say that some gradual expansion in the exercise of civil and political liberties has continued in the Philippines. At the same time, of course, problems remain, and church groups and others have not hesitated to bring them to the government's attention. Initial indications are that the government is ready to engage

in dialogue. We welcome any such efforts on the part of the government and concerned Filipinos to address human rights concerns through dialogue.

The human rights situation in the Philippines is a complex picture which we have attempted to portray in detail in our annual human rights reports. It is a situation made more difficult by the existence of active rural insurgencies, particularly the New People's Army in the remote areas of many provinces, government efforts to control them, an inefficient judicial system, a depressed international market for traditional Filipino exports, and resulting rural poverty. In particular, abuses of civilians by some members of the military, predominantly in insurgency areas, are a continuing problem for the Philippine Government.

For our part we continue to pay close attention to the human rights situation in the Philippines. We look toward progress in the direction of a more open political system. Parliamentary elections in 1984 will be a step forward in this process. We deal with human rights through a policy of quiet dialogue, not only with the government but also with a wide spectrum of Philippine society. This policy is pursued in consonance with our other objectives and is an integral element in our overall approach in the Philippines.

Strategic Relationship

Two treaties are central to the U.S. strategic relationship with the Philippines. Our military bases agreement of 1947 enables us to maintain advantageous geographic position through our military facilities at Subic Naval Base and Clark Air Force Base. These facilities allow us to protect the Western Pacific sea and air lanes and to project U.S. power into the Indian Ocean and beyond at a time of growing Soviet military power in the Far East. They also permit us to fulfill our obligation to defend the Philippines under our 1952 mutual defense treaty.

Our present security assistance levels reflect President Carter's best effort pledge in 1979 to provide \$500 million from FY 1980 to 1984 to the Philippines. However, the maintenance of a \$100 million level annually does considerably more than ensure continued and effective U.S. military operations at the bases. It assists the Philippines to meet its own defense needs, which these days include the threat of a slowly growing communist insurgency, and to ad-

vance toward its goal of military modernization. Through the ESF component, we are contributing to municipal and provincial development activities, which bring improvements to the lives of Filipinos.

The United States and the Philippines will begin a complete review of the military bases agreement in April 1983 to ensure that it continues to meet our mutual interests.

Development Assistance and PL 480

Promoting Philippine economic development is an essential component of our constructive relationship with the Philippines. It is aimed at reaching that part of the Philippine population which lives below the poverty line. Our PL 480 Title II, assistance provides feeding programs to the poorest Filipinos. Indeed when ESF, development assistance, and PL 480 programs are considered together, we provide twice as much bilateral economic assistance as we do military assistance. We also contribute in a major way to Philippine economic development through our participation in such multilateral development banks as the World Bank and Asian Development Bank (ADB).

Program Descriptions

FMS—\$50 million. FMS credits enable the Philippine Armed Forces to continue to modernize during a period of serious financial stringency. Contemplated FMS purchases include helicopters, ground vehicles, engineering equipment for development-related projects, light aircraft, communications gear, and other needed defense items. Maintenance of FMS at levels of \$50 million for the 5-year period from FY 1980 to 1984 was contemplated in the President's "best effort" pledge at the time of the amendment to our military bases agreement in 1979.

IMET—\$1.3 million. Heaviest emphasis would be on the training of selected junior to midlevel officers, not only to provide technical and managerial training that assists in force modernization but also to give them better understanding of the United States, our political institutions, and U.S. policies. This is particularly important in dealing with a new generation of Filipinos who does not recall the shared World War II experience of our two countries. Approximately 400 members of the Philippine military would benefit from these programs.

ESF—\$50 million. The ESF program, about half of the security assistance package, is making an important contribution to Philippine socioeconomic development, especially for Filipinos in areas near the U.S. military facilities. In FY 1984, we propose to continue to fund municipal and provincial infrastructure activities (i.e., water systems, markets, flood control, hospitals, nonconventional energy systems).

Development Assistance—\$4 million. Our development assistance emphasizes agricultural production, rural employment, and family planning. Of this total, \$7.78 million is PL 480 Title II.

INDONESIA

I would turn now to our relations with Indonesia, a nation strategically located astride vital interoceanic sea lanes, a prominent member of ASEAN, and a moderate, friendly voice in world affairs.

Policy Framework

For nearly two decades, we have enjoyed close and cooperative political and economic relations with Indonesia on three essential pillars:

- Common strategic perceptions and interests in Southeast Asia, especially our mutual commitment to the stability and independence of the states of the region;
- Mutually beneficial, multibillion dollar trade and investment relations;
- Political dialogue and frequent cooperation, bilaterally and in multilateral fora, on such diverse issues as the Indochinese refugee problem, the situation in Kampuchea, and human rights.

The state visit of President Suharto last October underscored the importance we attach to our relationship with Indonesia and imparted to it a new sense of warmth. This new momentum in our relations comes at an opportune time, as Soeharto embarks on his second term as Indonesia's President and confronts such challenges as growing Soviet military presence in the Pacific and the severe impact of the global recession.

Program Justification

Our developmental and security assistance programs play a key role

ring strong relations with and
 riving our interests in Indonesia.
 e programs aim at three general

They help ensure the stability and
 ng prosperity of Indonesia, one of
 hampions of a stable Southeast Asia.
 They provide a measure of U.S.
 s to key Indonesian decision-

s. They are a concrete manifestation
 humanitarian concerns which
 ly our policies.

Economic Assistance

esia has made major economic
 ss during the past 15 years. By
 ndonesia, in fact, joined the ranks
 world's middle income per capita
 s, as measured by the World
 The reelection of President
 rto March 11, and the likelihood
 e will continue to rely on many of
 e members of his economic
 nment team, indicate that the
 's moderate and pragmatic
 ic policies will continue.

t the economic challenges which
 sia faces are formidable. Some of
 oblems are long-term and struc-
 ture—overdependence on oil
 rs, daunting unemployment in a
 whose workforce grows 2 million
 y, and an agricultural economy
 to the limit to meet its basic food

more immediate concern are the
 impact of the global recession,
 as cut Indonesia's export earn-
 out 49% the past 2 years; the
 rtain further drop in oil prices,
 h the country has depended
 to fund its ambitious and suc-
 ceed development efforts; and the ef-
 fect of a prolonged drought, which has
 d adversely on the 1982 and
 be crop. This coincidence of
 essentially beyond the control of
 onesian Government, presents
 ntry with a serious economic
 re.

Indonesian Government has
 taken several important steps to
 h these problems. President
 o recently announced an austeri-
 et, putting a lid on government
 ng expenditures. The government
 subsidies on key consumables
 fertilizers and refined petroleum
 s and taken measures to improve
 n of public revenues. New trade
 ons will probably result in fewer

consumer imports, while a major effort
 is underway to spur nonpetroleum ex-
 ports.

The past strong record of economic
 management of Indonesia's leadership
 indicates it will succeed in surmounting
 its problems. We are committed to help,
 as the President pledged we would to
 President Soeharto last October. As you
 know, we have already increased our FY
 1982 PL 480 Title I assistance to In-
 donesia from the originally projected
 \$20 million to \$30 million, in recognition
 of the drought's impact. For FY 1984,
 we are seeking \$30 million in PL 480
 Title I and \$64 million in developmental
 assistance, essentially a straight line
 projection from this year.

Our developmental aid will be
 directed at four main targets: (1) helping
 Indonesia achieve food self-sufficiency;
 (2) expanding rural employment oppor-
 tunities, especially in nonfarm jobs; (3)
 improving family planning and basic
 health care; and (4) improving selected
 aspects of education and training.

Our PL 480 assistance will help
 minimize the amounts of scarce foreign
 exchange that Indonesia need commit to
 grain imports, while generating funds
 for specifically designated projects
 aimed at the neediest elements of
 society.

I would also note that our bilateral
 economic assistance programs are sup-
 plemented by important U.S. contribu-
 tions to the international financial in-
 stitutions. The World Bank and the
 ADB, in particular, work cooperatively
 with the Indonesian Government and
 have made major contributions to In-
 donesia's development effort.

Security Assistance

Turning to security assistance, I would
 like first to address our request for both
 an FY 1983 FMS supplemental of \$21
 million and an FY 1984 FMS level of
 \$50 million.

As the subcommittee is aware, we
 regret deeply that extremely tight
 budgetary constraints forced the
 slashing by 60% of our original FY 1983
 FMS request of \$50 million. The cut
 came at a particularly unfortunate time:
 immediately on the heels of the Soeharto
 visit, just when Jakarta was beginning
 to feel the impact of its economic prob-
 lems, and at a time when we are looking
 to strong and stable governments in
 countries like Indonesia to contribute to
 the stability of Southeast Asia. More
 generally, such a cut contributes to the
 erroneous impression that the United
 States is lessening its interest in the

area and in ASEAN at a time when we
 wish to support just the opposite.

We believe that a restoration of FY
 1983 FMS through a \$21 million sup-
 plemental—yielding a level slightly
 above the FY 1982 total—would
 mitigate much of the disappointment in
 Jakarta over the initial cut. It would
 also be of particular substantive impor-
 tance to the Indonesian Government
 now in light of its tight foreign ex-
 change situation. We anticipate that
 the bulk of the funds would be used in pro-
 curement of badly needed war reserve
 munitions and the overhaul of C-130 air-
 craft, which are essential to give the In-
 donesian Armed Forces even a minimal
 capability to defend their far-flung
 archipelago.

We believe with equal vigor, and for
 many of the same reasons, that an FY
 1984 FMS level of \$50 million is war-
 ranted and needed. While respecting In-
 donesia's nonaligned status, we have
 developed a constructive security
 assistance relationship. This reflects our
 mutually shared strategic perceptions
 and demonstrates our readiness to assist
 Indonesia in meeting its legitimate
 defense needs. The FMS we provide will
 be used in essential military modern-
 ization programs. We anticipate, for ex-
 ample, that substantial portions of the
 funds would be used in procurement of
 an adequate air defense system and
 shipborne weapons systems.

Before concluding the discussion of
 security assistance programs, I would
 say a brief word about our FY 1984
 IMET request of \$2.7 million.
 Indonesia's military leaders regard per-
 sonnel training as a key element in their
 force modernization program, and our
 IMET program as one of the most im-
 portant aspects of their training effort.
 The FY 1984 program will permit about
 300 Indonesian middle- and upper-grade
 officers to travel to and train in the
 United States, while U.S. mobile train-
 ing teams train additional hundreds of
 Indonesian officers in Indonesia. This
 overall effort makes a considerable con-
 tribution to upgrading Indonesian
 managerial and technical capabilities in
 critical defense-related fields and, in-
 cidentally, provides those officers who
 will be the backbone of their country's
 future military and political leadership
 with an understanding and appreciation
 of the United States.

CONCLUSION

I would conclude my comments this afternoon with three observations.

First, we have substantial security, political, and economic interests in the Philippines, in Indonesia, and, more generally, in Southeast Asia, where as ASEAN members these countries play leading roles. It is important that we provide sufficient resources to match and promote these bilateral and regional interests.

Second, our assistance programs are tied to our continuing humanitarian interests in the Philippines and Indonesia. Our developmental and food aid programs, of course, address those interests directly. Our total aid effort, in-

cluding security assistance, fosters stronger bilateral relationships. Out of these grow bilateral dialogues and cooperation on other important issues such as human rights and refugees.

Third, we seek to be a nation clear in our strategic goals, faithful in our friendships, and reliable in our long-term commitments. That, too, is what our friends want of us. I would hope that our assistance programs for the Philippines and Indonesia for FY 1983 and FY 1984 can be constructed and implemented according to those principles.

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. ■

FY 1984 Assistance Requests for Europe

by Richard R. Burt

Statement before the House Foreign Affairs Committee on March 16, 1983. Mr. Burt is Assistant Secretary for European Affairs.¹

I appreciate the opportunity to appear before this committee in support of the European portions of the Administration's proposals for security assistance in FY 1984.

As Secretary Shultz emphasized to this committee on February 15, 1983, the general program of security assistance and economic assistance is of great importance to us in our foreign policy. He also emphasized before the House Foreign Affairs Committee on February 16, in support of our foreign assistance programs, that NATO is an alliance that serves the interest of the United States as well as of our allies. I have participated in the development of the integrated foreign assistance program to meet our national economic and security objectives, as well as those of our close allies who share these objectives. I want to emphasize that security assistance is an essential part of both our foreign policy and defense planning, and I would now like to describe our major programs in support of the NATO allies requiring assistance, as well as a program for Cyprus.

Spain

Spain has been an important strategic partner since 1953. Now, with its entry into NATO last May and its democracy firmly in place following elections and a peaceful change of government last fall, Spain has become an important democratic ally as well. The basis for our security cooperation has thus broadened, modernization of Spanish military forces to NATO standards has gained new importance, and our security assistance relationship has become more vital than ever.

In this context, the United States and Spain signed a successor agreement to the 1976 treaty of friendship and cooperation on July 2, 1982. The new Spanish Government, after negotiating a supplementary protocol which clarifies the relationship between the agreement and NATO, has proceeded with the ratification process which is expected to be completed in late April or early May. It has, however, "frozen" further military integration into NATO pending an overall review of its security policy. The new agreement provides for U.S. "best efforts" in security assistance and ensures continued U.S. use of important Spanish military facilities.

U.S. security assistance is, thus, an integral part of this important security relationship. It is vital to the credibility of our "best efforts" pledge and to our reliability as an ally, and it is vital to Spanish efforts to bring their force to

NATO standards. And, apart from securing U.S. direct military benefit to Spain, U.S. security assistance will broaden security interests, encourage Spain to see the greater benefits of cooperation in a NATO context, an signal our continuing support for Spain's still young democracy.

The proposed FY 1984 security assistance program for Spain consists of \$400 million of foreign military sales (FMS) financing, \$3 million of international military education and training (IMET), and \$12 million of economic support fund (ESF) assistance.

The FMS financing request will allow Spain to purchase advanced fighter aircraft, an air defense missile system helicopters, harpoon missiles, torpedoes, improvement kits, and ground support weapons (tracked-landing vehicles tanks).

The FY 1984 IMET will support armed forces modernization by increasing the overall professionalism of the Spanish Armed Forces. It will also provide specific training courses (pilot training missile systems, maintenance, logistics, administration) to help ensure the most efficient use of FMS-supplied resources.

The FY 1984 ESF request will support the educational, cultural, and scientific programs administered by the Department of State and the U.S. Information Agency. These programs enhance nonmilitary aspects of our relationship with Spain and are important in developing a broad range of ties appropriate for two friends and allies.

Portugal

Portugal is a close, reliable, and strategically important ally. It has consistently stood by us, taking a forthright stand on such international issues as Poland and Afghanistan, an interested and helpful stance on problems in the Middle East, and it is a valued interlocutor regarding developments in southern Africa. Furthermore, the facilities it makes available for our use as part of our security cooperation are critical to NATO's security and reinforcement and to possible contingencies in other parts of the world.

We are currently engaged in negotiations regarding that relationship. While the negotiations are in abeyance at the moment pending the election of a new government in Portugal, we are confident that it will be possible to arrive at a new and mutually satisfactory agreement in the course of this year.

is clearly in our own interests to Not only are the facilities to we have access vital, but our cooperation relationship is close to the process through which Por seeks to expand its own direct and contribution to Western defense

Portugal is a charter member of and takes seriously its alliance obligations. It wants to play a more role in NATO, and we welcome it. At the same time, the Portuguese economy has been very hard-hit international recession, and Portugal helps from its friends if it is able to carry out the military modernization required for it to meet its force goals and expand its own contribution and contribution to the defense.

is clearly in our own interests to age this effort, and we and other partners are engaged in a concerted effort to do so.

multilateral program, to which security assistance is partially directed, focuses on the construction of an antisubmarine warfare

which would enable Portugal to play an important role in antisubmarine warfare protection of the central Atlantic. Other anticipated purposes of assistance include a second squadron of aircraft, a few more C-130s for a NATO-dedicated airlift and P-3 aircraft to contribute to antisubmarine warfare effort.

Training is a further and important part of the effort to enable Portugal to contribute more actively and effectively to the defense of the West.

Economic support funds are also important. Portugal is the poorest country in Western Europe, and the Azores, where most of these funds are spent, have a per capita income one-tenth that of the country as a whole.

Funds are an important expression of support for Portuguese democracy and of our friendship for the Portuguese people. The remaining portion of the funds would be aimed at the Lusophone Foundation to support private efforts at economic and technical cooperation following the lead of our program in Portugal.

Mediterranean

Now turn to the Administration's assistance proposals for Greece, Turkey, and Cyprus for FY 1984 and to U.S. relations with the countries of the Eastern Mediterranean.

Several political areas of key importance to U.S. interest come together in the eastern Mediterranean—Western Europe, the Balkans, the Soviet Union, and the Middle East-Southwest Asia. The area continues to be of great strategic significance. For example, Greece and Turkey face the Warsaw Pact in the Balkans and Black Sea Straits area, and Turkey has an important role in the Caucasus where it abuts directly potential Soviet lines of advance to the gulf. A strong and effective NATO southern flank is essential to protect our interests and those of our allies. Unfortunately, the effectiveness of this flank has been weakened in recent years to the point where it is a matter of grave concern to our allies and to the United States.

Several fundamental aims guide U.S. policy in this region. It is essential that we strengthen our bilateral relations with two firm and longstanding friends and allies—Greece and Turkey. Furthermore, it is vital to strengthen NATO's southern flank, thus advancing Western security interests in the eastern Mediterranean and beyond.

At the same time, the President and all of us in the Administration remain fully committed to help in the search for a solution in Cyprus that will enable the two Cypriot communities to live peacefully together as one country. I want to emphasize that each of these goals is important, and full effort and attention must be paid to them if we are to succeed. What I want to do today is to outline the Administration's program for assistance which we believe will help meet our goals and contribute to resolving some of the outstanding problems in this critical region.

Greece. Security assistance for Greece demonstrates continuing American support for a traditional close friend. It is an integral part of our commitment to a strong, mutually beneficial bilateral relationship. As the Congress is aware, we are currently negotiating with the Greek Government a new defense and economic cooperation agreement to modernize and define our security relationship with Greece, including the status of the U.S. facilities there. In view of these on-going discussions, we felt it would not be prudent to propose an increase in the level of assistance until our overall security relationship with Greece had been determined. However, we have informed the Greek Government that, in the context of an agreement, the United States will seek

increased levels of defense support above the level currently proposed.

U.S. assistance is also intended to assist recipients to carry out NATO defense missions. Greece, in recent years, has made substantial progress in modernizing its military equipment, using significant U.S. assistance as well as its own resources. However, further U.S. assistance is needed to continue the process. I would note that Greece's importance is reflected in the Administration's proposal which makes it the sixth largest recipient in our FY 1984 program, aside from any increase which may be requested in the context of the current negotiations.

Turkey. Our assistance program for Turkey has significant changes. Economic assistance drops from the high level of recent years, reflecting continued strong recovery of the Turkish economy. Military assistance, on the other hand, increases substantially, reflecting our strong conviction that prompt measures to modernize the Turkish Armed Forces can be delayed no longer. In addition to its borders with the U.S.S.R. and Bulgaria, Turkey faces Iran, Iraq, and Syria, the first two presently engaged in a shooting war and the third closely tied to the U.S.S.R. The age of their major equipment lines makes it difficult for the Turkish Armed Forces to fulfill NATO responsibilities, much less adequately defend their other borders and make a contribution to stability and security in that region.

Turkey's military government has been in power 2½ years and has restored law and order, curbed political violence, bolstered public confidence, and continued an impressive economic recovery program. While the effort to eliminate the terrorism which wracked Turkey before September 1980 inevitably produced limitations on political freedoms and some abuses of human rights, we think the military government, by and large, has observed the rule of law. Equally important, it has adhered to its timetable for returning power to civilian authority, a process which will culminate this fall with parliamentary elections and installation of a representative democratic government established under the recently approved Constitution which was overwhelmingly endorsed by more than 90% of Turkey's voters.

The significant reduction in economic support funds reflects the substantial progress Turkey has made under its stringent economic stabiliza-

tion program. While Turkey still faces long-term economic problems, its strong performance over the past 2 years should enable it to begin to return to private capital markets, thus reducing dependence on the need for balance-of-payments support from other governments.

Cyprus. Concerning Cyprus, this Administration has from its very first days placed a high priority on the achievement of a just settlement. We are committed to that goal, for as long as Cyprus is divided and its status uncertain, it constitutes a humanitarian issue and it also remains a serious barrier to good relations between Greece and Turkey.

In support of our commitment to achieving a Cyprus settlement, the Administration has made extensive efforts to encourage realistic and meaningful negotiations between the parties which are being conducted under the auspices of the U.N. Secretary General. The Secretary of State has appointed a special Cyprus coordinator who is responsible for orchestrating our activities with the parties in support of the U.N. talks. Unfortunately, despite these efforts, the talks have so far produced no dramatic breakthrough. However, there has been progress in narrowing the difference, and we are hopeful that further gains can be made in the months ahead.

Authorization Requests. For

Greece, we would continue the level of FMS funds at last year's level—that is, \$280 million—for the purchase of equipment, spare parts, and ammunition and also propose \$1.7 million in IMET to improve managerial and technical expertise. Again, it is important to note that in the context of a new base agreement, we are prepared to return to the Congress to ask for additional assistance for Greece.

For Turkey, our request is for \$755 million in military assistance (\$230 million in MAP and \$525 million in FMS guarantees), \$175 million in ESF, and \$4 million in IMET. Turkey's Armed Forces are the second largest in NATO and consume over 17% of the government budget. But because Turkey does not enjoy the wealth and industrial capability of most other NATO countries, we and other allies must help fill the gap. Some of our assistance will continue to provide maintenance and support of equipment for which spare parts are no longer in the U.S. military inventory and to replace that equipment with

newer but still outdated equipment. Some will be used for procurement of new equipment for naval modernization and for a first tranche of modern fighter aircraft for future delivery. While our request falls short of meeting all of Turkey's urgent military equipment needs, it will begin the task of helping Turkey meet NATO commitments contributing directly to our own defense.

For Cyprus, we propose \$3 million in ESF grant authority to be applied to the existing university scholarship program. The program is presently fully funded to bring 150 Cypriots from both communities to the United States for their studies. There are no universities in Cyprus, and our program, therefore, provides an opportunity, and often an alternative to study in the Eastern bloc, for young Cypriots.

The provision of security assistance to Greece and Turkey is consistent with our policy of encouraging these two countries to find a peaceful resolution of their differences, and with U.S. support for efforts to solve the Cyprus problem.

The completed 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. ■

Northern Ireland

PRESIDENT'S STATEMENT, MAR. 17, 1983¹

For those of us whose ancestors come from Ireland and for those of us who share the spirit of Irish humor, hard work, and spiritual faith, St. Patrick's Day is a time of grateful celebration and much happiness.

Today is a time to honor and celebrate the enormous contribution to American life made by Irish immigrants. As frontiersmen in the American Colonies and citizen soldiers in Washington's army, they helped found our republic. Their ingenuity and effort built our economy, added to our spiritual values, and enriched our literature. Their humor enriches life's happy moments and makes life's setbacks more bearable.

And yet our joy is tempered by the tragedy that divides neighbor from neighbor in Northern Ireland. We deeply regret that some would use this day to enlist support for more violence and con-

flict on that small island which is much in our hearts today. We cannot remain indifferent to the tragedy that confronts the people of Northern Ireland and which affects the Republic of Ireland, Britain, and their friends in the United States. Those who advocate violence and terrorism find no welcome in the United States.

We condemn all such acts and oppose the forces of discord in Northern Ireland, which obstruct the process of reconciliation so essential for peace. We ask all Americans to refrain from reporting, with financial or other aid, organizations involved directly or indirectly in perpetuating violence. We urge that those Americans—there are many—who wish to help their support and contributions to mate groups and organizations work to promote reconciliation and economic cooperation.

The U.S. Government continues to take specific actions to hasten an end to this violence and discord by:

- Discouraging Americans from contributing to organizations engaged in violence;
- Arresting and prosecuting those engaged in the illegal export of arms to those groups; and
- Confiscating weapons intended for terrorists.

Next to peace and reconciliation, Northern Ireland's greatest need is jobs to bring hope and opportunity to its people, especially the young. American companies which have invested in Northern Ireland already employ a significant percentage of the industrial work force, making a real contribution to its well-being. This Administration will continue to encourage private investment in and the creation of more job opportunities in both Northern Ireland and the Republic.

We recognize that it is not for the United States to chart a course for the people of Northern Ireland, but we do have an obligation to urge our loved ones and friends in that part of the world to seek reconciliation between the two traditions in Northern Ireland and accomplish this through democratic means. Durable, equitable solutions and peace can be imposed by outsiders, however well meaning. Our role, accordingly, is to support efforts by the people and governments directly involved.

o, on St. Patrick's Day 1983, let us celebrate our Irish heritage in fine
 But let us also remember those in
 ern Ireland for which 1983 is one
 year of terrorism and dim eco-
 prospects—and let us rededicate

ourselves to helping to bring these twin
 evils to an end.

*Text from Weekly Compilation of
 Presidential Documents of Mar. 21, 1983. ■*

1984 Request for Economic Assistance Programs

Peter McPherson

*Statement before the House Budget
 Committee Task Force on International
 Trade and Commerce on March 2, 1983.
 McPherson is Administrator of the
 Office for International Development
 and Acting Director of the Inter-
 national Development Cooperation
 Agency (IDCA).¹*

In honor to be here today to
 discuss our foreign assistance proposals
 coming fiscal year and the rela-
 tionship of our aid program to the
 domestic economy. The foreign assist-
 ance program which we have submitted to
 Congress is the product of intensive
 efforts to integrate our various pro-
 grams of international security and
 development assistance, food assistance,
 and contributions to the multilateral
 institutions.

Under Secretary [for Security
 Assistance, Science, and Technology]
 I will address the security
 assistance portion of our request, and I
 will discuss the development and eco-
 nomic assistance programs. The latter
 include development assistance, the eco-
 nomic support fund (ESF), the PL 480
 or Peace program, and the multi-
 lateral assistance programs, including
 the International Fund for Agricultural
 Development (IFAD), the multilateral
 investment banks (with the Treasury
 Department having a primary respon-
 sibility), and international organizations
 programs (with the Department of
 the Bureau of International
 Organizations taking the lead here).
 These foreign assistance programs
 are different but related aspects of
 our foreign policy objectives and the
 needs of the developing countries. The
 economic assistance program helps
 nations address their funda-
 mental, long-term constraints to devel-
 opment. The ESF is a flexible program
 that assists with both short-term eco-

nomic crises—such as balance-of-
 payments problems—and longer term
 development needs in countries of strate-
 gic importance to the United States.
 The PL 480 program helps enhance food
 security and reduce malnutrition and
 serves to augment local production. Our
 various military assistance programs
 help our allies and friends acquire and
 maintain the capability for self-defense.
 And our contributions to multilateral
 organizations help leverage contributions
 from other donors and guide the efforts
 of these organizations to support ac-
 tivities which complement our own bi-
 lateral efforts.

The Administration has sought to in-
 tegrate the activities of each of these
 foreign assistance programs in such a
 way that allocations to each recipient
 are fully complementary and take full
 account of both priority foreign policy
 objectives and the economic and security
 needs of the developing countries.

THIRD WORLD ECONOMIC SITUATION

We meet at a time when nations around
 the globe are beset by serious economic
 problems. Particularly hard hit have
 been the nations of the Third World.
 Developing countries as a group have
 faced severe difficulties in recent years
 as a result of the world's deep economic
 recession. Most developing countries
 have suffered significant reductions in
 their rate of growth. The average
 growth rate of the non-oil-developing
 countries dropped from 5.3% in 1978 to
 about 1.5% last year. Coupled with con-
 tinued rapid population increases, more
 than half of the lowest income countries
 had lower per capita real GDP in 1982
 than 10 years ago.

During the last 3 years, non-oil-
 developing countries have experienced
 record current account deficits—totaling
 \$97 billion last year. These deficits can

be traced to several factors: the recent
 doubling of oil prices and sharp rise in
 interest rates, the decline in world trade
 as a result of the economic slowdown in
 the industrial countries, and the deterio-
 rating terms of trade in the developing
 countries, particularly for those which
 export primary products. As a result,
 they have experienced a sharp contrac-
 tion in export earnings, and their
 foreign exchange receipts have been in-
 creasingly diverted from investment pur-
 poses to financing immediate import re-
 quirements, such as food and oil, and to
 short-term debt servicing.

With respect to the debt picture, it
 has been estimated that the average
 ratio of debt-service payments to ex-
 ports in the developing countries rose by
 50% or more over the last 6 years. Ac-
 cording to the International Monetary
 Fund (IMF), total outstanding external
 debt of non-oil-developing countries in-
 creased from \$375 billion in 1980 to
 \$505 billion in 1982. In 1981, 13 coun-
 tries had to undergo debt rescheduling,
 and the situation worsened in 1982, as a
 number of major middle-income coun-
 tries in Latin America and Eastern
 Europe began to have difficulties serv-
 icing their commercial debt. In response
 commercial lenders tightened up their
 risk exposure in many developing coun-
 tries.

This combination of trade and debt
 pressure is particularly serious for
 stability and longer run economic prog-
 ress in the low income countries—coun-
 tries important to the interests of the
 United States and our economy. With
 the beginnings of economic recovery,
 suggested by recent reductions in in-
 terest rates and the possibility of declin-
 ing oil prices, the economic picture for
 the developing nations may begin to im-
 prove. Our foreign assistance program
 can play an important role in their eco-
 nomic recovery just as our supporting
 their economic development is important
 to the economic, humanitarian, political,
 and security interests of the United
 States.

U.S. INTERESTS IN THE THIRD WORLD

These economic problems in the Third
 World have a very direct impact on the
 domestic economy of the United States.
 In terms of our economic interests, it
 has become a well-recognized fact that
 our interdependence with the Third
 World has increased markedly in recent
 years. Trade with developing countries

has become an important part of the U.S. economy. In short, every State in the Union is involved in exporting to developing countries.

Let me cite some numbers. In 1981 our exports came to about \$230 billion, of which exports to the developing world, including the oil exporters, totaled over \$99 billion—nearly 43% of the total. Just 10 short years ago, these countries absorbed only \$15 billion, or 30% of our total trade in that year.

In recent years, the oil-importing developing countries have represented the fastest growing market for U.S. products—our exports to these countries have been increasing at an average of 25% a year. The growth of U.S. exports has been particularly dynamic in those countries which have achieved rapid economic growth and have pursued policies which promote economic efficiency and development, including outward-looking trade policies, such as Kenya and Brazil.

U.S. exports of manufactures have shown particularly strong growth. More than 80% of the manufacturing jobs created in the late 1970s were linked to exports and fully one-eighth of all U.S. jobs in manufacturing are now export related.

Exports of agricultural products are also very important. Total U.S. agricultural exports reached \$43 billion in 1981 compared with less than \$18 billion in 1973. It is estimated that the harvest of one out of every four farm acres in the United States is now shipped to the developing countries. Overall, exports to the developing countries have come to account for 20-25% of U.S. gross farm income.

Foreign aid programs have expanded the capacity of developing countries to be customers for such U.S. exports. When the developing countries' economies grow, they tend to buy more U.S. exports. Conversely a slackening of the developing world's capacity to buy our products weakens our production for export and thereby our economic situation. According to one study, when multiplier effects are taken into account, every \$1 billion drop in exports erases some 60,000-70,000 jobs in this country.

In addition to generating income for workers directly involved in producing export goods, many more U.S. jobs are provided indirectly by associated exports of services, such as grain elevators, transportation, insurance, banking, management, technical assistance, and other service areas. Exports of services have been a major positive element in

the U.S. balance of payments. As the developing countries have improved their economic performance, their capacity to buy our goods and services has increased—and substantially so.

Besides providing a market for U.S. goods and services, the developing countries are a source of important, sometimes crucial, imports. Over 44% of our imports currently are raw materials essential to the functioning of our economy, a large proportion of which come from Third World nations. In particular, developing countries provide 75% of the total amount of tin, bauxite, zinc, and cobalt we require. Furthermore, imports of other goods stimulates cost-cutting technological change which increases our economic efficiency and helps to reduce inflationary pressures.

Not only are the developing countries becoming more important as trading partners, they have become major recipients of U.S. private capital flows as well. U.S. private bank lending to the non-OPEC (Organization of Petroleum Exporting Countries) developing countries has increased significantly, both in absolute amount and as a proportion of their total foreign loans. Whereas in 1970, only 8% of U.S. international lending went to these countries, by 1980 they were absorbing fully 47% of the total. And these external capital flows, by helping foster economic development, have facilitated the entry of these countries into the international commercial capital market to fulfill their capital needs.

In addition to the long-term contribution which our assistance programs make to the U.S. economy and trade through the promotion of development, the U.S. foreign assistance program directly promotes U.S. exports of goods and services. Of total spending for foreign assistance, about 70% is spent in this country on purchases of U.S. goods and services, including agricultural commodities procured through the PL 480 Food for Peace program. Also, requirements for replacement parts for aid-funded equipment and follow-on or complementary activities increase the potential for future demands for U.S. products. Technical assistance in the preparation and design of activities can further increase the potential of U.S. sales. Finally, aid activities can increase the general familiarity of developing country officials, contractors, and beneficiaries with U.S. products and companies.

Our contributions to the multilateral development institutions also have a

positive impact on the U.S. economy. Total procurement of U.S. goods and services deriving from their operation exceeds the amount of budgetary outlays for our contributions to them.

Besides these economic benefit development assistance addresses traditional humanitarian concerns. American people by promoting long term, self-sustaining, equitable development which increases the developing countries' capacity to address the human needs of the poor majority of their countries. Through our program we contribute to the fight against hunger and disease throughout the world. We also help to raise the standard of living for a broad range of world's population. The PL 480 program, for example, provides assistance to meet critical food needs, combat hunger and malnutrition, and increase resources for development. Our aid assistance provides relief to help cope with natural and man-made catastrophes, including refugee problems. Also, foreign assistance promotes development in which traditional human concern with individual civil liberties is respected and enhanced.

In terms of U.S. political and security concerns, recent events in the East, the Horn of Africa, Afghanistan, Central America, and the Caribbean have clearly demonstrated that economic problems, and instability involving developing countries have a very direct effect on our political and security interests. Often the policies and actions of an individual developing country or a group of developing countries can have significant impact on key regional global disputes and issues of importance to the United States.

Widespread poverty, economic and severe economic dislocation create an environment that is susceptible to violence, political instability, and the possible intrusion of those who would exploit instability to their own advantage. However, when people have reasonable hope that living conditions will improve over time and action is being taken to address the most pressing economic problems, they have a greater stake in the achievement of stability and peace. Our efforts in support of economic progress constitute a key element in helping to maintain stability in countries and regions important to U.S. interests. They also contribute to furthering peaceful change and the development of open, democratic institutions in friendly countries.

EVOLUTION OF U.S. FOREIGN ASSISTANCE

The current economic situation and the importance of foreign assistance to a developing country, it is worth spending a few minutes retracing the various paths through which the U.S. development assistance policy has moved since the beginning of the present day foreign aid program.

At the beginning, of course, out of our initial lack of experience with assisting an Asian and Japanese reconstruction program following World War II. Our subsequent program during the 1950s and 1960s, in an attempt to replicate that success in newly emerging nations of the Third World, focused on growth of the capital economy in the form of infrastructure and industrial development, combined with investments in human capital through education and training. With this emphasis, little attention was paid to the important role of agriculture in the development process or to the employment implications of capital-intensive industrialization, or even to the importance of trade as a means of securing benefits based on each country's comparative advantage in production.

By the mid-1960s it became increasingly clear, though, that population pressures were eroding a large proportion of the gains in income which had been achieved by many countries. In addition, more and more grave doubts arose with respect to the distribution of these gains. Equity considerations came to be recognized as important factors in the development process. It became evident that the political, social, and economic structure which had evolved in these newly developed countries had precluded improvement in economic conditions for the poor of these countries. To help correct this situation, a new concern with the effect of our aid on the poor majority emerged some time ago, in the form of the current development legislation.

In response to this mandate has taken the form of development projects which are designed to encourage local participation. Involvement and commitment by population groups to shape their own future came to be seen as essential to broad-based and self-sustaining development. The new attention to participatory development also reflected a basic shift in emphasis from industrialization to agriculture as a development focus, since the bulk of the population in the developing countries lives in rural areas. A further response was increased attention to allo-

cating assistance directly to specific sectors and groups. As a result, we are now structuring the aid program so that we are focusing our efforts on those areas in which the United States has particular expertise—institutional and human resource development, appropriate technology transfer, and mobilization of private sector resourcefulness in support of national development goals. I will go into this in more detail later.

In addition to this evolution in our own program, over time the United States has been highly successful in achieving increased sharing of the foreign assistance burden by other countries and institutions. Worldwide official development assistance grew by over 40% between 1970 and 1981. As other donors have been involved in the development effort, the U.S. share of official bilateral development assistance flows—excluding contributions from East European countries—has dropped. In 1960 we provided 60% of official development assistance, by 1981 our share was down to 17%. Also in just the last decade, assistance from multilateral institutions almost tripled in real terms. And the OPEC countries, led by Saudi Arabia, have increased their share of official assistance to other developing countries from 5% in 1970 to 22% in 1981.

Also, as Third World nations have developed, they have become increasingly able to generate their own resources for development. As a result, between 1960 and 1980, we have seen the proportion of official development assistance from the OECD [Organization for Economic Cooperation and Development] countries decline relative to the developing countries' gross investment expenditures—excluding capital-surplus countries—from 10% to 5% and the U.S. share has decreased correspondingly from about 6% to just over 1%.

Foreign economic assistance is a very small—and shrinking—part of the total Federal budget. The combined contributions to AID, the ESF, Food for Peace, UN programs, and the multilateral development banks represented only 1% out of every Federal budget dollar and less than 0.3% of our GNP. By comparison, during the 1950s, economic assistance represented an average 3% out of every Federal budget dollar and over 0.6% of the GNP.

RESULTS OF THE FOREIGN ASSISTANCE PROGRAM

What has this foreign assistance investment brought the developing countries? While they currently face serious financial problems, from a longer term perspective there has been dramatic improvement in many aspects of their economic and human condition. Although progress in many cases may not have been as rapid as we might wish, there is no denying that advances have occurred in the standard of living of much of the world's population. Throughout much of the developing world, population growth rates have leveled off. Average life expectancy has increased as advances in health care have become more widespread and nutrition has improved. Mortality rates of children under 5 years of age have been more than cut in half since 1960. And average school enrollment and adult literacy rates registered important increases for most countries.

Technological advances in agriculture, including the development of high-yielding crops, and increased availability of energy—at least until the early 1970s—set the stage for relatively rapid growth for the developing countries during the 1960s and early 1970s. Overall rates of growth for non-oil countries averaged more than 5% annually, with middle income countries showing even better performance.

As a result of these improvements, we now have a situation where some of the countries which we have assisted over the years are able to compete in their own right on the world market; Korea and Brazil are two such examples. And we see the emergence of middle income countries, which by all economic and social indices are no longer underdeveloped.

By and large, the countries which have shown the most rapid advances are those which have used their resources wisely and have promoted their development through appropriate and consistent, generally outward-oriented, economic policies. The so-called newly industrializing countries have living standards and levels of development comparable to what some OECD countries had a short time ago, although pockets of severe poverty still persist in some. Their needs for concessional assistance are minimal.

The low income countries are those which suffer from the worst human, social, and economic manifestations of underdevelopment, and there exist wide differences in the basic human needs

situation of individual countries. Most of the countries of Africa and the Indian Subcontinent fall in this low income category. These countries have inadequate human, physical, and institutional infrastructures and are often highly vulnerable to the vagaries of climate and international markets. These problems have frequently been compounded by economic policies which created distortions and reduced growth. It is this latter group of countries at which our current development efforts are principally aimed.

CURRENT DEVELOPMENT PICTURE

A basic lesson learned from our experience with economic assistance over the past decades is that development is truly a long-term process. The task of improving conditions for the millions of people living in absolute poverty in the developing countries is tremendous, and achieving desirable changes takes time. In spite of the advances which have been made, there still are serious development problems in many countries. Though food production in the developing countries as a whole has risen, on a per capita basis it has just barely stayed ahead of expanding population and in the low income countries has declined during the last decade. Population growth, though leveling off, is still high. At the present 2.1% annual rate of increase, the population of the developing world will double in 33 years. Despite recent health improvements, in much of the Third World life expectancy still does not exceed 50 years, one-third of infants die before the age of 5, and hundreds of millions of adults suffer from chronic, debilitating illness. Despite past gains in literacy, more than half of the adults in the developing world remain illiterate. Besides lack of capital, ability to address these problems is hindered by such constraints as lack of infrastructure, including poor transport and communications, inadequate management and institutional capacity to plan and direct sound development programs, lack of a skilled workforce and of the means to acquire and adapt technology, and policies which inhibit the most efficient use of available resources.

Given the severity of these problems, presently compounded by the effects of the worldwide recession, it is, therefore, imperative that the international community provide the help which will permit these countries to continue to address their fundamental long-term

economic problems and lay the basis for more dynamic long-term growth. Without such assistance, there is danger that countries will be forced to make drastic cuts in their long-term development programs as they endeavor to undertake the structural adjustments in their economies necessary to reestablish a sustainable economic position. Such a curtailment of the development effort could have serious negative long-term consequences neither the developing countries nor we can afford.

FUTURE OF THE FOREIGN ASSISTANCE PROGRAM

What role should our foreign assistance program play in the recovery effort, both in the near term and beyond? In looking to the future, it is instructive to consider the lessons of the past. I believe there are some fundamental tenets which can guide us in shaping the future of our foreign assistance program to be derived from history.

As noted earlier, the situation in the developing countries has evolved considerably over the last two decades. Changes in the development situation and in the role of foreign aid as a catalyst to the development process have been paralleled by an evolution in our thinking with respect to three key questions. First, what is development? Second, how is it best achieved? Third, how can AID best contribute to the development process?

At the cornerstone of our response to these questions, is our continued commitment to a basic needs approach to development. This orientation is more widely shared in the international community today than it was a decade ago when Congress initiated the new directions legislation. However, even if accepted in principle, the political will to translate commitment into policies, investments, and budgets is often lacking.

We hold the dignity of the individual, with maximum freedom of choice and freedom of action, to be important goals of the development process. We see the process as the emergence of systems which provide for the sustained satisfaction of the basic needs of its people, including their need to participate in a free and open society. If there is economic growth, but the basic needs of the poor majority remain unmet, development has been bypassed and the ultimate goal will not be achieved. If basic needs are met but there is not opportunity for social, economic, or spiritual growth, then the

investment process is still incomplete. Both social and economic needs—human needs and economic betterment—are important complement the overall development process.

Secondly, there are wide differences in the extent to which nations at all levels of per capita income have made progress in dealing with the basic needs of hunger, infant mortality, disease, and illiteracy. We now know that substantial progress in satisfying basic needs can be made without a doubling of aggregate income to double or more. We endorse and seek to promote development patterns which are efficient in translating overall growth into widespread satisfaction of basic needs.

Finally, we recognize that by investing in people, in their health, education, and capacity to adopt new technologies, we are investing in a key development resource. Satisfying needs is not just an end; it is also a means to further development.

Within this commitment, we have identified several tenets which should guide our assistance.

First is a recognition that technical assistance, rather than resource transfers, is by and large the best way to foster self-sustaining development, particularly given our overall budget constraints.

Second, our assistance should be focused in those areas where the States has recognized expertise—such as the sharing of our superb technical capacity in agriculture.

Third, in identifying technology transfer, and in setting our research priorities, we must carefully consider conditions in recipient countries and provide scientific and technological assistance appropriate to their needs and which will lead to the creation of self-sustaining development institutions.

Fourth, we need to maintain flexibility in our program to permit us to take advantage of promising, innovative ways of providing assistance and allow us to adapt to changing conditions in the Third World.

Fifth, we need to pay much more attention than we once did to the importance of host country policies in determining the outcome of development efforts, and we must program our resources accordingly.

Sixth, we need to pay close attention to the planning and management of our program—to ensure the policies established are implemented—so that we are, in fact, maximizing the impact of the resources available to us.

inally, we need to bear in mind our limited resources will not permit us to do the job alone and that we need to exercise our leadership to organize and help direct the far greater resources available from the private sector as well as from other donors and nations, on behalf of development.

While we cannot ignore the short-circuits in which many developing countries currently find themselves, the focal focus of our economic assistance will remain the basic, long-term development. Certainly the fundamental development problems of the Third World will persist even as recovery gets under way. The recipient countries will continue to require external support as they strive to reach the goal of self-sustaining development. Thus, our assistance must concentrate on addressing the basic, long-term development: to foster income, self-sustaining productivity and alleviating poverty and meeting basic human needs of the Third World. Our assistance will concentrate in the functional areas in which we have been successful in the past.

In our leadership role, we must help create a climate necessary for sustained, broadly based development to take place—in those societies which demonstrate a readiness to assume responsibility for their own future. Obviously, though, it is neither possible nor desirable for this country to be all things to all people. The development needs of the Third World far outweigh the resources available from us and our donors. Our foreign assistance programs are constrained by the same basic conditions which have dictated limits on the overall level of Federal aid. As a result, it is essential for us to carefully allocate, and leverage, our limited foreign assistance resources in order to make best use of what we have available.

We believe our proposed program does meet. First, we have come to recognize a vital role that host country leadership play in the success or failure of development. Government policies, be they in the area of interest rates, exchange rates, budget allocation, farm or consumer subsidies, are of great importance to the development effort. The absence of a sound economic environment can undermine the success of individual projects and long-term growth objectives. Accordingly, we are giving particular attention to allocating our aid dollars so as

to encourage recipient countries to change those policies which hold back developments by inhibiting the operation of free markets, discouraging private investment, limiting resource mobilization and productivity, inefficiently allocating public and private resources, and excluding access by the poor to productive resources and employment.

Second, we recognize the absolute importance of coordinating our various economic assistance programs. Thus, we are devoting considerable effort to integrating both the objectives and the allocations of our various aid programs through full consultation with the Department of State and the other foreign assistance agencies.

We have set definite priorities in our budget allocations. For example, we have given high priority to countries which demonstrate commitment to their own development. We have focused our efforts on activities in those areas I mentioned earlier where the United States has a comparative advantage—agricultural research, voluntary family planning, institutional development, and science and technology. Our comparative advantage does not rest in large capital transfers. Instead, we are now concentrating on activities which address host country constraints to self-sustaining development such as weak human and institutional capacity, and the lack of new, appropriate technologies. We are allocating our resources to develop lasting institutional systems to carry out the development process. By developing institutions, be they in primary health care or agricultural research, we can leave in place structures that will have ramifications far beyond the individual project level. And we have begun to emphasize the development and transfer of knowledge and appropriate technologies rather than capital.

We also are paying greater attention to efforts to mobilize other resources—in the private sector, both from private enterprise and from nonprofit organizations such as private and voluntary organizations and universities, and that of other donors, both bilateral and multilateral—and we strive to ensure our assistance complements that of these other sources of development resources. Also with respect to mobilizing the private sector, we seek to emphasize the involvement of the indigenous private sector as a development resource. Too often in the past, there was a tendency to rely on government as the only way to carry out key development functions

and thus a tendency to neglect the useful role that the private sector can play in advancing our efforts.

These four priorities—policy reforms, involvement of the private sector, institutional development, and transfer of science and technology—have become known within the agency as the “four pillars” of our development effort. It is through these four pillars that we can achieve the kind of foreign assistance program envisioned by the President—one which seeks to foster self-sustaining development by using initiative and creativity to help people help themselves while at the same time stimulating international trade and aiding the truly needy. It is a program which fosters the political atmosphere in host countries wherein practical solutions can be applied to social and economic problems.

PROGRAM STRATEGY

Our effort to give greater coherence to our overall development strategy has recently been intensified. While we have had a country strategy programming system in place for several years to set the best strategy for tackling the problems in each country, we have concluded that we should give greater coherence to our efforts and concentrate bilateral assistance on a limited set of common development problems. As a result, we have instituted an agency strategic planning process to determine which key development problems we should focus on, what goals we should pursue with respect to each, and how we can best use our limited resources to achieve results.

While this new strategy process is still in its early stages, we expect it will help us to establish specific measures of progress and program our resources in a comprehensive manner against key problems, rather than in an isolated, project-by-project manner. And it ought to lead us to search for ways of better focusing our budget resources so that they can serve as encouragement to host countries to engage with us in comprehensive policy and investment decisions directed to meet basic needs. We recognize that not all countries share our approach to development, nor are many prepared to take the difficult budget and policy steps required to tackle these problems. Our objective, though, is to be in a position to encourage this way of thinking about development, to mobilize resources in the international community, and to pro-

vide significant support to those nations that are committed to dealing with key problems.

A part of our new concern with overall strategy is the effort I cited earlier to fully integrate the various foreign assistance programs. The integration of the foreign assistance budget allowed us to consider the total level of resources going to each nation, rather than allocating each program separately as in the past. In setting country program levels, we carefully considered both the relationship of each recipient to U.S. foreign policy priorities and the developmental, economic, and security needs of the country. This process permitted us to better tailor the program mix to fit both the country's needs and our own policy objectives within overall program availabilities.

I think the Sudan is a good example of a program where we are combining all our resources—development assistance, ESF, and PL 480—in support of both short-term economic stabilization and longer term development goals. Resources are being used to complement our efforts. ESF funds will provide greatly needed foreign exchange to finance such agricultural inputs as fertilizer and spare parts, as well as capital equipment for the indigenous private sector. ESF is used to encourage the Sudanese to implement the macroeconomic policy reforms established by the IMF which will help the country overcome its immediate revenue shortfall. Our PL 480 program has been successfully conditioned on such critical agricultural policy reforms as the elimination of subsidies on imported food commodities, maintenance of a realistic exchange rate, and elimination of export duties. The removal of these policy constraints is essential to provide an immediate incentive to increase agricultural production. Our development assistance program is establishing a strong institutional base in research and extension to increase food production on a sustained long-term basis. The local currency generated from the sale of PL 480 commodities is helping to defray some of the costs required to support these institutions that are so necessary to improve the small farmer's production capacity.

Bangladesh is another good example of a major recipient where we have put in place a carefully integrated program. Bangladesh is a large but very poor country. Its agricultural sector has been unable to match population growth, and it is plagued by severe landlessness and

rural unemployment and structural programs. The government has made major economic policy reforms to encourage increased food production, rationalize pricing and use of imported commodities, and mobilize domestic resources. Our development assistance, integrated with PL 480 resources, provides a combination of resource transfers to enable the government to maximize the effective utilization of their development resources.

For example, the combination of PL 480 Title III and a fertilizer distribution project emphasize the promotion of an increased role of the private sector in food distribution and fertilizer marketing. Past agreements have addressed foodgrain price supports, rationalization of the public foodgrain distribution system, and acquisition and management of grain reserves. The current agreement provides greater commodity flexibility and moves in new policy directions, including greater private sector participation in foodgrain management. Local proceeds generated provide funding for projects essential to the increase in agricultural production.

We have also supported a major roads project which, combined with PL 480 Title II Food for Work, is helping build and maintain a significant portion of the nation's rural road network. Major donor programs are complementing our own efforts—this year a third of the commitment by the World Bank's concessional assistance through the International Development Association (IDA) is earmarked for the energy and power sectors, with major contributions in agriculture and program lending. Over 60% of the assistance from the Asian Development Bank (ADB) is in the agriculture sector. Other donor assistance, including that of the UN Development Program (UNDP) and the Food and Agriculture Organization (FAO), provides a broad mix of project, commodity, and food assistance.

FY 1984 PROGRAM

With this background, I would like to discuss the main points of our proposals for the next fiscal year and mention some interesting new activities which we will be getting into.

We are proposing an economic assistance program of \$7.8 billion. It is only 2.2% more than our requirements for the current fiscal year, representing no increase in real terms.

In addition to our requests for FY 1983 security assistance supplementals

we believe are necessary for high priority U.S. foreign policy objectives, our 1984 request for bilateral assistance consists of \$1.89 billion for development assistance, \$2.949 billion for the ESF, \$22 million for the trade and development program, and \$1.052 billion in budget authority for the PL 480 Food for Peace program.

Development Assistance

The development assistance request includes \$1.342 billion for the five functional accounts, \$103 million for the Sahel development program, \$7.5 billion for the support of American school hospitals abroad, \$25 million for the international disaster assistance program, and \$378.5 million for AID operational expenses. In addition, an appropriate \$33.9 million is required for the Foreign Service retirement fund, for which authorization is already in place.

More than three fourths of the allocated directly to countries in the functional development assistance accounts are directed to "low income countries—those with a per capita income below \$795. Let me discuss the proposed program in each of the accounts.

Agriculture, Rural Development and Nutrition. Our agriculture, rural development, and nutrition programs have three principal objectives: (1) to increase and sustain the productivity of small farmers, (2) to create employment opportunities for the rural poor, and (3) to help improve access to, and use of, food. The program stresses the removal of impediments to broadly based growth; the development of private and public capacity to foster increased agricultural production and employment export the development and use of improved agricultural technologies; and the improvement of human resources, rural infrastructure, and the natural resource base in recipient countries. A total of \$725.2 million is proposed for the agriculture account. About 21% of the account would go to Africa, where population growth continues to outstrip food production.

An area of great promise with respect to agriculture is that of agricultural research. As President Reagan said at the State Affairs Council meeting (in Philadelphia on October 15, 1981):

Increasing food production in developing countries is critically important—for, literally it's a matter of life and death and also an indispensable basis for overall

opment. The United States has always food and agriculture an important elements of its economic assistance programs. We provide massive amounts of food to combat starvation, but we have also under- successful agricultural research, trained thousands of foreign students for action and training at our finest institutes, and helped make discoveries of the fielding varieties of the Green Revolution available throughout the world.

Particularly vital to the establishment of self-reliant, sustainable food and agricultural systems are national institutions that give a country the capacity to create and apply a continuing stream of innovations designed to increase agricultural productivity and incomes, to evaluate and adapt technologies transferred from developed countries to international institutions. Advances in agricultural science and technology have not only increased productivity but have also facilitated the adoption of less expensive and more local resources for more expensive and increasingly scarce resources.

AID supports this research, often through the Title XII land-grant institutions, through creation and strengthening of research institutions. We give attention to adapting existing research results and to promoting use of improved technologies. We give special attention to encouraging packages among researchers, extensionists, and farmers. And we are strengthening development of systems to optimize sustained resource use, including the capabilities of farmers on smallholdings.

We have recently undertaken a thorough review of our agricultural research needs, and I am happy to tell several innovative directions we are undertaking over the next few years. We will be getting into work on farm systems for fragile environments and for remote areas, which require a minimum of purchased inputs; work on better crop and animal production, including integrated pest management; on livestock as part of farming systems; on the evaluation of the impacts of food and agricultural policies on food security, rural production incentives, and the environment; and on the factors necessary for successful dissemination of research

and population. The AID population program addresses the critical problem of massive population growth in the Third World, which constitutes the major obstacle to increasing per capita income, reducing malnutrition

and chronic disease, and conserving dwindling nonrenewable resources. AID's population program emphasizes the provision of voluntary family planning services and information, but our overall development program recognizes the links between family planning and progress in the areas of agriculture, rural development, health, and education programs.

Our program is based on the principles of voluntarism and informed choice. We give preference in our funding to programs that provide a wide range of choices of methods—excluding abortion—and strongly encourage the inclusion of information and services related to natural family planning methods wherever this is appropriate.

We also believe that the United States has the responsibility to help strengthen the institutional capacity of developing countries to deliver basic services and implement development programs themselves, using local infrastructures and the private sector to the maximum extent possible. For this reason, we are investing heavily in the training of service providers and personnel who manage service programs.

A level of \$212.2 million is requested for the population program. Well over 80% of the funds are for voluntary family planning services and related activities in country programs.

Health. For AID's health account, we have proposed a program totaling \$100.7 million for FY 1984. While this represents a decrease from the level in the current year, it in no way reflects any reduction in our commitment to providing assistance in the health area. Real improvements in health status are a necessary condition for sustained economic development. The reduction in health funding for FY 1984 is the result of several short-term factors unrelated to our long-term commitment to this area.

First, as a result of our recently completed analysis of health programs—which culminated in a new health policy paper—our health program will give greater emphasis to selective primary health care. This new emphasis will tend to be less costly, on a project-by-project basis, than previous health activities, such as commodities and construction, and will permit us, in the long run, to do more with our available resources.

Second, our FY 1984 requirements reflect the fact that we were able to do some accelerated programming which would otherwise have had to await FY 1984 funding.

Third, we anticipated, and indeed are seeing, a short hiatus in requirements for health funding while our field missions identify and develop projects consistent with the new health policy.

In fact, we are already working to develop promising new health programs in several areas, including the following:

- The U.S. development assistance program will continue to give great attention to **biomedical research** leading to the development and application of new technologies to alleviate the most pressing health problems in the developing world. This will include support for basic research, such as that done on malaria, in which, by the way, a major breakthrough was made this past year that puts us one step closer to an anti-malarial vaccine. And it includes support for research aimed at the application of new technologies, including rapid diagnosis of diseases and field testing of new vaccines.

- Another exciting new area in health is that of **oral rehydration therapy (ORT)**. Diarrheal disease currently kills an estimated 5 million infants and young children each year. It is the largest single cause of death among children in the developing world. Yet ORT, a simple home treatment for diarrhea, could save the lives of up to 13,000 children every day. It can be administered effectively at home by mothers, is nothing more than repeatedly feeding a dehydrated child a mixture of salt, sugar, and water. ORT is the preferred therapy in all but the most severe cases of diarrhea and dehydration. It has been hailed as potentially the most significant medical breakthrough of the century.

We have supported ORT research, largely through funding the International Center for Diarrheal Disease Research in Bangladesh, where much of the basic research on ORT was conducted. In FY 1984, we hope to expand our support for ORT research to include the diarrheal disease research program sponsored by the World Health Organization (WHO).

AID also has been instrumental in the dissemination of ORT. One AID-funded ORT program in Egypt demonstrated that widespread use of this therapy could reduce deaths among children under the age of 6 by 40-50%.

We plan to include ORT as a critical element of our primary health care programs. We intend to provide resources for dissemination of ORT through numerous bilateral health programs and through a centrally funded project aimed at rapid implementation of selected, ef-

fective health measures. We also are planning a major international conference in June 1983 to call the attention of international donors and developing country leaders to this important health breakthrough.

I believe that these and other new activities in health should lead to additional, higher priority health programs for future funding. Thus I expect that the decrease in FY 1984 requirements for the health account will be seen as a temporary phenomenon. I am certain that it does not in any way reflect a weakening of our historically strong support for health programs in developing countries.

Of the amount we are requesting, about 30% would go to Africa, reflecting the continuing need in those countries for basic health services, rural water, and sanitation programs and immunization campaigns to combat diseases which are a major cause of death and disability in the region. In Asia and Latin America, where health care programs are well under way, our focus is on helping expand access to basic health services. We also plan to give increased attention to health planning and management, to operations research, and to the transfer of proven health technologies.

Education and Human Resources. In the education program, we have proposed a modest increase for FY 1984. The education situation in developing countries remains critical despite significant increases in budgetary allocations by the developing countries themselves and significant gains in school enrollment over the past several decades. More than 30% of school-age children in the Third World do not enter primary school and less than half of those who do will stay long enough to complete their primary education. Most countries still confront severe shortages of trained manpower, particularly those needed to administer their own development programs effectively.

The education problems of the Third World far exceed our capacity to assist. Thus we have given priority to activities in selected areas where we have recognized expertise, such as manpower development and training, management capacities of educational institutions, improvement and expansion of basic primary education, vocational and technical training, and support for labor organizations. Our FY 1984 request for education is \$121.5 million. We would allocate about 30% to Latin America, principally for manpower development activities and for continued efforts to help reduce

high primary school dropout rates. Another 30% would go to Africa to help reduce the acute shortage of trained administrators which constitutes a major obstacle to development.

I might mention, too, that as a promising new part of our overall effort to assist the educational needs of selected countries, we are exploring expansion of the reimbursable program, funded by our trust fund account, through which we have helped countries such as Nigeria gain access to institutions of higher education in this country for advanced training of their citizens.

Energy, Private Voluntary Organizations, and Selected Development Activities. In the Section 106 account, we have proposed an increase to fund several very high-priority activities aimed at a broad range of Third World Development problems. These include growing demands for energy, mounting environment and natural resources problems, such as loss of agricultural land and water pollution, growing unemployment, and problems associated with migration to the cities and rapid urban growth. Our FY 1984 authorization request for Section 106 is \$182.4 million, which includes \$10 million for science and technology activities also authorized under this account. Planned activities place a high priority on mobilizing private sector involvement, including greater reliance on private and voluntary organizations. Including all development accounts, our funding for private and voluntary organizations will exceed 13% of our development assistance program in FY 1984. In addition PL 480 Title II voluntary agency programs will amount to \$650 million.

We also plan to support increased involvement of private enterprises in development. As part of that effort, we are proposing the creation of a new private sector revolving fund through which we would provide funds to help promote and expand private enterprises, particularly small and medium enterprises, develop and transfer of appropriate technology to private enterprises in developing countries, and develop and adapt techniques and financial intermediaries that foster private enterprise development. We would see this fund as a catalyst through which we would provide resources for innovative activities in pursuit of our basic human needs goal not possible under current funding arrangements.

Science and Technology. For the \$10 million requested for programs of scientific and technological cooperation,

authorized as I indicated under Sect 106, we plan to continue our emphasis on small competitive grants to stimulate innovative research approaches to development and to build indigenous scientific and technological capacity recipient countries.

Sahel Development Program.

The Sahel program, we will be funding the seventh year of U.S. support for ongoing multinational effort to assist development among these very low come, drought-ravaged countries, particularly to help them achieve greater food self-sufficiency. Our request for 1984 is \$103 million, including resumption of a program in Chad.

I am well aware, in making this request, that there have been a number of questions from the Congress on problems with financial management in the region. We have taken several steps to address these problems. Our primary area of emphasis has been host country accounting practices. Our staff has reviewed 182 accounting systems over the past year. Where deficiencies were encountered, either they have been corrected or the activities were suspended or terminated. We also have trained a large number of host country accountants and managers to maintain accounting systems acceptable to us and to prove their management of projects. And we have taken steps to upgrade skills of our own people in project monitoring and management to ensure that our mission staff have a thorough understanding of their responsibility for ensuring the proper use of AID funds.

As a result of these efforts over the past year, I am convinced that the situation is much improved and that the actions we have initiated will ensure significant improvement in the management and accountability of AID funds.

American Schools and Hospitals Abroad. This program will permit assistance to schools and hospitals sponsored by private U.S. nonprofit organizations which serve as demonstration centers for American ideas and practices in education and medicine. We plan to give priority to institutions in developing countries that offer the greatest potential for developing human resources, for the transfer of technology, for maintaining and improving their own financial well-being. We consider this a valuable program and recognize that Congress also feels it is important. In view of budgetary constraints and past proposals we have forced us to hold our proposal at \$7.5 million.

International Disaster Assistance. Disaster assistance program, for which we have requested \$25 million for FY 84, provides for emergency assistance to countries struck by natural disasters and manmade catastrophes. Assistance in disaster prediction and readiness.

Operating Expenses. For AID operating expenses, we have requested a total of \$378.5 million. These funds provide for the costs of managing AID's bilateral assistance program. They cover the salaries and operating costs of AID headquarters and overseas operations. A proposed increase is necessitated by rising costs overseas as well as the effect of having had to defer some activities in the current year as a result of substantial reductions from our FY 1983 funding level.

Activities. In addition to these requests within our development assistance program, I would like to mention priorities which transcend the usual accounts. One is that of narcotics reduction. Income substitution accounts are a major component of U.S. efforts to reduce illicit narcotics and revenue of AID's important objectives. Currently we have projects in Peru, Thailand, and Pakistan that, in part, refer to the Gilman amendment. Additional programs are being devised for Thailand and Bolivia.

We will continue to take advantage of the opportunities, but we must be careful that our ability to achieve narcotics reduction objectives is not undermined by the actions of the host government. With our strong commitment to enforce exports, there is little we can do. I assure this committee that we will be able to discuss this subject at the appropriate levels as part of our policy review initiative. We will continue to work with host governments and design development projects that address government needs in order to facilitate government enforcement.

Women in Development. A second high priority of our overall program is that of women in development. The agency has, for the first time since the establishment of the Women in Development Office in 1974, a formal report which spells out how the needs of women in the developing countries are to be integrated into AID's program. A primary objective of our program in development policy is that it show how for AID to move beyond its traditional activities and take an active role in providing leadership in ensuring that

women have access to opportunities and the benefits of economic development. Also clearly emphasized in AID's new policy is the fact that, while the Office of Women in Development and mission officers will continue to support the agency's personnel in their efforts to implement women in development activities, the overall responsibility for implementation of this policy rests with all AID offices and bureaus and in all AID programs and projects.

In this regard, a new emphasis is underway within AID to focus on women without isolating them from the mainstream of development. The agency has begun to move away from doing women-specific projects. Experience has shown that a more effective strategy is to plan integrated projects which include the role of women in the initial project design to assure balanced economic development. Currently the agency is giving priority to four kinds of women in development activities: (1) those which recognize the crucial role of rural women in agricultural development and target interventions to their needs; (2) those which train women in practical income-generating skills; (3) those which assess women's needs for technological innovations and encourage adoption of appropriate technologies; and (4) those which strengthen indigenous organizations and groups to enable them to initiate and undertake activities which encourage women to become full partners in development.

Economic Support Fund (ESF)

Our FY 1984 budget request for the ESF totals \$2.949 billion. We are also requesting a supplemental appropriation of \$294.5 million for the current fiscal year to meet pressing needs for assistance in Lebanon and elsewhere. The ESF program provides economic assistance to help sustain economic and political stability in countries and regions of strategic importance to U.S. foreign policy objectives.

ESF also supports our development goals in many countries. Peace in the Middle East continues to have the highest priority in the allocation of ESF, with the result that slightly more than one-half of the ESF program—just under \$1.6 billion—continues to be allocated to countries in that troubled region. Most of this amount goes to Egypt and Israel to maintain balance-of-payments stability, finance essential imports, and, in the case of Egypt, to finance development projects which are increasing production, employment, and

improving infrastructure and basic services for a wide spectrum of the Egyptian populace.

ESF is a very flexible form of economic assistance. It can be particularly effective during the current worldwide recession in helping developing countries critical to U.S. foreign policy interests which are confronted with severe balance-of-payments problems and stagnating growth rates. We must remember that economic stability and growth are mutually reinforcing. ESF can provide essential resources for stability and serve to underpin U.S. development assistance efforts and long-term growth.

Whereas the ESF requirements for Egypt and Israel have remained fairly constant, the need for significant amounts of economic assistance to counter the effects of the current economic crisis have greatly increased in a number of strategically important developing countries in Africa, Latin America and the Caribbean, and Asia.

Trade and Development Program

The trade and development program has proven an effective mechanism for helping foster development in the Third World and, at the same time, assisting in the improvement of this country's competitive position in world markets which helps increase U.S. exports. This program helps U.S. firms get involved in the early planning stages of development projects in order to improve their position as potential participants and suppliers of project requirements. It focuses on projects involving technologies in which we have a comparative advantage, including high technology and specialized U.S. commodities and services. In FY 1982, the trade and development program financed 46 projects, potentially leveraging more than \$412 million in U.S. exports. Our request for FY 1984 is \$22 million. The proposed increase is based on last year's demand for trade and development program assistance in excess of \$25 million and will allow us to increase our support for development in a way that helps expand U.S. exports.

PL 480

Food security considerations have played an increasingly important role in international discussions of food and hunger. PL 480 food aid is a valuable development resource for enhancing food security and reducing malnutrition. It also serves to augment local produc-

tion in the developing countries—provided that it is made available under conditions that support rather than discourage domestic food and agricultural production.

In emergencies or periods of dire food shortages, international food assistance—led by the United States as the world's largest food aid donor—plays a vital role in assuring food security. PL 480 food commodities also augment domestic food sales and distribution programs and may be used to help build national food reserves. Local currency generated from these food sales provides financial resources to assist with the development of food and agricultural institutions and infrastructure.

We seek to improve the impact of both PL 480 commodities and local currency proceeds on food and agricultural development, including increasing their integration with other U.S. bilateral financial and technical assistance at both the policy and project levels. PL 480 resources are also programmed to support the efforts I have mentioned to improve country policies, develop human and institutional capacity, and enhance the role of the private sector in food and agricultural development.

For FY 1984, we are proposing a PL 480 program totaling \$1.522 billion. This includes \$872 million for Title I concessional sales and \$650 million for the Title II program. Taking into account anticipated receipts of \$470 million from the sale of commodities, this would require appropriation of \$1.052 billion. Of the Title I allocations, about 83% would be directed to the low income countries. Approximately 22% of the \$400 million available for commodities in the Title II program would be designated as an unallocated reserve for refugee feeding and emergency programs. The remaining 78% will be used for regular programs of U.S. voluntary agencies and the World Food Program, as well as several government-to-government programs.

Multilateral Assistance

Up to this point, I have emphasized the importance of our bilateral programs in meeting our developmental, political, and economic objectives but, given the enormity of the problems facing the developing nations, overcoming them will require the joint efforts of industrialized nations, multilateral and international organizations, and the efforts of the developing countries themselves.

Therefore, I believe that our contributions to the various multilateral

assistance efforts in which we participate are every bit as important as are our bilateral efforts.

International Fund for Agricultural Development (IFAD). For IFAD, of which I serve as the U.S. Governor in my capacity as Acting Director of IDCA, we are proposing an appropriation of \$50 million. This amount would represent our second payment against a commitment of \$180 million for the first replenishment of IFAD, as authorized by Congress in FY 1982. In making this request, we have carefully considered the conference report on the FY 1983 continuing resolution concerning the appropriate source of funding for IFAD and have concluded that it should be maintained as a separate line item, rather than being included within the international organizations and programs account as it was this year.

IFAD serves two critically important functions. It is the only funding organization which directs its resources solely to the concerns of small farmers and seeks to increase agricultural productivity in poorer countries. It is also the only international development agency in which OPEC and the Western industrialized nations have come together to provide resources on what approaches a basis of equality.

While we continue to share the congressional concerns about certain aspects of IFAD's operations, we believe that it is, in fact, focusing effectively on the kind of lending activities for which it was established. For this reason, and because the United States was instrumental in bringing IFAD into being as a result of the World Food Conference of 1974, our continued strong support is extremely important so that this still relatively new organization can consolidate its progress to date.

Multilateral Development Banks.

With respect to our proposals for funding commitments to the multilateral development banks, when this Administration came into office, we had a number of questions about the role of these banks. We undertook an assessment of our participation in them, on which we consulted with the Congress. That assessment concluded that the multilateral banks can make an important and cost-effective contribution to development which is supportive of U.S. interests. It also found that multilateral development banks' activities are complementary to bilateral assistance. For example, World Bank structural adjustment lending reinforces IMF programs

in helping developing countries to adjust short-term financial crises and to adjust economic policy to permit growth. More generally, multilateral banks fund projects suited to their capabilities and larger scale of financing. They also replicate investments which have been tested on a more limited experimental basis through bilateral programs.

The assessment did conclude, however, that there are some areas in which improvements could be made in the way the multilateral banks work. For example, they could serve to a greater extent as bridges to private capital markets by expanding private cofinancing, emphasizing market incentives, and encouraging the indigenous private sector. We would like them to give greater consideration to the effectiveness of borrower-country economic policies. They also should adopt more consistent policies for maturation and graduation of countries receiving multilateral resources.

The United States has vigorously advocated that the banks adopt these principles, and the multilateral development banks have responded positively in a number of instances. Let me cite a few of these.

The Inter-American Development Bank (IDB) and the Asian Development Bank (ADB) are considering proposals for equity financing facilities. The Bank is working on a proposal for a facility to provide for multilateral insurance for private investments, a facility recently agreed on a new more content graduation policy to move countries above a certain income level gradually away from dependence on public resources and toward greater reliance on private capital markets. The IDB adopted an improved policy on public utility tariffs to ensure more cost coverage for projects it funds.

We will continue to look to additional improvements in multilateral policies and lending programs, particularly during the course of negotiations for replenishments. This was the case during recent negotiation of African and Asian Development Fund. Current negotiations to generate resources for the IDB and the ADB cluster a number of policy issues of interest to the United States. As we further into IDA-VII negotiations, interest in the reforms advocated in the assessment will loom large.

At the same time, in order for the United States to succeed in promoting improved bank lending policies, we must be seen as clearly prepared to meet

commitments on a timely basis. Accordingly, the Administration is making every effort to meet current commitments by the IDA-IV replenishment, funded by our request for a \$245 million.

FY 1983 supplemental appropriations, along with our FY 1984 request of \$1.095 billion, will complete our commitment.

International Organizations and Programs. Just as the multilateral organizations play a critical role in meeting the needs of developing countries, programs of the international organizations, particularly the UN Development Program (UNDP), are important in providing their technical assistance and financial needs. And just as we have had concern about improving the effectiveness of the banks, we have also had concern about some of the UN programs.

There has been a tendency for many years to outstrip donor interest and support, and in some programs there has been a resulting thinness of resources.

Despite these reservations, though, international organizations remain extremely important to us. They provide a lot of technical and training help, especially in sensitive areas where recipients are reluctant to depend on bilateral aid and often on a broader range of donors than can individual donors. Also frequently galvanize attention to development problems—such as UNICEF's [UN Children's Fund] emphasis on the problems of child mortality and the World Food Council's emphasis to help food-short poor countries and implement long-range food programs to meet the needs of their

populations. For these reasons, the United States is committed to supporting those international organization programs which are properly focused, which are effective in scale, and which remain independent from political and ideological considerations.

We are upgrading our capacity to work with them to improve program effectiveness and hold down budgetary requirements.

The effectiveness of all development programs also depends on close understandings among the donor nations. New, intensified efforts to foster cooperation with other donor nations—OPEC countries as well as the traditional donors—are underway.

What we are trying to achieve by the development process is better use of all resources going to development—our

own bilateral assistance, resources provided by multilateral and international organizations, financing coming from other bilateral donors, private capital flows, and the resources developing countries themselves invest in their own development programs. This objective requires better mutual understanding about critical policy issues and the best approaches to the range of development issues—from improving agricultural pro-

duction to organizing better low-cost health delivery systems—and the means by which donors and recipients can best work together so that each one's efforts reinforce the others.¹

¹The 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. ■

FY 1984 Assistance Requests for the Near East and South Asia

by *Nicholas A. Veliotis*

Statement before the Subcommittee on Near Eastern and South Asian Affairs of the Senate Foreign Relations Committee on March 2, 1983. Ambassador Veliotis is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I welcome this opportunity to appear before the committee in support of the Administration's 1984 foreign assistance request for the Near East and South Asia. Secretary Shultz and Under Secretary [for Security Assistance, Science, and Technology] Schneider, in recent testimony before congressional committees, have presented the overall policy guiding our foreign assistance programs for the region.

They stated that our security and economic assistance programs are designed to maximize the benefits to the national interests of the United States by supporting a variety of foreign policy, strategic, and developmental objectives which are vital to our own peace, security, and well-being.

U.S. OBJECTIVES

The Administration's proposals reflect the realities of our foreign policy and national security objectives in this region, which for the past quarter century has threatened to place the United States in potentially serious world confrontation.

We are actively pursuing a just and lasting Middle East peace. Our policy flows from the President's initiative of last September which is based on U.N. Security Council Resolutions 242 and 338 and the Camp David framework. Our immediate goal is the resumption of negotiations which will include a Jordan-

ian delegation, hopefully with representative Palestinian participation. Those negotiations should result first in the establishment of a transitional regime on the West Bank and Gaza and then in an agreement on the final status of those territories.

We are vigorously pursuing negotiations for the withdrawal of all foreign forces from Lebanon. Our objective is to restore Lebanese sovereignty and ensure Israeli security. A peaceful Lebanon, free from all foreign forces and with a stable central government, will make a major contribution to Israeli security.

We are working with friendly countries to safeguard our vital interests in Southwest Asia.

We continue to emphasize our support, publicly and privately, for a peaceful, early resolution of the devastating war between Iraq and Iran on a basis which preserves the independence and territorial integrity of both countries. Continuation of the war endangers the peace and security of all nations in the gulf region and in our view serves neither the interests of Iraq nor Iran, nor does it serve any U.S. interest or those of our allies.

We are searching for the return of peace of the suffering people of Afghanistan, which must be achieved in the context of the withdrawal of Soviet military forces, the restoration of Afghanistan's independence and non-aligned status, the right of the Afghan people to form a government of their own choosing, and the creation of conditions which will permit the 3 million Afghan refugees to return to their homes with honor.

In our efforts to advance the Middle East peace process and to promote the

resolution of conflicts elsewhere in the region, we recognize that the necessary spirit of accommodation can grow more easily if friendly states feel secure and confident of U.S. support. Important steps have been taken to bolster the confidence of key countries in our commitment to their security. In a time of budget stringencies, we have, with considerable sacrifice, increased the national resources for our own military to develop their capability to deter threats to the region.

We must provide the resources commensurate with the need to strengthen the economies and defense capabilities of key countries in this vital area of the world if we are to advance major U.S. national interests.

PROPOSED ASSISTANCE

The levels and terms of our proposed assistance have been carefully developed within the constraints of our budget stringencies and the President's economic program and are the amounts needed to meet the essential requirements of the countries of this region.

Our FY 1984 foreign assistance request for the Near East and South Asia will fund six major programs:

- \$3,625 million in foreign military sales (FMS) guarantees;
- \$1,095 million in grant military assistance programs (MAP), including forgiven FMS credits for Israel and Egypt;
- \$11.22 million in international military education and training (IMET);
- \$1,817 million in economic support funds (ESF);
- \$269.8 million in development assistance; and
- \$588 million in PL 480 (Food for Peace) program).

It is important to note here that the FY 1983 continuing resolution fell substantially below the level of our request for the region, particularly regarding programs for Southwest Asian countries. The amount received is inadequate to meet our minimum security requirements in the area. Therefore, we are requesting an FY 1983 supplemental of \$251 million for Lebanon and \$205.5 million to make up shortfalls in the 1983 program for other Near East and South Asian countries.

Middle East

Our highest priority continues to be furthering the Middle East peace process to bring a just and lasting end to the turmoil that has engulfed and threatened this area for so many decades. As events of the past year demonstrated, there are no quick and easy solutions for peace in the region, and resort to armed conflict remains an ever present danger. However, the tragic conflict in Lebanon may provide us with new opportunities to expand the peace process, as stated in the President's Middle East peace initiative last September.

Israel and Egypt remain our principal partners in the quest for peace, and these two nations are the largest recipients of our proposed foreign assistance for FY 1984. This assistance is aimed at ensuring their security and economic well-being as they continue to take risks in pursuing the peace process begun at Camp David. Other states critical to the peace process, such as Jordan and Lebanon, require our continued support if they are to attain the necessary political and economic confidence to join the peace process. Our program also seeks to encourage economic and social cooperation in the region.

In support of this critical peace effort we are requesting:

- \$3,130 million in FMS, of which \$1,000 million is forgiven;
- \$1,570 million in ESF;
- \$4.75 million in IMET;
- \$260.8 million in PL 480 funds; and
- \$6 million in development assistance.

Israel. Support for Israel's security and economic well-being has been a fundamental tenet of American foreign policy for the past 34 years. As we implement and expand the process of peace, Israel requires tangible evidence that the U.S. commitment to this process in no way reduces our commitment to Israel's continued security.

We must ensure that Israel maintains its technological edge in military capability in the region. At the same time, we recognize that a strong economy is an essential foundation to Israel's security. Hence, the proposed \$2,485 million FY 1984 military and economic assistance package for Israel continues to be our largest bilateral aid program.

The \$1,700 million FMS request for Israel includes \$550 million forgiven credits. As further assurance for Israel's

security, we have increased the F level by \$300 million for FY 1983 1984.

The proposed \$785 million Israel ESF program is to be all grant. The program provides funds on a cash transfer basis to support Israel's payments. Thus, Israel can't essential civilian goods and services without overly heavy reliance on costly commercial borrowing or drain down foreign exchange reserves. Terms of our assistance were set careful analysis of Israel's security economic requirements.

Egypt. Egypt remains the key much of what we hope to accomplish the Middle East. Our sustained support reflects our continued full partnership with Egypt in pursuit of peace in the region. The Mubarak government reports President Reagan's September 1982, peace initiative, as well as efforts to resolve the crisis in Lebanon and has called for PLO (Palestine Liberation Organization) recognition Israel. Egypt also shares our commitment to security and stability in this critically important Southwest Asian region in the face of encroachment by the Soviets and their surrogates.

The requested FY 1984 FMS for Egypt of \$1,300 million in \$450 million in forgiven credits, a strong affirmation of our long-term military supply relationship with FMS for FY 1984 will be devoted to progress payments on purchases through 1983, follow-on support, some start-up costs for programs initiated in 1984.

Equal attention must be paid maintaining the growth of Egypt economy and sustained expansion sectors of the country's infrastructure. Economic aid will include \$250 million PL 480 Title I and grant ESF of \$1.8 million. The ESF program consists of \$300 million in commodity program support and roughly \$450 million in project and sector assistance. The emphasis will be on increasing agriculture and industrial productivity and retention and expansion of water and power systems in Egypt's major cities.

Lebanon. Lebanon deserves special consideration. I shall not dwell on the destruction in that country, result of last year's conflict. We are aware of those sad events. It is so important for us now to demonstrate a concrete way, the U.S. commitment to Lebanon's reconstruction and restoration as a sovereign and independent

construction of infrastructure is and requires immediate ESF to help get projects underway by the FY 1984 appropriations cycle completed.

For these reasons, we have requested a supplemental for FY 1983 of \$100 million ESF, \$100 million FMS grants, and \$1 million IMET. The supplemental requested in the supplemental obligated throughout the remainder of FY 1983 and in FY 1984.

We expect that the FMS and IMET will be obligated during FY 1983. Therefore, a supplemental is being requested for Lebanon in FY 1984; only FMS of \$15 million and \$100,000 in IMET funds.

The security needs of that war-torn country require our urgent attention. By providing the Lebanese Armed Forces with the capacity, we are helping the government reassert and extend its authority throughout the country. An increase in the effectiveness of the Lebanese Armed Forces in maintaining security will permit the eventual withdrawal of the multinational forces.

The FMS program will be supported by the slightly increased IMET program which will improve overall training of Lebanese forces. Equipment and training of their forces, while urgent, will be provided by the availability of military equipment from FMS and IMET funds.

The supplemental are matched with the capability of the Lebanese Armed Forces to absorb them. Lower FMS and IMET levels are sought in FY 1984. The major Lebanese Armed Forces buildup should have been achieved.

Funds will be used primarily to reconstruct basic infrastructure, such as potable water supply, telecommunications, and public services, as well as for helping institutions of higher learning to maintain their valuable, long-term presence in the Middle East.

Lebanon. The proposed FY 1984 assistance program for Jordan of \$115 million FMS guarantees and \$1 million ESF.

Assistance is important to Jordan's security and economic well-being, and is essential if that country is to restore confidence to enter the process at this critical juncture. It plays a role in bolstering Gulf peace and helped the Habib mission in Jordan by receiving PLO fighters from Jordan. Our strong support is crucial to Jordan's ability to continue to take this kind of support of our

shared objectives of furthering the peace process and enhancing regional security.

Jordan has an urgent requirement for more modern armament in the face of the vast Soviet resupply of hostile Syria, especially for air defense. FMS financing assists Jordan to acquire those items more critical to its legitimate self-defense needs.

ESF funds will aid the development of water and waste water systems, health programs, agricultural programs, and Jordan Valley irrigation projects, as well as to provide development training. IMET funds enhance the professional capability of Jordan's Armed Forces and assure that Jordan can continue its training and advisory assistance role in the region.

Under the supplemental request for FY 1983, Jordan would receive an additional \$35 million in FMS, for a total of \$75 million FMS guarantees.

Regional. The regional program request for FY 1984 consists of \$6 million in development assistance, \$15 million in grant ESF, and \$1.9 million for PL 480 title II.

The ESF furthers the Middle East peace process by addressing objectives that cannot be met through conventional bilateral programs. Much of the program is focused on efforts to develop mutual understanding through collaborative research projects between Israel and Egypt and to sustain our development efforts in the West Bank and Gaza, areas of importance to the peace process. Development assistance provides continuation of a scholarship program at the American University in Beirut and the development of Near East assistance projects.

Under the FY 1983 supplemental request, this program would receive an additional \$2.5 million in ESF, for a total of \$15 million.

Southwest Asia and the Persian Gulf

The Southwest Asian-Persian Gulf region, a critical source of energy to the free world, is simultaneously threatened by the Soviets through Afghanistan and radical forces from within. Our program is directed at supporting our efforts to bolster the security of countries both in the region and enroute, which are crucial for U.S. access to and presence in the region in times of crisis. Almost all of the countries, from Pakistan in the east to Oman and Yemen and Tunisia and Morocco in the West, face serious economic problems and potential subversion or regional threats from Soviet

proxies. All are important, not only to our strategy for the security of Southwest Asia but potentially to the prospects for peace in the Middle East as well. Many also face severe economic problems which must be addressed if they are to remain stable. Through our assistance, we must provide tangible evidence of the concern we share about the threat to the security of this region.

For those Near East and South Asian countries that are part of this crucial region we are requesting:

- \$495 million in FMS guarantees;
- \$95 million in MAP;
- \$47 million in development assistance;
- \$247 million in ESF;
- \$98.6 million in PL 480; and
- \$5.8 million in IMET funds.

Pakistan. The security and stability of Pakistan is a key element in maintaining stability within South and Southwest Asia. Our renewed security relationship with Pakistan derives from that country's position as a front-line state facing Soviet aggression in Afghanistan. In addition to the direct threat this aggression poses to Pakistan's security, it has created the largest single refugee problem in the world with over 2.8 million Afghan refugees flooding into Pakistan over the past 3 years. Pakistan has been extremely generous and forthcoming in granting long-term first asylum to these refugees and providing a major share of the resources to care for them.

We are proposing for Pakistan \$225 million in ESF (\$75 million in loans and \$150 million as grants), \$300 million in FMS guarantees, \$50 million in PL 480, and \$800,000 in IMET for FY 1984. These amounts reflect the continuing implementation of our 1981 agreement to provide Pakistan with \$3.2 billion in economic and military assistance over a 6-year period, subject, of course, to congressional appropriation. This agreement was reached after extensive consultations with the Congress.

Our economic assistance to Pakistan is designed to strengthen that country's capacity to sustain self-generating internal development over the near and longer term, meet the country's short and medium-term foreign exchange needs through quick disbursing activities, and encourage and support economic adjustments that will help restore long-term stability to Pakistan's balance of payments. Where feasible, we are using program resources to develop economic alternatives to opium production and to induce the Government of

Pakistan to tighten enforcement of the ban on poppy cultivation. Our development projects focus on agriculture, rural development, energy, private sector development, water management, population and health, and programs for the underdeveloped areas of Baluchistan and the Northwest Frontier Province.

The FMS and IMET components are designed to assist Pakistan to achieve a minimum level of military modernization necessary to meet its legitimate defense requirements, specifically those arising from the changed strategic situation in the region resulting from the Soviet invasion of Afghanistan. The modernization of Pakistan's Armed Forces to be supported by FMS financing will be relatively modest, consisting primarily of replacement of obsolete equipment.

The economic and military components of our security assistance program—by promoting economic growth and stability and helping to meet minimum defense requirements—combine to strengthen Pakistan in its stand against Soviet expansionism in the region. We believe that strengthening Pakistan's conventional military capacity will enhance its security and may help remove the underlying incentive for the acquisition of a nuclear weapons capability.

Under the supplemental FY 1983 request, Pakistan would receive an additional \$75 million in FMS guarantees, for a total of \$275 million FMS. The Administration believes every effort must be made to provide the \$75 million and thus bring FMS up to proposed levels for FY 1983. Based on our 1981 understanding, the Pakistanis have made obligations to U.S. defense contractors which for FY 1983 alone exceed \$550 million. If targeted levels are not reached, the Pakistanis will be hard pressed to meet their obligations. Moreover, we are at an early, sensitive stage of our renewed relationship with Pakistan. A significant shortfall at this time would severely complicate efforts to build a credible relationship with the Government of Pakistan which is essential to accomplishing our strategic objectives.

Morocco. For Morocco we propose \$19 million in development assistance, \$34.5 million in PL 480, \$7 million in ESF, \$30 million in MAP, \$60 million in FMS credits, and \$1.7 million in IMET. This continuing level of support reflects the serious economic difficulties that Morocco faces, as well as our support for that country's military modernization program.

Strategically located, Morocco has a long record of cooperation with the United States. The government has consistently taken modern pro-Western positions on issues of mutual concern, and its modernization also extends to its internal policies. Our relations with Morocco have been strengthened over the past year, with several exchanges of high-level visits and the agreement by Morocco to provide transit access.

The development assistance program contains a significant allocation for expanded efforts in rainfed agriculture, as well as programs for family planning, nutrition, and resource development. After agreement with King Hassan in May 1982, we are proposing the beginning of an ESF program for Morocco in FY 1984. To augment the development assistance program, \$7 million ESF is being requested.

As a key country in North Africa, it is in our interest to see Morocco maintain a suitable level of military preparedness. The FMS credits will help finance completion of more sophisticated defense systems, including air surveillance equipment, antiarmor weapons, and will purchase spare parts and services for previously supplied U.S. equipment. IMET funding will provide increased training opportunities for Moroccan military personnel directly related to the ongoing modernization program of the Moroccan Armed Forces.

Tunisia. Tunisia, a friend of the United States and a force for modernization in the Arab world, is vulnerable to Qadhafi's adventures and looks to us for tangible support against Libya and other radical influences in the region. For this moderate, strategic country, we are requesting \$90 million in FMS, \$50 million in MAP, \$1.7 million in IMET, and a total of \$11.1 million in PL 480.

Although we do not intend to obligate any new development assistance funds or ESF to Tunisia, programs funded earlier will continue to operate for several years. We will also support Tunisian development through a PL 480 program aimed at improving the stagnant agricultural sector.

The security assistance, substantially the same level requested last year, will permit funding of a minimal needed defense capability in the form of F-5 interceptor aircraft, M-60 tanks, Chaparral missiles, and perhaps lesser equipment. IMET funds will provide accompanying technical and professional training for members of the Tunisian military. The \$50 million MAP in FY

1984 will enable the Tunisian Government to make essential improvements in its military without adversely affecting the country's economic development.

Under the FY 1983 supplement request, Tunisia would receive an additional \$43 million in FMS and \$30 million in MAP, for a total of \$105 million in FMS guarantees and \$35 million in MAP.

Oman. For Oman we are requesting \$45 million in FMS guarantees, \$15 million in IMET, and \$15 million in ESF.

By providing modest military economic assistance, we demonstrate that we are prepared to support very real security needs of this country which shares a common border with Soviet-backed South Yemen which has granted the U.S. access to military facilities.

Our military facilities in Oman are crucial to any effort to halt aggression in the gulf area. Our FMS program provides funds to assist the modernization of Oman's Armed Forces so that we would have the means to help defend these facilities.

In an effort to broaden our relationship with Oman beyond its security aspects, the U.S.-Oman joint commission was established in 1980 in conjunction with the facilities access agreement to provide \$5 million a year in ESF to fund the operation of the joint mission, feasibility and design studies, technical assistance, and training. A \$10 million ESF loan program has been concentrated on water resources development programmed in FY 1984 for school construction.

Under the FY 1983 supplement request, Oman would receive an additional \$10 million in FMS, for a total of \$10 million FMS guarantees.

Yemen. For the Yemen Arab Republic, we propose \$28 million in development assistance, \$15 million in MAP, \$1.5 million in IMET, and \$1 million PL 480 title I.

Yemen concluded a cease-fire with Marxist-led guerrillas last summer, but the threat of outside military aggression persists. In addition, Yemen, one of the poorest nations in the region, experienced a destructive earthquake in December and is facing a reduction in remittance from Yemen's worker oil-producing gulf states. It requires substantial assistance to cope with its economic problems.

Development assistance will consist of a series of programs designed to meet basic human needs. MAP assistance is required because Yemen is increasing

nt to utilize funds which would
its medium-term debt burden.
der the FY 1983 supplemental re-
Yemen would receive an addi-
\$6 million in FMS credits, for a
\$10 million FMS, and \$4 million
P, for a total of \$5 million MAP.

Asia

th Asia, there is a clear
Asian need for assistance to
es which have low levels of per
income, high population growth
and low levels of literacy. Bangla-
dia, Nepal, and Sri Lanka all
ade commendable progress in
ic development, an investment in
are which we should protect with
ing assistance. Viable economies
ble political institutions are
al if South Asia is to continue to
as a system of independent
capable of playing a constructive
world affairs and in regard to the
areas of conflict on each flank. In-
ch is a significant trading part-
rly other countries in this region
important to broader U.S.
c interests.

propose in FY 1984 for South
ountries:

217 million in development
ce;

229 million in PL 480; and
\$70,000 in IMET. This program
essentially at the same levels as
3, both on a regional and a coun-
s.

ia. For India in FY 1984, we are
ng \$86 million in development
ce, \$105.4 million in PL 480 title
\$200,000 in IMET. Though small
s of India's requirement, our aid
angible and valuable way in
e demonstrate the U.S. desire to
n constructive ties with this
powerful, and democratic nation.
a key nation in a region of the
important to U.S. strategic in-
its influential role as spokesman
veloping nations will be en-
when it takes over the chairman-
the Nonaligned Movement this

aid program directly and in-
supports the joint efforts to im-
lateral relations through a vari-
ays, including the initiatives
enhancing commercial, scienti-
technological cooperation an-
at the time of Prime Minister
visit last July. The strength of
eral relationship can help
the impact of differences be-

tween us and the Indians on regional
and international issues.

Bangladesh. For Bangladesh we are
proposing \$77 million in development
assistance, \$65 million in PL 480 Titles I
and III, \$28 million in PL 480 Title II,
and \$225,000 in IMET. Economic devel-
opment and political stability are in-
extricably linked in Bangladesh, a nation
born in turmoil and struggling with
severe political and economic difficulties.
Bangladesh is seen as a moderating in-
fluence in the Third World and is often
in agreement with us on international
issues of importance. Our assistance pro-
gram has evolved from emergency relief
to long-term development, which we
hope can foster stability and encourage
civilian representative rule.

Sri Lanka. For Sri Lanka we are
proposing \$40.3 million in development
assistance, \$30.7 million in PL 480, and
\$150,000 in IMET. Sri Lanka is strate-
gically located astride the major trade
routes of the Indian Ocean and offers
access for U.S. Navy vessels. Our
economic development program serves
to demonstrate strong U.S. support for
this nonaligned and democratic nation.
The recently reelected government
favors a market-oriented, free enterprise
economic philosophy. Sri Lanka plays an
important and constructive role in inter-
national fora and the Nonaligned Move-
ment. Our assistance contributes to the
stability of the country, its continuing
adherence to democratic values and
human rights, and the success of a prag-
matic path to economic development.

Nepal. For Nepal we are proposing
\$13.5 million in development assistance
and \$95,000 in IMET. Nepal forms an
important buffer between India and
China. U.S. interests center on its
strategic location and on our resultant
interest in economic progress in this
least developed among nations and the
evolution of orderly political institutions.
We value our relations with this
moderate nonaligned country, which has
made important contributions to U.N.
peacekeeping efforts in the Middle East.

CONCLUSION

To conclude we believe that all of the
proposed levels are necessary and direct-
ly relevant to our major interests in this
critical part of the world. Through our
foreign assistance program, we seek to
assist friendly strategic countries in pro-
moting the peaceful solution of conflicts,
strengthening their security, and pro-
viding a better life for their people. In
the process, we protect and promote
vital American national interests
throughout the region. We remain com-
mitted to these objectives as crucial to
U.S. national interests, and the Adminis-
tration is convinced that the budget
figures which we are proposing for FY
1984 are the minimum required for
achieving these policy goals.

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

FY 1984 Assistance Requests for Israel

by *Nicholas A. Veliotos*

*Statement before the Subcommittee
on Europe and the Middle East of the
House Foreign Affairs Committee on
February 28, 1983. Ambassador Veliotos
is Assistant Secretary for Near Eastern
and South Asian Affairs.*¹

I am very pleased to be here today to
testify in support of our military and
economic assistance programs for Israel
for FY 1984. The Administration is pro-
posing a funding level of \$1.7 billion in
foreign military sales (FMS) financing
and \$785 million in economic support
funds (ESF). The overall level of \$2.485
billion in combined military and
economic assistance for Israel would be

the largest U.S. bilateral assistance pro-
gram.

I am particularly pleased to be here
on this occasion because I sense a need
not just to discuss the level and terms of
our assistance proposals but to place this
program in the perspective of U.S.
foreign policy objectives. In one sense,
much of what we have to say will not be
new to this subcommittee. A year ago at
about this time, this subcommittee was
told the following:

We are . . . in the midst of an extremely
tense period, affecting not only Israel but
the entire region.

The presentation and examination of our
foreign assistance proposals are taking place
at a particularly sensitive juncture in Israel
itself. . . .

These same observations could be made today, but the specific events and immediate problems have changed. The events of the last year—as momentous and even tragic as they may have been—have not changed some fundamental realities of the region with which we deal. Among these realities are the urgency of the need for peace; the need to support the sovereignty, territorial integrity, and unity of Lebanon; the prime importance of assuring for Israel the security it requires; and the necessity of addressing the legitimate aspirations of the Palestinian people. This is, therefore, an appropriate time to discuss the role of our assistance programs in Israel and how they fit into our larger strategy in the region.

Purpose of Our Assistance

Support for Israel's security and economic well-being is a basic, firm principle of American foreign policy. Our support for Israel grows out of a long-standing commitment to a free nation which has been a haven for immigrants from all over the world and which shares many of our own social and democratic traditions.

Our security assistance programs are designed to assist Israel in continuing to maintain its qualitative and technological superiority over any potential combination of regional forces. Our economic assistance helps Israel to finance balance-of-payments deficits. Taken in combination, our programs are the material manifestation of our traditional commitment to Israel.

While it should be clear that the security of Israel occupies a central role in our concern, our objectives in the Middle East continue to be focused on two mutually reinforcing goals: first, the search for a just and lasting peace for the region and, second, the assurance that our friends in the area will be able to maintain their security against both outside threats as well as threats from radical forces closer to home. Our pursuit of this overall objective requires that we maintain and strengthen our relations with other friendly moderate states in the region as well. The relations which we maintain with the states of the Middle East are obviously critical to our ability to achieve those objectives which we believe are shared by Israel.

The President and Secretary Shultz have made crystal clear on many occasions in the past few months (a) our firm determination to continue the search for peace begun at Camp David and re-

newed in the President's September 1 initiative, (b) our commitment to achieve complete withdrawal of foreign troops from Lebanon which will help to return stability to that strife-torn country and will also help to ensure the security of Israel's northern border, and (c) our fundamental perception that a lasting peace achieved through direct negotiations is the best guarantee of long-term security for Israel and its neighbors.

The Administration has highlighted that its basic policies toward the Arab-Israeli problem are based on the positive benefits accruing to all parties, including to the interests of the United States, from the resolution of these issues. We have, through many difficult months, continued a pattern of constant movement forward and meaningful consultations toward the objectives we all share both in Lebanon and with respect to a broader Middle East peace. These basic tenets guide our approach, and the assistance programs you will be considering in the coming weeks are a part of this effort.

With these general objectives in mind let me turn to the specifics of our proposal for Israel.

Military Assistance

We have proposed that a total of \$1.7 billion in military assistance be provided for Israel. The bulk of this funding would be used for progress payments on prior year purchases and to initiate purchases of artillery, missiles, armored personnel carriers, and aircraft from the United States. Our proposal includes an increase in the grant portion of that assistance from \$500 million—our proposal last year—to \$550 million with the remaining \$1.15 billion to be provided in the form of a 30-year loan carrying a slightly concessional rate of interest. The modest increase in grant funding we propose is motivated by our understanding of Israeli concerns over their debt burden coupled with our own analysis of that situation and our own budgetary constraints.

Economic Assistance

We are proposing a level of \$785 million in ESF, identical to the level of the past several years. The program is a cash transfer, and we propose this year that the entire sum be provided as a grant. Our decision to improve the terms of our proposal for ESF from the 1-3 loan, 2-3 grant ratio we have proposed in the past was motivated both by the reality of the fact that ESF assistance has been pro-

vided to Israel on a grant basis for last four fiscal years and by the slight downturn in Israel's export performance during the past year. This decline is a function of both the continued economic problems from which we and West Europe are suffering, as well as the Government of Israel's domestic economic policies.

Despite some difficulties, however, preliminary indications are that cash inflows to Israel during 1982 continue to exceed requirements as official foreign exchange reserves exceeded their levels for 1981. We continue to have strong confidence in Israel's economic potential. The levels and we have proposed for our assistance to Israel for FY 1984 should be more sufficient to meet the objectives of our program.

Israel's Debt Burden

Israel's growing debt repayments to the United States have been a major source of concern to many Israeli officials to members of this committee. A close examination of the situation, however, reveals that Israeli debt—and particularly the debt-service burden associated with that debt—will be manageable given Israeli policies and an expected modest return to growth in the world economy.

Our review of our proposals obviously had to take into account our budget stringencies. In reaching our conclusions, we weigh all factors to a balance. In the real world of budget ceilings, increases in assistance, particularly grant assistance, for one country mean that funds will be unavailable to achieve other objectives. Under proposals Israel will continue to receive—both grant and credit—we are ample to meet our policy objective in support of the State of Israel.

Regional Programs

In addition, we would call attention to our request for \$15 million in ESF for FY 1984; \$7 million of these monies toward sustaining our development efforts in the West Bank and Gaza. These programs are implemented through American voluntary agencies and address needs in such areas as vocational and higher education, community development, improved water supply, and agricultural cooperative marketing. The program has proved useful as an indication of our humanitarian concern for the peoples of these regions, a

urges its funding at the level pro-
n additional \$7 million of the
nal funds would finance cooperative
ific, technical, and other activities
tural interest to Israel and its Arab
ors. The remaining \$1 million is
sted for project development and

support activities relating to the
development of ESF country programs.

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

1984 Assistance Requests for Egypt

Nicholas A. Veliotis

*Statement before the Subcommittee
on Egypt and the Middle East of the
Foreign Affairs Committee on
March 3, 1983. Ambassador Veliotis is
the Principal Secretary for Near Eastern
and Asian Affairs.*¹

I appreciate this opportunity to discuss
with you the Administration's security
assistance proposals for Egypt. Before
answering your questions, I would like to
make a short statement.

Egyptian Relations

I will begin by briefly restating the
positions of U.S. policy toward
U.S.-Egyptian relations are
based on a shared strategic interest in
stability of the Middle East and the
Mediterranean region. The Egyptians, who
value the heavy human and economic
price of conflict, fully understand
that stability is best achieved through
peace. As a result, they share with us a
mutual commitment to the peaceful
resolution of the Arab-Israeli conflict,
which is the fundamental problem facing
the region. This commitment, first made
clearly by the late President
Jimmy Carter, has been reiterated by President
Ronald Reagan and remains a firm tenet of
our foreign policy.

Like a strong advocate of peace,
the United States, under-
stands the need to be able to deter those
who would seek to destabilize the region
through support to subvert friendly states in
the area. The Mubarak government
shares with us a concern about the
threat to regional stability posed by the
actions of their radical surrogates
in the region. Our military coopera-
tion from this shared concern and
is an element in maintaining regional
peace and in deterring aggression
within or outside the region.

The past year has seen a number of
examples of the importance of close
U.S.-Egyptian relations. We worked
closely with Egypt and Israel to secure
final Israeli withdrawal from the Sinai in
implementation of the Egyptian-Israeli
Peace Treaty. This successful exchange
of land for peace between Egypt and
Israel is the very basis for our broader
peace efforts in the region. These efforts
continue to have the full support of
Egypt. President Mubarak has been a
vocal supporter of the President's
September 1 peace initiative, and his
backing has complemented our efforts to
generate broader Arab support for an
expanded peace process.

Egyptian-Israeli Relations

I would like briefly to review the status
of Egypt's relations with Israel, since I
know this is a subject of interest to the
committee. I note from your report on
your very useful trip to the region last
fall that you discussed this subject with
President Mubarak. I know that other
congressional visitors to Egypt have
done so as well. I would point out that
President Mubarak's statements to the
Congress, to this Administration, and,
indeed, to the public are strikingly con-
sistent on the subject of peace with
Israel. President Mubarak's government
is committed to a peaceful relationship
with Israel in accordance with the treaty
between them and to the pursuit of a
broader peace in the Middle East.

Despite Egypt's commitment to
peace with Israel, it is fair to say that
relations between the two countries have
been strained by events in Lebanon.
Egypt has recalled its ambassador and
has told the Israelis he will not return
until there is an announced plan for
Israeli withdrawal from Lebanon. Israel,
in turn, has complained to Egypt about
media treatment of Israel and various
trade problems. As you know, both
states have circulated memoranda out-
lining complaints against the other.

We have discussed our concerns
about these strains with both govern-
ments. We have urged both to consider
the importance of their relationship to
the broader goal of regional peace and
to be flexible in their dealings with one
another. There is some evidence that
these efforts, plus the desire of each
state to maintain a positive relationship,
may have begun to have some effect.
Delegations from the two countries met
March 2 to resume discussions on the
Lebanon issue, which is the major outstand-
ing issue remaining from the Sinai with-
drawal. Talks on other issues of impor-
tance to the bilateral relationship will
also be held in the near future.

While progress on Lebanon is criti-
cal to the revitalization of Egyptian-
Israeli relations, these direct bilateral
talks are an important step in rebuilding
a spirit of trust and confidence between
the two states. The resumption of ex-
panded peace negotiations, as foreseen
in the President's September 1 initiative,
would, of course, be the strongest
stimulus to improved Egyptian-Israeli
relations.

Administration's Budget Request

I would like to turn now to the Adminis-
tration's request for the FY 1984 secu-
rity assistance request for Egypt. The
President's request for Egypt has three
components—a PL 480 title I program
of \$250 million, an economic support
fund (ESF) program of \$750 million, and
a foreign military sales (FMS) program
of \$1.3 billion, of which \$450 million
would be in forgiven credits. This re-
quest is an essential part of the Presi-
dent's efforts to promote peace and
stability in the Middle East and reflects
the special relationship between Egypt
and the United States. The individual
parts of our budget request support
Egyptian Government efforts to
revitalize its economy and modernize its
military.

As your report on your recent visit
to Egypt clearly noted, Egypt faces
serious economic problems. While the
economy is still growing, its rate of
growth has slowed measurably, and the
indications are that this will continue. At
the same time, foreign exchange earn-
ings from tourism, the Suez Canal, oil
exports, and remittances from Egypt-
ians working overseas are all down.
The rapidly decreasing price of oil may
contribute to further declines in three of
these four areas.

The Mubarak government recognizes
Egypt's economic problems. President

Mubarak has graphically outlined these problems for the Egyptian people, speaking more frankly than any modern Egyptian head of state. President Mubarak understands that change is needed if Egypt is successfully to rebuild its economy and achieve a better life for its people. Change, of course, means economic reform. The Mubarak government is implementing reforms, although not always at the pace that we and others might think best. But unlike the past, the issue is no longer whether reforms are needed but rather the pace at which they are to be implemented.

Our military assistance program for Egypt is designed to help the Mubarak government modernize its military establishment, which is still largely equipped with aging Soviet equipment. Egypt needs a credible military force to deter the direct threats to itself from radical states in the region and to help support others from aggression. Our military assistance and training programs are critical parts of the Mubarak government's efforts to maintain a credible military force. Given Egypt's economic problems, however, we have

sought to package this assistance so it will have the lowest possible cost for Egypt.

In closing, let me reiterate the special nature of our relationship with Egypt, which has its roots in shared strategic interests and a common dedication to the pursuit of regional peace. Both the economic and military components of our security assistance program are designed to strengthen that relationship and serve thereby vital U.S. interests in the Middle East. The Mubarak government sees this assistance as a tangible demonstration of U.S. support and as a key component of its own efforts to deal with its economic problems and to rebuild its military strength. In short, this assistance is an investment in support of not only a key Middle Eastern ally but regional peace and stability as well.

¹The 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. ■

security situation to improve and, of course, for the longer term stability would be provided by the complete drawal of foreign forces. Their very waiting, however, is contributing to the fact that, other than the very significant restoration of security in Beirut, progress is limited.

Thus, to an extent, Lebanon is caught in a vicious cycle of inaction. The United States is taking steps to break this vicious cycle. As a result, technical assistance and infusions of modest but critical amounts of material assistance from the United States, Government of Lebanon is beginning to improve its organization, throw off the torpor induced by years of civil conflict and gear up to rehabilitate and reconstruct basic infrastructure in order to get the economy moving. In Lebanon as anywhere, perceptions are important. As other donor organizations, such as the World Bank, and other donor countries perceive that some progress is being made, there will be a bandwagon effect. Some other donors have already agreed to participate in the reconstruction effort but much more will be needed. The funds which the United States contributes to this reconstruction effort—small in terms of total need but allowing vital reconstruction to get started now, at a time when other nations are watching and waiting. Once this effort begins, we fully expect it will attract funds from other donors; funds which will carry the rehabilitation through completion.

FY 1983 Supplemental Request for Lebanon

by Nicholas A. Veliotes

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on March 10, 1983. Ambassador Veliotes is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I welcome this opportunity to appear before the subcommittee in support of the Administration's supplemental foreign assistance request for Lebanon in FY 1983.

We are requesting \$150 million in economic support funds (ESF), \$100 million in foreign military sales (FMS) guarantees, and \$1 million in international military education and training (IMET) funds. These funds are needed now, to begin urgent projects which cannot await the normal FY 1984 appropriation cycle.

The ESF funds will be used primarily to rehabilitate and reconstruct basic infrastructure, such as potable water systems, telecommunications, and public health services.

The funds we are requesting will finance programs in Lebanon designed to help rebuild the economic and security infrastructure of that war-ravaged country by providing the government with the resources necessary to reestablish its sovereign authority throughout the country.

Urgency of Reconstruction

Reconstruction of infrastructure is urgent. The economy remains a shambles, basic infrastructure is destroyed or deteriorated, the government cannot provide much in the way of basic services outside Beirut, and entrepreneurs are afraid to invest in reconstruction until they see some positive signs of improvement. The Government of Lebanon will need a great deal of assistance to accomplish the tasks before it. U.S. assistance alone will not suffice. Multinational agencies and other nations must also help and, indeed, have already indicated to us their willingness to do so. They all are waiting, however, for the political and

Strengthening Lebanese Military Forces

We are strengthening the military of the Government of Lebanon by providing equipment and training. All this assistance has had a notable effect.

Lebanon endured nearly 8 years of brutal civil war followed by the Israeli invasion. During the period, the agony of Lebanon and its residents—as measured in human as well as physical terms—has been enormous. Although the major hostilities are over, the effects of the constant bloodletting and physical destruction are very vivid, and today the agony goes on in the form of the continued military occupation of most of Lebanon by the Israeli defense forces, the Syrian Army, armed PLO [Palestine Liberation Organization] elements, and other armed foreigners. The Lebanese Armed Forces, the legitimate military arm of the Lebanese Government, control only the capital city of Beirut.

the FMS program will be supported by a slightly increased IMET program which will improve overall training of Lebanese Armed Forces. Equipment and training needs of the armed forces, urgent and, are paced by the available military manpower. FMS and IMET funds sought in the supplemental budget are attached to the ability of the Lebanese Armed Forces to absorb them. The FMS and IMET levels of \$15 million and \$750,000, respectively, are in FY 1984 because of all the equipment for the armed forces buildup have been ordered by them.

We are talking about a Lebanese Armed Forces structure of some 20,000 personnel which require a great deal of equipment to provide for national security. We have nearly completed a program to equip four brigades capable of performing this mission. In the next phase, we plan to equip another brigade and to enhance the effectiveness of one of our original four brigades. This supplemental funds additional equipment and training for two more brigades. We would, in effect, give Lebanon four fully equipped brigades, urgently required for Lebanon's security. But the Lebanese Armed Forces are ready now to go on new missions and put to use new equipment and training they are receiving.

The United States fully supports the integrity, unity, and sovereignty of Lebanon which we believe is consistent with, indeed, the national interest, the long-term security of Lebanon's northern border. Lebanon has been a victim over the years of the cycle of action and reaction—attacks against Israel and Israeli attacks against Lebanon. There can be no repeat of this unhappy history. It is necessary for the Lebanese Armed Forces to be the armed force in Lebanon. It must be sufficiently strong to control effectively the borders and prevent outside armed forces from reentering the country. It must be equipped and trained to ensure Lebanon never again becomes the battleground for outside contending

forces. The ability of the Lebanese Government under President Gemayel to provide essential government services and maintain national security is crucial to the stability of Lebanon. It is in the national interest to reach a national consensus, which will ensure the government's ability to control the departure from Lebanon of Lebanese armed forces. The departure of these forces is of vital importance to our interests both in Lebanon and with respect to the Middle East peace proc-

ess. A stable, reconstructed Lebanon, free from all foreign forces and with a strengthened central government, exercising sovereign control over all of its territories, is a most worthy goal on its own merits. Such a Lebanon will also make a major contribution to the security of Israel's northern border.

Finally, this Lebanon, enjoying good relations with its neighbors, will give a stimulus to the broader peace process. For these reasons, it is critically important for us now to demonstrate, in a concrete way, the U.S. commitment to Lebanon's reconstruction and restoration as a sovereign and independent nation.

Lebanon and Israel are currently conducting direct, intense negotiations. Many exceedingly difficult problems remain, but the United States is working closely with both sides to help them reach a compromise which will satisfy the major issues of sovereignty and security. When this occurs, and when all foreign forces withdraw from Lebanon, we fully expect a resurgence of confidence among both Lebanese and foreign private investors who will then start to play a major role in the reconstruction of Lebanon.

Current Situation

The Lebanese Armed Forces are now in full control of Beirut, a city which contains over one-third of the population of Lebanon. No longer are armed militiamen or PLO fighters seen in the streets. This provided a highly visible political signal of the expanding ability of the Government of Lebanon to exercise sovereignty and to provide security. In recent days, the government has also taken over a portion of the Port of Beirut which had long been illegally operated by a private militia. Government forces are now in control of the administration of the entire port. Currently, the entire capital city of Beirut is enjoying peace for the first time in years. That is only the beginning, but the restoration of central institutions in Beirut is a model which we want to see expanded countrywide.

However, these are only initial efforts and the overall security needs of that war-torn country require our urgent attention. By assisting the Lebanese Armed Forces to increase its capability, we are helping the central government reassert and extend its authority throughout the country. The

expected increase in the size and effectiveness of the Lebanese Armed Forces in maintaining security will permit the withdrawal of the multinational force (MNF).

We know that the members of the subcommittee are interested in knowing how long the MNF will have to remain in Lebanon to bolster the security role of the Lebanese Armed Forces. I cannot, today, give you an exact date. But it is our intention to phase out the multinational presence just as soon as the evacuation of Syrian, Israeli, and Palestinian forces is complete and the Lebanese Army is able to do its job countrywide. The success of the military assistance program we are describing today will directly contribute to that goal.

To conclude, even while the United States is currently working with the Government of Lebanon in an effort to obtain the departure of all foreign forces, critical projects for reconstruction and reequipping the armed forces have begun. This is not lost upon the Lebanese Government or the people of Lebanon, who look to the United States as their principal friend during this most difficult time. The actions which the United States takes in Lebanon this year and next will benefit not only Lebanon but the entire Middle East for years to come. We cannot overemphasize the impact that our programs in Lebanon will have upon our efforts to obtain a just and lasting peace for all countries in this important region.

¹The 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. Defense Policy

PRESIDENT'S STATEMENT, MAR. 9, 1983¹

Our defense policy is based on a very simple premise: The United States will not start fights. We will not seek to occupy other lands or control other peoples. Our strategy is defensive; our aim is to protect the peace by ensuring that no adversaries ever conclude they could best us in a war of their own choosing.

What this means is that we design our defense program not to further ambitions but to counter threats. Today,

U.S. Nuclear Policy Toward South Africa

by Harry R. Marshall, Jr.

Statement before the Subcommittees on Africa and on International Economic Policy and Trade of the House Foreign Affairs Committee on December 2, 1982. Mr. Marshall is Deputy Assistant Secretary for Oceans and International Environmental and Scientific Affairs.¹

and for the foreseeable future, the greatest of these threats comes from the Soviet Union, the only nation with the military power to inflict mortal damage directly on the United States.

This also means that if the American people are asked to support our defense program, they must get the straight facts about this threat. The Defense Department's first edition of *Soviet Military Power* gave them those facts; this revised edition will keep them up to date and will give them a new opportunity to compare Soviet forces with our own.

The facts in this book are straightforward. The Soviets have not slowed the pace of their enormous military buildup. In little over a year, they have begun testing new models in almost every class of nuclear weapons. They are dramatically expanding their navy and air force, are training and equipping their ground forces for preemptive attack, and are using their military power to extend their influence and enforce their will in every corner of the globe.

We must continue to demonstrate our resolve not to allow the military balance to tip against the United States. By demonstrating that resolve, we will not only deter aggression but we will also offer the Soviets a real incentive to accept genuine, mutual arms reduction.

Let me quote a statement Winston Churchill made to the House of Commons in late 1934, as he urged the British to stop dismantling their defenses.

To urge the preparation of defense is not to assert the imminence of war. I do not believe that war is imminent or that war is inevitable, but . . . that if we do not begin forthwith to put ourselves in a position of security, it will soon be beyond our power to do so.

A strong, credible American defense is indispensable to protecting the peace and preserving the free way of life our people cherish.

¹Text from Weekly Compilation of Presidential Documents of Mar. 14, 1983. ■

I appreciate the opportunity to discuss with your subcommittees the nuclear policy aspects of this country's relations with South Africa. Princeton Lyman, Deputy Assistant Secretary in the Bureau of African Affairs, has presented an overview of U.S. policy toward that country and has reviewed several nonnuclear matters on which you requested the Department's views [see p. 25].

Let me begin my testimony by describing for you current U.S. nuclear export policy regarding South Africa and the role of the Department of State in the review and approval of nuclear exports. As you are aware, this Administration announced a strong nuclear nonproliferation policy in 1981—one that is supported by a foundation of effective export controls. As part of that policy, we are committed to continuing efforts to persuade South Africa, and other nations which have not ratified the Nonproliferation Treaty, to do so and to accept International Atomic Energy Agency (IAEA) safeguards on all their nuclear activities (full-scope safeguards). We have told the South African Government on several occasions that this is our position for the basis on which U.S. supply of uranium fuel to South Africa could take place.

I want to make clear that until South Africa accepts full-scope safeguards and takes other steps to meet the requirements of U.S. law, no export from the United States will be made of uranium fuel or any nuclear equipment licensed by the Nuclear Regulatory Commission (NRC). I find this, contrary to what has been said already, to be a rather significant policy of denial.

It is, however, this Administration's view that export approval of a few carefully selected non-sensitive, nuclear-related commodities or dual use items,

can make a contribution to U.S. nonproliferation efforts.

Approval of such a narrow range of non-sensitive exports is subject to a case-by-case interagency review. Such nuclear-related commodities have been exported for use in safeguarded facilities for health and safety applications. Approvals of dual-use commodities have been conditioned upon the receipt of written South African Government assurances of no nuclear explosive use, no retransfer for another use without prior consent of the U.S. Government. One example of such exports is a hydrogen recombiner for the Koeb nuclear power plant. It was approved because it could be used only at that facility to meet health and safety objectives identified in the Three-Mile Island reactor accident investigation.

We believe that these few export approvals for the South African nuclear program can assist the United States in maintaining a dialogue with South Africa regarding nonproliferation and objectives. Our ability to influence other nations to act in accordance with our nonproliferation objectives requires that we continue to talk to them and that they listen to what we say. We believe that a willingness to approach small, carefully selected number of non-sensitive exports to South Africa, its nuclear energy program can help persuade South Africa to be more forthcoming on nonproliferation issues.

Export Review Process

With respect to the role of the Department of State in the export review process, we are responsible, under the Atomic Energy Act, for the preparation, coordination, and transmittal to the NRC of executive branch views on applications for NRC export licenses. Under the Atomic Energy Act, the concurrence of the Department of State is required for approval of so-called subsequent arrangements authorized by the Department of Energy (DOE). This applies to transactions such as retransfer abroad of U.S.-origin spent nuclear fuel for reprocessing or the conclusion of a DOE enrichment contract with a foreign entity. Department of State concurrence is also needed for nuclear technology transfers approved by the Secretary of Energy pursuant to State

of the Atomic Energy Act (Part Title 10 Code of Federal Regulations) and for approvals of Department of Commerce licenses for export of commodities, including nuclear-related and sensitive items, which require interagency review.

Group on Nuclear Export Coordination

Part of this export approval activity is contained in the work of the subgroup for clear export coordination—more widely known as the SNEC. The functions of the SNEC were described in testimony before Constance Zablocki's and Bingham's subcommittee by the current SNEC chair, Carlton Stoiber, Director of the Office of Nuclear Export Control in the Department of State's Bureau of Oceans and International Environmental and Scientific Affairs.

The SNEC was established in the summer of 1977 as a subgroup to the National Security Council (NSC) ad hoc group on nonproliferation to meet the need for a "working level" (i.e., office level) forum within the Administration to handle controversial or sensitive export matters and issues could be reviewed and discussed.

Participants in the SNEC are: 1) the Department of State, which chairs; 2) the Department of Energy; 3) the Department of Commerce; 4) the Department of Defense (DOD); 5) the Department of Control and Disarmament Agency; and 6) the Nuclear Regulatory Commission. Information from the U.S. intelligence community has always been available to the SNEC, and recently intelligence agencies have become regular participants in SNEC meetings. If circumstances warrant, other agencies are invited to participate. There are no restrictions on the number of participants from each agency for any reason, provided all have appropriate security clearances. There is no time limit, although the SNEC normally operates on a consensus basis with the concurrence of all participating agencies needed for export approvals. The Nuclear Nonproliferation Act of 1978, which amended the Atomic Energy Act of 1954, provided in Sections 33 and 57b a statutory basis for an interagency coordinating body to review nuclear exports licensed by the Department of Energy. The role of the SNEC is a body to resolve interagency differences on nuclear exports was set out in Section 5 of the *Procedures*

Established Pursuant to the Nuclear Non-Proliferation Act of 1978.

The SNEC acts on an advisory basis only, and its recommendations are not formally binding upon any agency. Subgroup agendas, minutes, and discussions during meetings are classified and are exempt from release under the Freedom of Information Act to protect predecisional interagency views which are an integral and necessary part of the review process, quite apart from the specific national security classification of a matter under discussion. Final recommendations on specific applications including reasons for denials and conditions, if any, for approvals, are unclassified.

The SNEC meets at intervals of approximately 3 weeks to review proposed nuclear-related exports which could conceivably pose proliferation risk. The SNEC, as noted, serves as a forum for review and discussion of nuclear export policy issues and specific case applications. The SNEC can review NRC license applications, DOE subsequent arrangements and 10 CFR 810 applications, and Department of Commerce export license applications, since Commerce controls a far wider range of commodities and technology than either DOE or NRC.

All Commerce export license applications that have any actual or potential nuclear-related use are reviewed by DOE. In this review process, DOE follows policy guidance from the State Department, the SNEC, and other sources. DOE refers most of the cases it reviews back to Commerce for licensing action because the country, end use, or the nature of the items in question make clear the lack of any proliferation significance. For some cases where it is clear that an item would present a proliferation concern, or where export would be contrary to U.S. policy, denial is recommended. The remaining cases which raise some questions of proliferation significance are referred by DOE to the SNEC for consideration. DOE reviews about 8,000 cases a year. Of that number, only about 200-300 are referred to the SNEC. Other agencies may also refer cases to the subgroup for review.

In reviewing license applications for exports of possible proliferation concern, the SNEC takes into account a range of factors, including:

- Past practice concerning supply of the commodity in question to the intended recipient country and end-user;

- Equivalent commodities already in the recipient country and available to the end-user;
- Foreign availability;
- Intelligence information regarding activities of proliferation concern on the part of the recipient country and the end user;
- Technical capabilities and significance of the commodity to be exported;
- Foreign policy considerations; and
- Applicable statutory criteria.

If, on the basis of its review of the factors described in the preceding paragraph and any other relevant considerations, the SNEC determines that the proposed export involves significant proliferation risk, a recommendation for denial of the export will be made to the licensing agency.

If participating agencies are unable to reach agreement regarding the disposition of a particular export application to the SNEC, the *Procedures Established Pursuant to the Nuclear Non-Proliferation Act of 1978* provide a series of steps which can be taken to resolve the disagreement. The matter can be referred to the successor to the NSC ad hoc group on nonproliferation, a body comprised of assistant and deputy assistant secretaries charged with oversight of nuclear proliferation and export control responsibilities in each of the concerned agencies. If resolution of the disagreement proves impossible at that level, the matter can be referred to the Cabinet level and even to the President.

State Department Study

The subcommittees have asked about the status of an "intensive study" focusing on South African nonproliferation issues. Although it is not possible to say now that the study will be completed when originally anticipated, progress has been made in clarifying many of the concerns involved. The issues under consideration in the study are those which we have been addressing for some time, such as the question of supply to South Africa of Commerce-licensed, nuclear-related items needed for the safe or environmentally sound operation of the Koeberg nuclear power plant. An overall objective of the study is to develop further our policy goals vis-a-vis South Africa.

Fuel for Koeberg Reactors

I would like now to turn to the subcommittee's question about the acquisition

by South Africa of fuel to start up the Koeberg nuclear power station. The Electricity Supply Commission of South Africa (ESCOM), which is to operate the two French-built reactors sited near Cape Town, concluded contracts with the predecessor to DOE on August 16, 1974, for the enrichment of South African uranium at U.S. facilities. ESCOM thus became obligated to deliver natural uranium, and DOE was obligated to enrich it to approximately 3% or less for delivery to ESCOM at the DOE enrichment facility. ESCOM was obligated to obtain the necessary export licenses for shipment from the United States. However, as is well known, because of unsafeguarded nuclear activities in South Africa, export criteria in U.S. law are not now met by South Africa to permit the NRC to issue export licenses for nuclear fuel.

Numerous meetings on this issue have taken place between the two governments; however, the U.S. position has remained firm—the executive branch would not recommend NRC issuance of any export license until all South African nuclear activities were subjected to IAEA safeguards and South Africa adhered to the Non-proliferation Treaty.

ESCOM and the South African Government have continued efforts to obtain the necessary NRC export licenses. In fact, ESCOM has carefully complied with the enrichment contracts and has delivered feed material to DOE which has been enriched and stored at a DOE enrichment facility.

French Arrangements To Supply Koeberg Reactors

The French firm FRAMATOME built the reactors for ESCOM at Koeberg. In addition, ESCOM concluded a contract in the mid-1970s with a French-controlled company for the fabrication of low enriched uranium into fuel elements for the reactors. The United States has been aware of this contract and has held discussions with French Government officials about our position on supply of nuclear fuel to South Africa. The Government of France told us that it would not at this time enter into any new supply obligations with South Africa. Their contract for fabrication was a pre-existing obligation.

In 1981 ESCOM acquired, in a private transaction, previously enriched uranium located in Europe. ESCOM then delivered this material to the French fabrication facility for production

of fuel elements for the initial core of one of the two reactors. The Department of State and other concerned U.S. agencies have carefully examined the activities of Edlow International, Inc., a Washington-based firm, in connection with the acquisition by ESCOM of this low enriched uranium. We concluded that there was no violation of U.S. law or regulations. These services provided by Edlow are readily available from non-U.S. companies, could have been performed by ESCOM itself, and, to our knowledge, are not controlled by any other government. Officers of Edlow apprised us that they had been in contact with ESCOM officials and had arranged for the purchase by ESCOM in Europe of non-U.S., previously enriched uranium. We were not advised by them of additional details of this arrangement.

We were aware, of course, that South Africa desired to find another source of fuel for the Koeberg reactors. We told the South African officials that as a matter of policy, we were asking all supplier governments not to enter into new commitments for significant nuclear supply with any non-nuclear-weapons state which engaged in unsafeguarded nuclear activities. We had such discussions with France and, as I have testified, France did not conclude any new commitment. We do not believe that the actions of Edlow have significantly undermined the influence or nonproliferation policies of this Administration.

You may ask why the United States did not try to prevent this arrangement from going forward. In answering this question, let me first emphasize again that no nuclear material subject to U.S. control was involved in this transaction, and, therefore, the United States possessed no jurisdiction over it. At the end of the previous Administration, our nonproliferation discussions with South Africa were at an impasse. By contrast, however, this Administration sought to develop and carry on a dialogue with South Africa in order to foster our non-proliferation and other objectives in that country. To that end, we are willing to consider, on a case-by-case basis, the export of nonsensitive, Commerce-licensed commodities—but not, as I have mentioned, nuclear fuel in the absence of full-scope safeguards. And this policy has had some tangible benefits. We have had very useful technical discussions with South African officials on the application of safeguards to enrichment facilities. In addition, South Africa is moving toward development and use of

reduced enriched fuels for its Safar research reactor.

Outlook in South Africa

The subcommittees have also asked for an assessment of the likelihood of South Africa adopting full-scope safeguards and adhering to the Nonproliferation Treaty. Frankly, we do not expect favorable action by South Africa on the ratification of this treaty or acceptance of full-scope safeguards in the near term. However, we continue to raise the issue with officials in Pretoria in an effort to persuade the government that it would be in its own self-interest to adhere to the treaty and to accept international safeguards on all its nuclear activities. While we have not received any indication that they are inclined to take such action in the near term, our assessment will not lead us to abandon our effort or to view it with less urgency. Nuclear nonproliferation is not an undertaking for the short run. It is a fundamental, long-term policy objective and we will continue to use our best efforts to persuade other nations, including South Africa, to take action to prevent the spread of nuclear weapons.

Current NRC Export Application

The subcommittees have asked for a position on the April 1982 application by Transnuclear, Inc. to the NRC for authorization to export low-enriched uranium to South Africa. The application was referred to the executive branch by the NRC but is not under active consideration as the export criteria in the law are not met. No export of this nuclear fuel from the United States to South Africa would be authorized by this Administration until the criteria are satisfied.

While the law does provide for a Presidential waiver of licensing or export to permit exports under Executive Order in cases of overriding national interest, such actions must be submitted to Congress for review. No consideration is being given to proposing such a Presidential waiver.

Status of DOE Enrichment Contract

The subcommittees' question regarding the current status of the DOE-ESCOM contract will be answered in detail by the Department of Energy. In such a situation is that ESCOM, the South African utility, and DOE are still obligated to comply with the terms of

richment services contract, but for us already explained, ESCOM is able to obtain an export license for uranium from any of the enriched uranium suppliers in the United States to South Africa. You can imagine, this rather peculiar actual situation raises a number of legal and policy difficulties which we need to resolve. A solution to the conical impasse, which would not include an export to South Africa of any U.S. uranium fuel except on the basis I have mentioned, is under review as part of a study I referred to earlier.

The subcommittees have asked if the Administration foresees a time when the export of enriched uranium to South Africa would be approved short of our stated requirements of full-scope safeguards and ratification of the Nonproliferation Treaty. This is our position. We have communicated to South Africa, and I do not see any likelihood we would change this view in the future.

Argo On All Nuclear Exports

The subcommittees have asked for the Administration's views on H.R. 7220, which would prohibit the export of enriched uranium to the Republic of South Africa for nuclear material, equipment, and technology. While we deplore apartheid, we are vigorously seeking more universality of adherence to the Nonproliferation Treaty. The Administration strongly opposes this bill, because its enactment would significantly undermine important nonproliferation objectives.

In my preface to my comments on the bill, I expressed my concerns with respect to South Africa. Let me express our broader concern about the impression that passage of this legislation would give to other nations, in particular those which cooperate with the United States both in nuclear commerce and in attempting to enforce shared nonproliferation goals. The adoption of the Nonproliferation Treaty has been viewed by many abroad as a discriminatory, unilateral, and ineffective change of U.S. export policies. Rightly or wrongly, this action caused problems for us with other nations and other suppliers abroad. To address this situation, this Administration has established as a high priority the fulfillment of the U.S. reputation as a reliable nuclear partner. We believe this deal has been accomplished in bringing the impression of unreliability to a more important, in developing capability in furthering international relations on supplier restraint.

Passage of H.R. 7220, however, would reawaken those earlier concerns abroad. We would be seen by many as remaining prepared to unilaterally modify our conditions for nuclear cooperation—even when no substantive impact can be anticipated. The resulting damage to our reliability and credibility would, we fear, be severe. Enactment would also seriously undercut achievement of our nonproliferation objectives in South Africa. Despite its apparent aim of forcing South Africa to sign the Nonproliferation Treaty and to accept full-scope safeguards, passage of this bill would eliminate the possibility of any meaningful nuclear dialogue with South Africa and, in fact, effectively destroy any change of our influencing them to accept full-scope safeguards and to ratify the treaty.

It must be appreciated that significant nuclear commerce with South Africa was effectively precluded by the Atomic Energy Act. Therefore, the only effect of H.R. 7220 would be to preclude export of dual-use or nuclear-related items or nonsensitive nuclear technology which are widely available from non-U.S. suppliers. Almost no leverage would, therefore, result from such a

step, particularly in view of the negative political reaction to such a law which can be expected from South Africa. Since other nations are quite able and very willing to supply such commodities, the only practical effect of the bill would be to transfer trade and work from U.S. companies and American workers to foreign firms.

It is also important to note that U.S. dual-use exports to South Africa to nuclear and other government end-users have been carefully conditioned upon receipt of assurances regarding end-use, no retransfer, and, when appropriate, inspection rights. If U.S. exports are embargoed, there is every likelihood that non-U.S. suppliers will provide these commodities to South Africa without such conditions. An embargo of all exports and other forms of nonsensitive nuclear cooperation with South Africa would eliminate U.S. access to and influence upon South Africa's nuclear program.

¹The 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. ■

Nuclear Cooperation With EURATOM

LETTER TO THE CONGRESS, MAR. 7, 1983¹

The United States has been engaged in nuclear cooperation with the European Community for many years. This cooperation was initiated under agreements concluded over two decades ago between the United States and the European Atomic Energy Community (EURATOM) which extend until December 31, 1995. Since the inception of this cooperation, the Community has adhered to all its obligations under those agreements.

The Nuclear Non-Proliferation Act of 1978 amended the Atomic Energy Act to establish new nuclear export criteria, including a requirement that the United States have a right to consent to the reprocessing of fuel exported from the United States. Our present agreements for cooperation with EURATOM do not contain such a right. To avoid disrupting cooperation with EURATOM, a proviso was included in the law to enable continued cooperation until March 10, 1980, and provide for negotiations concerning our cooperation agreements.

The law also provides that nuclear cooperation with EURATOM can be extended

on an annual basis after March 10, 1980, upon determination by the President that failure to cooperate would seriously prejudice the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security and after notification to the Congress. President Carter made such a determination three years ago and signed Executive Order 12193, permitting continued nuclear cooperation with EURATOM until March 10, 1981. I made such determinations in 1981 and 1982 and signed Executive Orders 12295 and 12351, permitting continued nuclear cooperation through March 10, 1983.

The United States has engaged in four rounds of talks with EURATOM regarding the renegotiation of the US-EURATOM agreements for cooperation. These were conducted in November 1978, September 1979, April 1980 and January 1982. We also consulted with EURATOM on a number of issues related to these agreements last summer. We expect to continue the talks in 1983.

I believe that it is essential that cooperation between the United States and the Community continue and likewise that we work closely with our Allies to counter the threat of nuclear explosives proliferation. A disrupt-

tion of nuclear cooperation would also cause serious problems in our overall relationships. Accordingly, I have determined that failure to continue peaceful nuclear cooperation with EURATOM would be seriously prejudicial to the achievement of the United States non-proliferation objectives and would jeopardize the common defense and security of the United States. I intend to sign an Executive Order (12409) to extend the waiver of the application of the relevant export criterion of

the Nuclear Non-Proliferation Act for an additional twelve months from March 10, 1983. Sincerely,

RONALD REAGAN

¹Identical 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 Mar. 14, 1983). ■

FY 1984 Requests for Migration and Refugee Assistance

by James R. Purcell, Jr.

Statement before the Senate Foreign Relations Committee on March 9, 1983. Mr. Purcell is Director of the Bureau of Refugee Programs.¹

It is a pleasure to appear before you today to present the Department of State's request for authorization of the migration and refugee assistance appropriation for FY 1984 and 1985.

Our budget request for FY 1984 is \$344.5 million and for \$326.4 million for FY 1985. The FY 1984 request is a decrease of \$50.5 million from the FY 1983 continuing resolution level of funding. Half of this decrease has been made possible by the success of our efforts to reduce refugee admissions to the United States, while continuing to respond to humanitarian needs and U.S. foreign policy interests and responsibilities.

The other half we credit to the absence of such large-scale refugee crises as were experienced in past years, such as the surge of Vietnamese boat people and the Somalia crisis, as well as policy and management initiatives that are containing or reducing the costs of responding to ongoing refugee relief problems. Furthermore, we are pleased with the progress in our efforts to "internationalize" the world's response to refugee problems—that is, to encourage broader participation by other nations in supporting refugee programs, especially other developed countries which are able to carry a bigger share of the burden. We remain aware that the decrease in refugee program needs can be reversed overnight should major conflicts in any of the troubled areas of our world generate new refugee problems.

Refugee Admissions

Our budget request for FY 1984 is presented in four major subdivisions. The first area is refugee admissions, with a request of \$117 million. This figure is about 34% of our total request and a decrease of about \$25 million from the FY 1983 funding level. The request is based on the admission of 72,000 refugees to the United States in FY 1984, representing a reduction of 18,000 from the FY 1983 consultations level and one-third the 217,000 consultations level of FY 1981. The 72,000 projected admissions are divided among 46,000 East Asians, 15,000 from the Soviet Union and Eastern Europe, 6,000 from the Near East and South Asia, 2,000 from the Western Hemisphere, and 3,000 from Africa. Activities required to admit refugees include four areas.

First, we request \$20.5 million for processing of refugees prior to entry. This includes funding the joint voluntary agency representatives for processing services in Southeast Asia, Pakistan, and Africa, as well as funding for the voluntary agencies in Europe. Also included are funding of some necessary management services by the voluntary agencies in the United States, such as a data information system on refugee admissions and American Red Cross tracing activities.

Second, we are requesting about \$46.6 million for capitalization of transportation loans through the Intergovernmental Committee for Migration for refugees admitted to the United States. This takes into account a projected \$8 million in loan repayments in FY 1984.

Third is reception and placement grants to voluntary agencies which provide initial reception and placement services to newly admitted refugees,

with a request of about \$39.5 million. This level provides for a small increase over the per capita amounts budgeted for FY 1983 in order to cover the effect of inflation.

Finally, we are requesting about \$10.4 million for the training and education of refugees admitted to the United States. We have already in a sound program of English language and cultural orientation training for Indochinese refugee awaiting admission the refugees processing centers. We are requesting funding of program improvements to address the additional training needs of Indochinese refugees least likely to succeed in the United States—those who are preliterate and who have very low levels of learning. In addition, we propose extending our training programs to some other groups of refugees where economically feasible. It is our conclusion, after careful investigation, that the very small price increases in this area will result in significant savings in domestic welfare costs because refugees enter much better prepared for life in the United States, especially to take entry-level jobs.

Relief Assistance

Funding requested for relief assistance to refugees overseas in FY 1984 is \$197.5 million, about 57% of our total request and a decrease of \$25.8 million from the FY 1983 funding level. Two years ago, the composition of our request was about two-thirds for admission and one-third for relief assistance. We have now reversed these percentages reflecting the determination of the Administration to seek solutions to refugee crises other than admission to the United States. We have sought to address refugee needs through assistance in the countries of first asylum and through pursuit of repatriation, resettlement in countries of asylum or resettlement in third countries other than the United States. We are pleased that we have succeeded in doing so while continuing to meet our humanitarian responsibilities through the admission to the United States of those who need this solution and a eligible under our laws.

The relief assistance category encompasses a number of programs, particularly relief programs identified by geographic area. In addition, we will maintain a small fund to foster resettlement opportunities other than resettlement in the United States, including

tary repatriation and resettlement ce.

Southeast Asia. Relief for Indo-se refugees in Southeast Asia is antially reduced over previous n, at our request level of \$21.7 n, but remains crucial to support orts of the U.N. High Commis- for Refugees (UNHCR) and other- ies to address the needs of about 00 refugees in UNHCR camps and arter of a million Kampuchean ees who remain in a precarious ion on the Thai-Kampuchean r.

Africa. African relief assistance is educed from our FY 1983 request equest of \$52.8 million for FY . This reflects not a reduced com- to the problems of African ees but rather the fortunate cir- cums which have decreased the in some key areas, such as lia. Furthermore, a shift in em- of relief programs in Africa d encouraging an early return to mic independence of refugees in ries of asylum is expected to yield ntial benefits for refugee well- ost country economic and al stability, besides the dollar sav- n the reduced U.S. fair share d those programs.

Near East. The Near East continues n area of key concern. In support President's peace initiatives in the East, continued support for ine refugees through the work of N. Relief and Works Agency (WA) for Palestine refugees in the East is crucial. In our relief equest, we have included \$72 f for this purpose. We also intend time to fund programs of the R, the International Committee of d Cross (ICRC), and some volun- ees for almost 2.8 million n refugees in Pakistan. The sum million is included for this e.

Latin America. Consistent with the ns of the Administration in Latin a and the growing refugee needs area, we are increasing our re- for funding of programs for Latin an refugees to \$13 million, \$8 more than our FY 1983 request. f this amount would go toward R programs, although some will y be contributed to the ICRC, y to voluntary agencies.

Resettlement. Finally, under relief assistance, we have requested \$7 million for resettlement assistance programs. In accordance with the U.S. policy of en- couraging solutions to refugee problems which minimize the need to resettle refugees in the United States, we intend to pursue the development of other resettlement options, including voluntary repatriation, resettlement in countries of first asylum, and resettlement in non-traditional resettlement countries.

Other Activities

Also included in our request is \$22.4 million for "other activities." This item includes the U.S. contribution of \$2 million to the so-called ordinary program of the ICRC for its administrative expenses, as well as a \$1.75 million contribution to their special program for visitation of political detainees. The Intergovernmental Committee for Migration is funded at about \$3.15 million for its assessed administrative budget and about \$2 million for its voluntary programs—the same level as for FY 1983.

Also in this category is the program of assistance to refugees settling in

Israel at a level of \$12.5 million, the same funding level requested for FY 1983. In accordance with the action of the Congress in the authorization act last year, this program now covers not only Soviet and Eastern Europe refugees immigrating to Israel but also refugees from other areas.

Administrative Expenses

For FY 1984, we request \$7.6 million for administrative expenses, an increase of only \$38,000 from FY 1983. This assumes maintaining our current worldwide staff level of 98 positions.

With respect to FY 1985, we request an authorization of \$326.4 million. Of this total, we are requesting \$89.4 million for admission, \$205.7 million for refugee assistance overseas, \$23.4 million for other, and \$7.9 million for administrative funds.

¹The 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. ■

FY 1984 Security Assistance Requests

by William Schneider, Jr.

Statement before the Subcommittee on International Security and Scientific Affairs of the House Foreign Affairs Committee on March 3, 1983. Mr. Schneider is Under Secretary for Security Assistance, Science, and Technology.¹

U.S. foreign assistance programs constitute an integral part of this nation's response to international political and economic developments throughout the world. Resources provide us with the means to exercise leadership internationally and enable us to help developing countries address their most pressing problems.

Secretary Shultz testified before the full committee on foreign assistance in general. I am here today to discuss U.S. security assistance programs and arms transfer policy.

SECURITY ASSISTANCE PROGRAMS

We have developed an integrated foreign assistance program in which development and security assistance combine to meet our economic and national security objectives, as well as those of other countries which share these objectives. Security assistance is but one aspect of the whole. It is important to keep in mind that assistance to promote economic growth and development and security assistance are mutually reinforcing programs that cannot function independently.

The United States has multiple interests involving the developing world. On the economic level, about 40% of total U.S. exports are to less developed countries (LDCs). U.S. industry depends on imports of primary commodities, minerals, and petroleum. Open trading and financial systems are important to the economic health of developed and developing countries alike. Economic progress in the developing countries and recovery in the industrialized nations

cannot occur independent of regional security and stability. A sense of security from external threat and internal upheaval is a necessary precondition of development, and our own self-interest requires that we pay close attention to events in the sometimes seemingly remote countries that are commonly referred to as the Third World. It is only at our own peril that we ignore or fail to respond wisely to their security and development needs.

As it is integral to our foreign policy, so too is security assistance an inseparable ingredient of our own defense planning. This Administration has sought to enhance the security of the United States and to strengthen its ability to protect its interests in various regions of the world. This requires increasing our own defense capabilities and conducting effective diplomacy. In part, however, it also requires a realistic increase in security assistance to allies and friends around the world.

The link between U.S. defense planning and security assistance is direct and occurs at several levels. The United States alone does not and cannot maintain a force structure and capabilities sufficient to defend the free world. We must depend upon allies to deter local threats to our common interests. We factor their capabilities into our planning, and the security assistance program is the vehicle for providing them the necessary equipment and training. It would cost \$60,000 to equip and maintain one U.S. soldier in Turkey, should that be necessary; it costs only \$9,000 for one Turkish soldier. Thus, security assistance is cost-effective.

Second, security assistance enables us to maintain cooperative relationships necessary for our strategic planning. For example, the rapid deployment force cannot perform its mission in a Southwest Asian contingency unless it can move to the area promptly, equipped to fight as necessary. This requires enroute access and transit rights, as well as prepositioned equipment and supplies in the region. We cannot expect other nations to cooperate with us unless we are equally responsive to their legitimate needs. We must be a reliable friend if we are to have reliable friends.

Third, the military security assistance programs are managed by the Department of Defense in conjunction with U.S. procurement so that both the United States and the foreign buyer reap the benefits of consolidated planning and economies of scale. This entails both integrated procurement of weapons

systems and tying foreign buyers directly into our supply systems to ensure timely, effective logistical support. Cutting back on foreign sales by the United States will only serve to channel these sales to others and raise the costs of our own purchases.

Fourth, security assistance helps to maintain a strong defense industrial base in the United States. Virtually all security assistance resources are spent in the United States on U.S. equipment and services.

Finally, allies and friends who are able to deter and defend against local threats provide the President time and choices in a crisis situation. Specifically, the President is not faced with the sudden choice of intervening directly with U.S. forces at the request of an ally or acquiescing to aggression. A security assistance recipient with a strong defensive capability provides valuable time for the United States to consider its own appropriate response.

In sum, adequately funded, efficiently administered security assistance programs are essential to U.S. defense planning. Without them, our own defense effort would be both far more costly and, in times of crisis, even dangerously crippled.

One aspect of security assistance that bears special mention is the economic support fund (ESF). ESF is not simply another form of credits for military purchases. We do program a major percentage of ESF to countries where we also have a significant military assistance program. But we use ESF to address economic problems in a way that both complements and enhances the military assistance we provide.

Many LDCs today are reeling from the multiple shock of high energy costs, decreased demand for their exports, and their own economic mismanagement. Political stability and the ability to fend off external threats are simply impossible objectives if a country cannot achieve economic growth sufficient to enable it to meet the aspirations of its people. ESF helps the United States assert a leadership role in fostering economic recovery in nations of high strategic importance to us. In some instances, such as Israel, ESF provides needed budget support. In others, such as Pakistan, Jamaica, and the Sudan, ESF helps us to support countries that are making efforts to restructure their economies and to become more self-reliant in the future. In still others, such as Kenya and Botswana, ESF meets basic human

needs as do development assistance programs. Flexibility is the most important attribute of ESF, and it is an important complement to other trade, finance aid policies and programs. Before setting into specifics, let me review briefly the five security assistance programs. Although well known to you, they evolved to meet changing needs at the world.

- **Foreign military sales (FMS)** financing facilitates the purchase of military equipment, spares, or training. There are two types of FMS financing—direct credits, which involve appropriated funds, and guaranteed credits, which do not. While direct credits are under the law, be provided with various degrees of concessionality, the Corps in recent years, has limited its use to a few recipients, for which it has waived in advance of the requirement to request U.S. Government guaranteed loans provided to a wide range of countries but 85% of the program is directed to seven key countries—Spain, Turkey, Greece, Pakistan, Israel, Egypt, and Korea. Such loans are made by the Federal financing bank and bear a interest rate reflecting the cost of money to the Treasury.

- **The economic support fund (ESF)**, of which I have already spoken, provides loans or grants to promote political and economic stability in countries of special economic, political, security interest to the United States. This assistance may be in the form of cash transfers for balance of payments or budget support, commodity import programs, or project assistance.

- **The military assistance program (MAP)** provides grant funding for defense articles and services. When in the past MAP was used to provide specific military items, it currently provides recipient countries pay for equipment purchased under the FMS program often provide a degree of concessionality in financing military purchases through a combination of FMS guaranteed and grant MAP funds. While the percentage rise over our FY 1983 request is significant, the dollar change is modest and clearly reflects the coming impact of worldwide recession on the ability of recipients to pay for needed defense requirements.

- **International military education and training (IMET)** provides grants for professional military training. Most is used to bring promising military personnel to the United States for specialized training, which often has

advantage of exposing future leaders to American values and traditions. The IMET program, while very small in dollars committed, will have the highest marginal return of any assistance program.

Peacekeeping operations. The extent of the security assistance activity permits us to participate in lateral peacekeeping activities in some of the world's most volatile areas. In FY 1983 and 1984, the only peacekeeping programs foreseen are those in Lebanon and Cyprus.

83 Supplemental

In FY 1983 continuing resolution which we are operating does not have adequate funds to achieve our national security objectives. After careful consideration, we have recently concluded that we cannot, without sacrificing important interests, continue within continuing resolution. Our problems are accentuated by the extensive earmarking in authorization legislation and in continuing resolution itself. The Administration is obliged, therefore, to request additional funding for the current year coincident with our request for FY 1984.

Lebanon Supplemental. I would like to point out that the first of the two supplemental authorizations we are requesting—\$251 million to help restore stability and in war-torn Lebanon, and a one-time special reconstruction fund. In FY 1984 and beyond, we expect to revert to traditional levels of assistance.

In FY 1983, \$150 million in ESF grants. These "year" funds to be obligated in FY 1983 and FY 1984, about \$100 million and \$50 million, respectively. These funds, together with funds from other sources, will help the Lebanese government rebuild its shattered economic infrastructure.

In FY 1983, \$100 million in FMS guaranteed loans. This will help finance phase II, if approved, and phase III of the effort to retrain the Lebanese Armed Forces.

Phase I, now almost complete, includes the formation of four new brigades and equipping them to 70% strength. Phase II will bring one of the brigades up to 100% strength and the fifth brigade. We have signed letters of offer for most of this equipment. Armored personnel carriers which require congressional notification. A bill for phase II is expected to

be on the order of \$55 million. Phase III would add two more brigades at a cost of \$105 million.

- \$1 million in IMET. This will send U.S. training teams to Lebanon and bring Lebanese military officers and enlisted crews to the United States for specialized training.

I am certain that members of this committee recognize that very important national interests are at stake in troubled Lebanon. We have a vital interest in ending hostilities and promoting the withdrawal of all foreign forces in a manner that promotes lasting peace and stability. The multinational force cannot play a permanent, direct role in maintaining internal security. The Lebanese Armed Forces must gradually assume responsibility for that job. The exact shape of the Lebanese deployments will be determined in part by the outcome of the current negotiations with Israel.

The question is not whether we should participate in Lebanon's recovery nor whether we should help Lebanon develop the capacity to defend its national integrity but how quickly we can bring about these goals. I urge you to consider this supplemental request on an urgent basis so that we can continue the enormous task of reconstruction.

Continuing Resolution. Our other supplemental authorization request also requires urgent attention. In these times of economic constraints and domestic belt-tightening, it takes a really serious situation to come before the Congress to ask for more foreign aid. We are convinced, however, that the request in this case is not only justified but that we have no responsible alternative. The reasons are these.

The continuing resolution is \$961 million, or 11%, below the amount we requested for security assistance in FY 1983. This means cuts of 48% in MAP, 17% in IMET, 16% in FMS guaranteed loans, and 8% in ESF. There was a 24% increase in forgiven FMS credit, but this was completely earmarked for Israel and Egypt—at levels above the Administration request—and did not provide funds for the Sudan program, earmarked in authorization legislation.

Indeed, more than half of the MAP, ESF, and FMS guaranteed loan is earmarked. This magnifies the reduction to be absorbed by the remaining unearmarked countries. For instance, the effective cut for these countries averages nearly 70% in MAP and 50% in FMS.

We cannot carry out an effective security assistance program with such

extensive reductions. We face unacceptable choices as to which critical interests to fulfill and which to sacrifice.

We do not seek a total restoration of the difference between our request and the continuing resolution level. We are requesting \$167 million in additional MAP appropriations, of which only \$142 million requires authorization; \$144.5 million more in ESF appropriations, of which \$82 million requires authorization, and \$425 million in FMS guaranteed loans. Let me describe how the supplemental funds will be used.

Major MAP recipients will be Sudan (\$50 million), Tunisia (\$30 million), Thailand (\$16 million), and Kenya (\$12.5 million). As I noted above, \$50 million in forgiven FMS credit is earmarked in authorization legislation for Sudan, yet no funds were appropriated. Sudan faces severe economic problems and a serious threat from neighboring Libya. Its continued security is important to the Middle East peace process and to our access to Southwest Asia should the need arise. The Sudanese economy is in dire straits; it cannot service sizable high interest guaranteed loans.

Tunisia, another good friend threatened by Libya, needs MAP, coupled with additional guaranteed loans, to purchase tanks and transport aircraft. The total package provides necessary concessionality to help Tunisia's military modernization program.

A similar rationale supports our proposals for Thailand, which just last week was attacked by the Soviet-backed Vietnamese forces ranged along its eastern border, and for Kenya, which contributes to stability and to our objectives in the Horn of Africa and Southwest Asia. We are also seeking small amounts of MAP funding in the supplemental to prevent several small programs in Africa and Latin America from being eliminated.

Major ESF recipients are Turkey (\$55 million), Sudan (\$25 million), Zimbabwe (\$15 million), and the Dominican Republic and Cyprus (\$10 million each). Last year we pledged \$350 million to a multilateral effort through the Organization for Economic Cooperation and Development (OECD) to help put Turkey back on its financial feet. The requested \$55 million, together with the \$245 million allocated under the continuing resolution for this purpose, still leaves us \$50 million short of our pledge.

For Sudan we hope to generate matching support from others to enable Sudan to meet International Monetary Fund (IMF) foreign exchange require-

ments. Such support is essential for a country whose annual debt service costs are expected to exceed its total exports this year. We seek additional funds for Zimbabwe to fulfill our public pledge to provide \$75 million for 3 years.

The Administration remains committed to fostering Caribbean economic growth and stability. The supplemental is essential to this endeavor. We are asking as well for supplemental funds to meet the congressional earmarks for Cyprus and for added funding for the Middle East regional program which promotes cooperation between Israel and Egypt.

The off-budget FMS guaranteed loan request of \$425 million will support Pakistan (\$75 million), Korea (\$70 million), Turkey (\$65 million), Tunisia (\$43 million), Jordan (\$35 million), and Indonesia (\$30 million). Several smaller country programs require funding to prevent them from being eliminated altogether. The Pakistan program will be raised to the requested level consistent with our 5-year program of support for that country and to permit Pakistan to pay for equipment already ordered. Korea has been forced by resource constraints to postpone badly needed modernization programs in such areas as air defense radar installation. The supplemental will enable us to restore the 33% cut from the requested level. The request for Turkey will allow a slight increase over the amount provided in FY 1982 to offset grant MAP reductions mandated in the continuing resolution. The request for Jordan will return this critical program to its requested level. If Jordan is to join the peace process, it must be confident of U.S. support.

We are not seeking supplemental increases in funds for either IMET—although reductions have forced major retrenchments in this highly effective program—or in peacekeeping operations.

Our security assistance program in FY 1983 has been seriously compromised by inadequate funding. We have planned for these extremely scarce funds to continue the absolute highest priority country programs and to conform to the congressional earmarks. However, if the supplemental request is not approved, country programs that are only marginally less critical will suffer grievously and many of the smaller programs will have to be either cut to the point of ineffectiveness or terminated altogether. We do not want—and we trust the Congress does not want—to be responsible for the negative

impact on U.S. interests and our bilateral relationships that would result.

FY 1984 Request

Now let me move on to what would normally have been the only subject of my testimony today—the FY 1984 security assistance authorization request.

We are requesting total security assistance programs of \$9.2 billion, requiring \$4.8 billion in new FY 1984 budget authority. There is no real growth. In fact, the program total represents a modest 4.5% increase over our revised request for FY 1983. By program, we are seeking authorization of \$697 million in MAP, which is essential to provide for increased military inputs at more concessional rates; a virtual straight-lining of ESF, to \$2,949 million, \$56,532 million in IMET; and \$4,436 million in off-budget FMS guaranteed loans. We are requesting \$1 billion in forgiven FMS direct credits for Israel and Egypt and a peacekeeping operations contribution of \$46.2 million for the multilateral force and observers in the Sinai and the U.N. forces in Cyprus.

These figures are determined by an interagency process which carefully reviews all our programs. Our key strategic objectives are established and coordinated with foreign policy and defense planning. We then design a security assistance program that is carefully integrated with development assistance priorities to fulfill key strategic objectives. Since I have recently returned from accompanying the Secretary on a trip to East Asia, I would like to discuss that vital area of the world first.

East Asia and the Pacific. For the Pacific, we are requesting \$506 million for 10 countries—about 5.5% of the total security assistance request. The bulk of funding here goes to countries with which we have firm mutual security agreements. More than 85% of the program goes to three countries—Korea, Thailand, and the Philippines.

The Republic of Korea is directly threatened by North Korea, which spends 15–20% of its GNP on arms, has 12% larger forces than the South, and more than twice the number of artillery pieces, tanks, and combat aircraft. Our \$230 million request will help Korea purchase priority items in its second force improvement plan such as aircraft, air defense missiles, and improved armor and artillery capability.

For Thailand we are requesting \$106.4 million to be used primarily for tanks, anti-aircraft missiles, and a Thai force of 180,000 Soviet-backed and Chinese-trained Thai soldiers across their east border in Kampuchea. By assisting Thailand, we help to deter aggression and show members of the Association of South East Asian Nations (ASEAN) our commitment to support their independence and security. Our assistance program also has a catalytic effect by encouraging greater regional political defense cooperation.

Our FY 1984 program for the Philippines represents the final year of our security assistance pledge which President Carter made in 1979 following a successful amendment of the military base agreement. Clark Air Base, Naval Base, and other facilities will help to sustain the U.S. position in the Asian power and to project American power into the Indian Ocean. Filipinos would note our two smaller but important programs in Indonesia and Malaysia, which promote security interests in these populous, resource-rich countries lying beside vital sea lanes between the Pacific and Indian Oceans.

Middle East. A fundamental objective, requiring the largest percentage of funds, is to further the Middle East peace process. Nowhere is it more important for consistency, reliability, and balance of U.S. foreign policy more evident in the Middle East. Our policy in the region is based on two mutually reinforcing goals: (1) the search for a just and lasting peace among all of the peoples in the area and (2) the requirement that our friends in the region be able to assure their security against threats from the outside and from the presence of Soviet surrogates and radical forces within the region.

U.S. assistance programs to Jordan and Egypt reflect our best approach to their real needs. Our programs are designed to help give these nations the confidence to continue on the path toward peace begun at Camp David.

Lebanon and Jordan are also important to peace and security in the Middle East. I spoke earlier about Lebanon in the context of the FY 1983 supplemental. The strengthening of institutions and the fostering of a national confidence in Lebanon would help significantly stabilize the area and would therefore remove one of the major flashpoints of conflict in the region.

Our continued support for Jordan increases its ability to remain a vital

actor in the region and en-
 to assume an active role in
 ce process. Numerically out-
 by a potentially aggressive
 or, Jordan depends on well-
 ed, high quality, highly motivated
 to deter attack. Inasmuch as the
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 has a staunch friend in the
 States which will supply and pro-
 nancing for military modernization
 The requested \$115 million pro-
 for Jordan is designed to help
 ize the armed forces through
 es of equipment including armor,
 y, airlift equipment, and TOW
 s (tube-launched, optically
 e, wire-guided antitank missiles).
 FY 1984 we plan to devote
 1% of our total security assist-
 ogram to this peace effort. In
 n terms, this is \$1,570 million in
 1,000 million in forgiven FMS
 \$2,130 million in FMS guar-
 antees, \$4.75 million in IMET, and
 \$1 million for peacekeeping
 ons in the Sinai. By country, it
 s to \$2,485 million for Israel,
 \$1 million for Egypt, \$137 million
 for Jordan, and \$15.75 million for
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TO Alliance. The strategic im-
 of Europe's southern flank and
 and the West has been
 cally underlined by events this
 ar. Helping these nations acquire
 erial and training needed to
 ectively their NATO responsi-
 is an important contribution to
 on defense, not only against
 to NATO but against challenges
 omon interests beyond the
 hic bounds of the alliance.
 tugal and Spain hold a strategic
 along the principal lines of ac-
 Europe and the Middle East-
 est Asia. The Portuguese, with
 of their allies, are determined to
 rger role in NATO and in the
 of Western interests. Basing
 in Portugal are key to NATO
 eiment, antisubmarine warfare
 ns, and possibly out-of-area cen-
 es. The FY 1984 FMS-MAP re-
 \$105 million will help provide a
 quadron of A-7P aircraft, the
 of an antisubmarine warfare
 ogram, and increased P-3 and
 apability. Spain's decision to join
 s a historic milestone on the
 hat nation's full reentry into the
 european community. It under-
 s Spain's desire to reinforce

democratic institutions. Our \$400 million
 FMS request serves to solidify progress
 in this direction and helps ensure the ac-
 cess we need to bases vital to our own
 defense posture.

In our defense cooperation agree-
 ment with Turkey, we have undertaken
 to assist the Turkish Armed Forces in
 their efforts to modernize their danger-
 ously obsolescent military inventory.
 Turkey is outnumbered three to one by
 Warsaw Pact ground troops, armed with
 the most modern armaments in the
 Soviet arsenal garrisoned in the nearby
 trans-Caucasus and Thrace. Similarly,
 Warsaw Pact aircraft vastly outnumber
 Turkish aircraft in the region. We are
 requesting \$755 million in FMS-MAP to
 help Turkey purchase a wide variety of
 equipment including some replacements
 for its obsolete fighter aircraft. The use
 of MAP funds will limit the impact of
 this large program on Turkey's heavy
 debt service schedule. We cannot
 understate Turkey's importance, stand-
 ing as it does at the intersection of our
 NATO, Southwest Asia, and Middle
 East strategies.

Security assistance demonstrates
 American support for a democratic
 Greece willing and able to fulfill its
 NATO responsibility and to help ensure
 political stability in the eastern Mediter-
 ranean. We have straight-lined the
 Greek program because base negotia-
 tions currently are underway. To do
 otherwise would compromise our ability
 to reach a reasonable agreement. We
 have told the Greeks, however, that we
 are prepared to request additional funds
 in the context of a satisfactory defense
 cooperation agreement.

We intend to commit \$1,790 million
 in security assistance to the European
 southern tier states of Spain, Portugal,
 Greece, Turkey, and Cyprus. By pro-
 gram this will consist of \$230 million in
 ESF, \$290 million in MAP, \$1,250
 million in FMS guaranteed loans, \$11.7
 million in IMET, and \$9 million for the
 U.N. forces in Cyprus. By country it
 will be \$12 million for Cyprus, \$281.7 million
 for Greece, \$148 million for Portugal,
 \$415 million for Spain, and \$934 million
 for Turkey.

Southwest Asia. Southwest Asia
 remains the critical source of energy for
 the free world. Broadly defined this area
 stretches from Pakistan in the East to
 Morocco in the West. Almost all these
 countries face severe economic problems
 and potential subversion or regional
 threats, in many cases supported by the
 Soviets or their proxies.

Our 5-year program of military
 modernization and economic assistance
 will help Pakistan to meet the Soviet
 threat from Afghanistan and facilitate
 the economic development essential to
 internal stability. Our renewed strategic
 relationship will help deter further ac-
 tions by the Soviets and support
 Pakistan resolve to continue to oppose
 Soviet aggression in Afghanistan. A
 Pakistan more confident of its security
 has less need for and motivation to
 develop nuclear explosives. The \$300
 million FMS request will be used for
 progress payments on the \$1.7 billion
 package of military assistance already
 underway, including F-16 aircraft. As
 you know, the first six F-16s recently
 arrived in country, and the reaction was
 overwhelmingly positive for U.S.-
 Pakistan security relations.

Sudan, Morocco, and Tunisia all face
 threats of subversion or aggression
 emanating from or supported by Libya.
 Sudan also faces a significant potential
 military threat from Ethiopia. These
 countries have difficult economic prob-
 lems. Grant U.S. assistance is needed to
 enhance military preparedness without
 adding to already excessive economic
 burdens.

Given Oman's strategic location on
 the Strait of Hormuz and close coopera-
 tion on regional security issues, we put
 high priority on improving its defense
 forces. The Yemen Arab Republic,
 strategically located on the Bab el-
 Mandeb Straits and the southwest flank
 of Saudi Arabia, faces a well-armed,
 Marxist-led insurgency supported by
 South Yemen and Libya. With a
 deteriorating economic situation, this
 country requires both development and
 security assistance to enable it to main-
 tain its independence and stability.

Also along the Indian Ocean littoral,
 in both Kenya and Somalia, we seek to
 encourage economic self-reliance and
 the development of defense capabilities con-
 sistent with economic realities. Both na-
 tions count as key features in our own
 defense planning for the region, and
 Somalia faces continuing pressure from
 Ethiopian border attacks. Our aid to the
 island states helps maintain U.S. access
 and influence in the Indian Ocean.

We plan to commit some \$1,188
 million to security assistance for the 12
 countries whose cooperation we consider
 essential to our Southwest Asia policy.
 Programmatically, this will include \$451
 million in ESF, \$220 million in MAP,
 \$507 million in FMS guarantees, and
 \$10.15 million in IMET. The major coun-
 try programs are Pakistan at \$525.8

million, Sudan at \$181.5 million, Tunisia at \$141.7 million, Morocco at \$98.7 million, Kenya at \$78.65 million, Somalia at \$76 million, and Oman at \$60.1 million.

Caribbean Basin. We face a major challenge in the Caribbean Basin, where Cuba has sought to exploit socioeconomic problems and military vulnerabilities. The FY 1982 Caribbean Basin initiative supplemental was never intended to cure all problems; we must continue to provide resources until increased investment, a strengthened private sector, and expanded export markets enable these countries to achieve more economic self-sufficiency.

El Salvador, where the guerrillas seek to destroy the economy and take over the government, would be the largest single recipient of both economic and military assistance in the Caribbean Basin. The Salvadoran economy has been in sharp decline since 1978; in real terms the value of goods and services produced now is estimated to be 25% below 1978. We have allocated \$140 million in ESF for FY 1983 and are requesting \$120 million for FY 1984 in an effort to restore production in what was one of Latin America's most efficient economies. Honduras faces a severe economic decline and a large military buildup in neighboring Nicaragua. Costa Rica's rapidly deteriorating economy will require substantial assistance while fundamental reforms are effected. Jamaica will continue to need substantial assistance in order to restore the vitality of its private sector. Because of deteriorating conditions, other countries in the region, including Guatemala and the Dominican Republic, require substantial amounts of economic assistance. We are proposing a new FMS program for Guatemala in FY 1984 because of the importance of Guatemala in Central America, the threat the country faces, and the progress being made in improving human rights.

Under the security assistance rubric, we expect to devote about \$558 million to Caribbean Basin initiative countries and regional programs. This will include \$398 million in ESF, \$109.8 million in MAP, \$45 million in FMS guarantees, and \$5.13 million in IMET funds. The major recipients will be El Salvador at \$206.3 million, Honduras at \$81 million, Costa Rica at \$72.15 million, Jamaica at \$59.2 million, Guatemala at \$50.25 million, and the Dominican Republic at \$45.75 million.

We also propose in FY 1984, in addition to these areas of strategic concern to the United States, to provide security assistance to a number of other countries in troubled parts of the world.

Africa. Our policy in southern Africa is designed to advance the peace process in Namibia, ensure continued Western access to key strategic minerals, and support the development process from Zaire to the Cape. We are committed to assist the economic development of the front-line states in southern Africa, whose participation is essential to the resolution of conflict there. The alternative—a new escalation of conflict—would provide significant new opportunities for the Cubans and the Soviets. We seek \$181 million in security assistance for this region.

Adequate aid is essential to maintain peace and stability in western Africa, where financial difficulties risk exploitation by Libya. We propose modest new ESF programs for two threatened, staunchly pro-Western countries—Senegal and Niger. Our aid to Liberia is designed to address its immediate financial crisis, stimulate long-term development, ensure continued U.S. access to key transportation and communications facilities, and facilitate the return to civilian government in 1985. Our assistance elsewhere in West Africa is limited to FMS loans in Cameroon and Gabon and to 14 IMET programs.

South America. The President's recent trip to Latin America underscored America's commitment to play a major role in addressing the key problems of our neighbors to the south. In furthering our strategic and national security interests in the southern part of the hemisphere, we are seeking \$51 million for FMS guaranteed loans to Peru, Colombia, and Ecuador.

In concluding this portion of my remarks, I would emphasize that none of these figures is intended to set a cash value on the relationship between the United States and the recipient country. Nor do they in all cases indicate the total amount of assistance we propose to provide, as many will receive various other types of development assistance as well. Our security assistance budget proposal is, I believe, carefully crafted to move us toward a variety of strategic objectives at minimum expense to the American taxpayer.

FY 1984 Legislative Proposals

I would now like to address several of our legislative proposals for FY 1984. These include new proposals together with those submitted last year. Many of the latter were included in the action bill reported by this committee. We have made an effort to limit the number and scope of the proposals to the essential to the effective operation and administration of the programs. We regard those which are before you as extremely important and urge their consideration and adoption.

Let me highlight some of the important proposals.

We seek a change to Section 223 of the Arms Export Control Act to simplify the current, multistep procedure on sales of training. By giving us to charge all purchasers a amount equal to the "additional cost" not otherwise incurred by the United States in providing the training, the proposal would reduce discrimination among countries yet ensure that the United States recoups the total cost attributed to such training. This provision is similar to that enacted recently regarding training.

Earlier I mentioned the importance of earmarking in legislation has on our ability to allocate available funds to priority objectives. The most serious problems arise from earmarks in authorization and appropriations legislation, which assume availability of funds authorized in that bill. Worldwide availability for ESF or is reduced, often severely in a continuing resolution, we must nonetheless earmark. This creates serious constraints in country allocations, often unintended, by forcing disproportionately severe cuts in unearmarked programs.

To help deal with this problem, the Administration is proposing enactment of a provision that would reduce the earmark was to the total funds available in resolution, to the same proportion as the total funds available under continuing resolution as the original mark was to the total funds available in the relevant account in the law as established the earmark. We recall that the Congress may not authorize appropriate all the funds that have been requested. When the funds are reduced, however, earmarking places us in a straitjacket which prevents rational country allocations. The combination of lower funding and extensive earmarking

ting. I strongly urge adoption of proposals.

We also need adequate numbers of personnel in certain countries to manage security assistance program. The number of overseas military personnel has increased significantly in the late 1970s. We must take the lead in bringing about reductions, many of which were war-related and overdue. As certain programs grow in size and importance, we must seek prudent investments.

Accordingly, we propose to amend Section 515 of the Foreign Assistance Act to add 9 new countries currently authorized to have up to six uniformed personnel. These include Pakistan, Tunisia, Yemen, Sudan, Zaire, El Salvador, Honduras and Venezuela.

We propose to add Korea to the list of countries authorized to receive extended payment terms on guaranteed loans. The size of the program has been reduced significantly in recent years. The reductions are not by choice but because Korea is an unearmarked country, was unable to bear a sizable portion of the costs in overall funding. This proposal will allow Korea to spread out payments and spend a larger portion of its own funds on needed military equipment.

Current law requires that countries purchase or dispose of U.S. equipment on a buyback basis under the MAP program. The proceeds from the United States go to the recipient. Because there is no incentive to dispose of obsolete equipment which is available for operation and maintenance, countries maintain such equipment in their inventories even though it is uneconomical. We are proposing to add a waiver authority that allows the President, on a country-by-country basis, to permit countries to purchase equipment from the proceeds of a sale when it is in the national interest to do so. All the legal and policy controls on arms transfers would continue to apply to any sales of this equipment.

Briefly I want to mention a few of our 1983 proposals which we are currently requesting in FY 1984.

Authorization of an antiterrorism program. Our proposal covers virtually all of the changes made by the committees last year. This proposal would become effective upon enactment of the bill to provide anti-terrorism assistance. Authorization of \$50 million requested for FY 1984.

Removal of prohibitions against arms transfers to China. This proposal

removes China from the prohibited list of "Communist" countries in Section 620(f) of the Foreign Assistance Act.

- Permit reciprocal no-cost exchange training on a one-for-one basis for professional military at war colleges and command and staff colleges.
- Establish a threshold of \$50,000 on reprogramming notices to the Congress for international narcotics control and IMET programs.

We are presenting you with several proposals—two FY 1983 supplemental authorization bills plus the regular FY 1984 bill. We request your urgent and careful consideration of them. The legislative and budgetary requests have been scrutinized thoroughly within the Administration and meet all of our essential criteria in a very tight budget year. In conclusion, I ask you to consider not only the costs of providing the requested assistance but also the costs of not providing it.

ARMS TRANSFER POLICY

With respect to arms transfers and arms transfer policy, I would merely reiterate what many officials of this administration have said before: We consider arms transfers to be an instrument of U.S. policy, not an exceptional instrument as our predecessors tried but in fact failed to establish, nor as a largely commercial activity as is the case with a number of some other nations. We will continue to weigh carefully all of the relevant considerations likely to bear upon any specific arms transfer decision in order to determine whether that transfer is, on balance, in the clear U.S. national interest.

These considerations include, of course, the military purpose of the proposed transfer, the ability of the recipient to absorb and operate the equipment, the economic impact of the proposed transfer upon the recipient, the impact upon surrounding states—stabilizing or destabilizing in the region—and so on. As a practical matter, we continue to turn down proposed sales at a rate not significantly lower than our predecessors. This approach, we firmly believe, is sensible and ensures that arms transfers are integrated effectively with other instruments of policy and contribute to our broader strategic objectives.

Arms transfers are inherently neither good nor evil. A given weapons system is not stabilizing or destabilizing

as an abstract proposition. Arbitrary restraint and unrestricted transfers are equally unrelated to U.S. national interests. There is no virtue in cutting arms transfers or increasing them, in the aggregate. Transfers can be evaluated fairly only in terms of their impact on specific U.S. interests in specific countries and regions, taking into account military, political, and economic realities at the time.

We have established a rigorous internal review process on arms transfers. All relevant departments and agencies have an opportunity to review major proposed transfers and present their views. This provides me, and other decisionmakers, with assessments of military need, political impact, regional implications, arms control factors, and affordability.

Sometimes there are clear and easy choices, i.e., approval or disapproval is unambiguously in the U.S. interest. In other cases, there are valid pros and cons. We must then decide whether, *on balance*, a proposed transfer is in the U.S. interest. We consult with the Congress, both to factor your advice into the decisionmaking process and to acquaint you with the factors bearing on the case, to sensitize you to the gray areas, and to minimize potential differences if we approve a sale and transmit it to you pursuant to Section 36(b) of the Arms Export Control Act.

We also give close scrutiny to transfers of systems that incorporate advanced or sensitive technology. We must be assured that such technology will be adequately protected. This factor adds complexity to our analysis, because we must take into account the potential stability of recipient governments over the lifetime of the equipment being sold. The probability that a country will continue to share common policy objectives with us over the long haul is an important consideration as well.

Arms transfers are not substitutes for other forms of diplomacy. They are not an alternative to a long-term coincidence of national security interests between the United States and another government. They cannot guarantee harmonious bilateral relationships when fundamental interests diverge. The Soviets learned this in Egypt, Somalia, and earlier in Indonesia, or as we have experienced in Iran and Ethiopia.

This being said, however, arms transfers should be and are an integral part of our security relationships with friendly countries which seek to deter and defend against neighbors which are,

most likely, armed by the Soviets or other East bloc countries. As I stated earlier in my testimony, if we want reliable friends, we must be one ourselves. Countries which cast their lot with the United States must know that they can count on our support to meet their legitimate military needs. Failure to respond prudently and appropriately to these needs would seriously damage our credibility as a leader of the free world, would increase the chances of U.S. forces having to be deployed in a crisis, and would jeopardize defense cooperation with countries which provide access and facilities to the U.S. military. Our ability to supply friendly nations with appropriate arms contributes to a reduction in what would be larger U.S. defense needs to meet our national security objectives.

Government-to-government arms sales have fluctuated in recent years, from \$13 billion in FY 1979 and \$15.3 billion in FY 1980 to \$8.5 billion in FY 1981 and \$21.5 billion in FY 1982. They are, of course, subject to inflation like other areas of the economy: thus the levels for the past 3 years, in constant FY 1979 dollars, would more nearly approximate \$13.6 billion, \$6.6 billion, and \$16.3 billion, respectively.

FMS AGREEMENTS (billions)

	1979	1980	1981	1982
Current	\$13	15.3	8.5	21.5
Constant FY 1979	\$13	13.6	6.6	16.3

Commercial military exports in recent years have approximated \$2 billion or less per year. This figure might rise somewhat since the Congress removed the commercial arms sales ceiling several years ago.

The surge in arms sales in 1982 largely reflects the impact of several large transactions. During recent years, for example, the United States has approved or has under consideration the following major cases:

- Trident for the United Kingdom—about \$4 billion;
- F-18s for Spain—about \$3 billion;
- F-18s for Australia—about \$2.6 billion; and
- F-16s for Israel—about \$2.7 billion.

The four sales exceed \$12 billion, or more than half the FY 1982 level of \$21.5 billion. Adding the \$8 billion Saudi airborne warning and control system (AWACS) package would, with just the five largest transfers of the past 2 or 3

Afghanistan Day, 1983

DEPARTMENT STATEMENT, MAR. 21, 1983¹

I would like to note that today—March 21, the Afghan New Year—is being commemorated again this year as Afghanistan Day. Various private organizations, including many Afghan exile groups and some State governments and municipalities, are planning events throughout the United States to show their continuing support for the struggle that the Afghan freedom fighters are waging against Soviet aggression in Afghanistan.

In the 3 years since their invasion, the Soviet forces have been unable to subjugate Afghanistan. They are pitted against an extraordinary people who, in their determination to resist, have organized an effective and still spreading countrywide resistance. The resistance of the *mujahidin*, or Afghan freedom fighters, is an example to all

years, virtually match the entire FY 1982 total. Shifting such large sales from one year to another can dramatically change annual totals, with absolutely no policy implications.

In fact, the high FY 1982 level following the low FY 1981 level is largely an artifact of just such a shift of the Saudi AWACS package from FY 1981 into FY 1982 as a result of the extended congressional debate. Averaging those two fiscal years yields annual levels of some \$15 billion—about the same as FY 1980.

For the record, I would like to provide you with some additional detail on the major arms transfers recipients in FY 1982.

FY 1982 Major Transfers Recipients (millions)

Saudi Arabia	\$ 5,170	Weapons-Related
	\$ 1,844	Construction
Subtotal	\$ 7,014	
Australia	\$ 2,653.5	(Mostly F-18s)
Egypt	\$ 1,943.2	(Mostly F-16s)
Pakistan	\$ 1,422.9	(F-16s and Army Equipment)
South Korea	\$ 1,046.4	(Mostly F-16s)
Total	\$14,080.0	

These five countries, therefore, accounted for fully two-thirds of total FY 1982 sales; adding the next largest eight recipients brings the total to near-

the world of the invincibility of the ideals we in this country hold most dear—the ideals of freedom and independence.

The Secretary of State expresses solidarity with the Afghan freedom fighters and sends his New Year greeting to Afghans everywhere. I would like to recall for all the world America's unflagging sympathy for determined people, its support for refugees, and its commitment to a political settlement for Afghanistan based on the complete withdrawal of Soviet forces, which would also insure self-determination for the Afghan people, independence and nonalignment for Afghanistan, and the return of refugees with safety and honor.

¹Read to news correspondents by Department spokesman Alan Romber.

ly \$17 billion, or about 80% of the for FY 1982:

Venezuela	\$615.3
Israel	\$544.3
Turkey	\$411.0
Netherlands	\$324.2
Tunisia	\$320.3
Taiwan	\$297.1
Japan	\$256.1
West Germany	\$ 79.9
Total	\$2,848.2

I would note that very few of have been the subject of significant controversy.

With respect to FY 1983, it is difficult at this point to make a confident projection; however, we will provide an estimate, in the classified arms sales proposal, as required by law. At that point, we have concluded some \$5 billion in arms transfer agreements for the current fiscal year. Of this amount 60% is accounted for by just sales—to Saudi Arabia, Japan, or NATO plus two NATO-member countries:

Major FY 1983 Arms Transfer Agreements (March 1, 1983)

\$2,365 billion—Saudi (Naval Program)
\$1,178 billion—U.K. (Trident Program)
\$ 275 billion—Japan (Helicopters)
\$ 232 billion—NATO (Missiles)
\$ 218 billion—Netherlands (F-16s)

In conclusion, I would like to remind of the relationship between arms and U.S. assistance programs. In general terms, our military financing covered roughly 20% or 25% of approved arms sales agreements in recent years. The remainder has been for in cash. Of the financed portion, two-thirds and three-fourths have been at the cost-of-money to the

U.S. Treasury—in recent years as high as 14%. The remaining fraction has been paid for by grant U.S. financing, largely to Israel and Egypt.

¹The 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. ■

1984 Assistance Requests for Organizations and Programs

Gregory J. Newell

*Statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee on March 7, 1983, and excerpt from statement before the Subcommittee on International Operations of the House Foreign Affairs Committee on March 15. Mr. Newell is Assistant Secretary for International Organization Affairs.*¹

STATEMENT,
7, 1983

I appreciate the opportunity to present the President's FY 1984 request for contributions to certain voluntarily funded organizations and programs of the United Nations and the Organization of American States (OAS). I wish first to state the request in context by describing the basic approach to the United Nations and the Bureau of International Organization Affairs (IO).

Let me address first the relationship between the IO Bureau and our Mission in New York. Many believe the Cabinet's policy of the U.S. Representative to the United Nations makes the assistant secretary's job impossible. I believe that Ambassador Kirkpatrick and I together have largely overcome the inherent difficulties. Inevitably, our different perspectives have sometimes resulted in different opinions. We have felt no need, however, to belabor such occasional differences; our common respect for one another and our common dedication to the President have kept our discussions focused on the problems at

U.S. Priorities

Only days after I took office last June 4, I announced five policy priorities to guide the work of the bureau. We have incorporated these priorities into our day-by-day management of multilateral issues. And we have used them to maintain a steady focus on those matters of greatest importance to the United States.

The first priority is reassertion of American leadership in international organizations. When we speak out clearly, nations listen. When we present constructive proposals, they can win support. In the last General Assembly, for example, we turned back Cuba's effort to put Puerto Rico on the Assembly's agenda, and we were instrumental in defeating an attempt to exclude Israel. Both were tough situations in which we took charge and prevailed.

The second priority is budgetary responsibility. The United States is dedicated to supporting international organizations whose assessed budgets reflect conservative fiscal policies and economic reality. The President's own budget policy is zero net program growth and significant absorption of nondiscretionary cost increases. In view of the restraint being imposed on the domestic programs of the United States and other major contributors, international organizations simply cannot be immune from the same economic constraints. Although the battle is far from won, we are seeing encouraging signs—like the defeat of an unwarranted pay raise for UN employees—that our insistence on restricting budget growth is starting to gain support.

Third is strengthened U.S. influence in international conferences. Leaner delegations will not only save money but also assure more disciplined delegations. Our goal here is to reduce by 30% the

number of government delegate travelers compared to FY 1980. Over the last 8 months, we achieved a reduction of more than 26%.

Fourth is more U.S. nationals serving in international organizations. We seek both to identify important policy-making vacancies for Americans and to ensure that Americans occupy positions at junior levels and are given opportunities to advance. We want no unfair advantage but only that the number of positions held by Americans falls within the established ranges. We feel we are making progress in some key areas.

And fifth, we want an increased role for the private sector in the programs and activities of the international organizations. We seek to encourage UN programs which draw upon private sector expertise and funding, to solicit private sector views on UN issues, and to combat negative attitudes toward the private sector within the UN system and among member states. Concretely, we have, for example, devoted greater resources to UNESCO's [U.N. Educational, Scientific and Cultural Organization] international program for the development of communications to draw the private sector into UNESCO activities, and we have gotten a number of American communications companies to train developing country officials in the use of U.S. communications technology.

To implement these priorities, I launched on July 15 a systematic review of the international organizations and programs for which my bureau has some responsibility. In consultation with other bureaus of the Department of State and other executive agencies, we are assessing the effectiveness of the international organizations and weighing the benefits and costs of our participation. Our goal is to ensure that these organizations promote both American and world interests.

Finally, let me indicate what I see to be the most serious problems confronting us as we seek to serve our interests through participation in international organizations. First, the introduction of extraneous political issues into the deliberations of the UN technical agencies' meaningful and necessary work; the attacks on Israel's right to participate in different international organizations is just one example. Both Secretary Shultz and the President himself have deplored this disruptive tendency. The second problem is the lack of financial discipline in international organizations. Throughout my extensive consultations with Secretariat officials and representatives

of some 58 member governments, I have stressed the need for fiscal restraint. Our success in dealing with both these problems may well determine the future of international organizations.

I appreciate this opportunity to describe for you the approach we are taking in the bureau. In sum, my attitude is neither cynical nor overly optimistic. The Bureau's overall objective—and that of this Administration—is to make the United Nations and its agencies work more effectively. We have been critical, but for a constructive purpose. In and through the United Nations, we will continue to uphold American values, express American views, and pursue American interests, and we can and must do this within existing budgetary constraints.

Appropriations Request

The President's request of \$190 million for the international organizations and programs account is \$16.7 million above the FY 1983 request level. This increase reflects a careful balance between the President's goals of budgetary stringency required for rebuilding our national economy and his determination to maintain the long-established leadership role of the United States in the international organizations concerned. U.S. leadership is most important in the two major organizations funded from this account—the UN Development Program (UNDP) and the UN Children's Fund (UNICEF). A third significant contribution, to the International Atomic Energy Agency (IAEA), is also vital for balanced safeguards support and technical assistance programs designed to assure continued widespread support for U.S. nonproliferation objectives. The fourth major contribution in the account provides for promoting social and political stability within the framework of basic U.S. interests in Latin America and Caribbean nations through the development assistance programs of the Organization of American States (OAS).

Although UNDP, UNICEF, IAEA, and the OAS are the primary organizations in this account, the total level requested is calculated to demonstrate continued U.S. commitment in these difficult times to all of the programs involved, to assure for this country a major role in shaping the direction of their activities, and to restrain pressure for increased technical assistance allocations in the assessed budgets of other UN agencies where we have less political and budgetary influence.

Unlike the organizations to which we are legally obligated by treaty to make assessed contributions, UNDP, UNICEF, and the other voluntarily funded development and humanitarian assistance organizations are keenly aware that our degree of participation is dependent upon our perception of their effectiveness and their responsiveness to our interests. Therefore, historically, they have tended to be "self-regulating," and because of our usually large contribution, they remain very responsive to our efforts to play a strong leadership role. Disruptive issues like Israeli participation, apartheid, and involuntary resource transfers to the developing world—all too common in some UN organs—rarely interfere with the humanitarian assistance programs of UNICEF, the well-managed development projects of UNDP, or the vital meteorological data gathered by World Meteorological Organization's (WMO) voluntary cooperation program.

Besides being well managed and responsive, the agencies of this account advance our foreign policy objectives in the following ways.

- They contribute to economic growth and stability in developing countries by helping the poorer nations plan and implement development programs that improve the well-being of their citizenry. In so doing, they enhance world security by chipping away at sources of discontent.
- Our participation in UN programs helps to promote the integration of developing world economies into the Western economic system, to ensure that the growth and expansion of important developing countries takes place in close contact with the West.
- This Western influence fosters an emphasis on self-reliance, the ultimate requirement for effective development. The fact that recipient governments help direct UN projects and thus must share accountability for the success or failure of UN activities increases their self-reliance to a degree often lacking in other development assistance efforts.
- U.S. contributions to agencies such as UNICEF demonstrate American humanitarian concern around the globe.
- These UN and OAS programs complement our bilateral aid efforts and allow us to extend a measure of our influence to areas too sensitive for, or outside the reach of, U.S. bilateral aid.

UN Development Program (UNDP). The President is requesting \$120 million as our contribution to

UNDP. This organization, with its extensive network of 114 developing country field offices, remains the main channel for technical cooperation in the system. Administering projects amounting to over \$600 million a year. UN responsible for program delivery in more fields in more developing countries and territories (152) than any other development assistance organization in the world. UNDP projects cover a broad range including expanding industrial and commercial sectors, increasing agricultural production, and enhancing absorption capacity through the training of local people. Specifically the \$120 million is needed to:

- Maintain the comprehensive system of UNDP field representation. The UNDP's resident representatives are the principal UN spokesmen in every developing country. They perform field functions for nearly all UN agencies and the Secretariat, achieve economies of scale and improved efficiency for the UN system as a whole through their coordinating and catalytic activities;

- Stave off the growth of technical assistance in the regular budgets of UN specialized agencies. Now in the second year of the third program cycle UNDP, due to the worldwide economic situation, finds itself with donor resources permitting programming only 55% of the level originally planned. While the original growth rate may have been unrealistically high, agency heads and developing nations have seized this situation of unfulfilled expectations to urge increased technical assistance from other agencies through the regular budget—a move we oppose for both policy and budgetary reasons. A sufficient U.S. voluntary contribution can help in deflecting such increases from other agencies;

- Maintain top level U.S. management in the organization. The term Brad Morse, the current UNDP Administrator, expires in 1983 and we desire his reappointment or his replacement by another American; and

- Continue a coordinated approach to UN system development via one central agency.

UN Children's Fund (UNICEF). FY 1984 request of \$27 million for UNICEF is necessary to respond to the needs of children and mothers in developing countries. UNICEF is unique in providing long-term humanitarian development assistance for children, maximizing popular participation an

efforts at the village level. It is in cooperation with the host government and often with bilateral and other multilateral organizations. UNICEF provides training at the village level, supplies and equipment for health centers, and advocacy for poor children at the international level. Our requested funding is particularly important in order to continue U.S. leadership of the organization and to enable it to meet recent developments in medical technology to reduce acute malnutrition and diarrheal diseases. These new medical technologies include low-cost vaccines and oral rehydration therapy for diarrhea. Other components of the UNICEF approach include the use of infant growth charts to monitor malnutrition, the promotion of breastfeeding, and the spacing of births. This approach is consistent with the UNICEF strategy and reinforces our bilateral efforts in these areas.

International Atomic Energy Agency (IAEA). Concern over the threat to world peace of further proliferation of nuclear weapons has intensified focus on IAEA's vital safeguards which play a central role in the Non-Proliferation Treaty. The United States wishes to strengthen the agency's role and the application of international standards to prevent the diversion of nuclear materials from peaceful to military purposes. This emphasis is not shared by the developing countries, whose primary interest is the IAEA's technical assistance program. Our proposed \$18.5 million voluntary contribution is designed to help fund both programs while maintaining an overall balance in order to sustain the developing countries' support of the safeguards system. The President's request for a total of \$18.5 million in FY 1983 supplemental appropriations for IAEA also is required to maintain this overall balance.

Organization of American States Development Assistance Program. The OAS is a valuable institution which we promote important U.S. interests in this hemisphere; in particular, political solidarity and collaboration, the enhancement of human and social development and containment of conflict and peacekeeping. Although the member countries are concerned with the same issues, they tend to be approached with their own economic interests. Consequently they tend to be more committed to inter-American solidarity in large part by the level of support for OAS economic development programs. We believe that

the requested \$15.5 million is an acceptable contribution to Latin American development needs and will be seen as a testimony to U.S. leadership. These monies should ensure that the United States will continue to influence the use of OAS funds and preserve our leadership in the development field throughout the hemisphere. It is worthy of note that the more developed countries in the region have begun to assume more of the development burden and are strengthening thereby cooperation among the member countries.

UN Environment Program (UNEP). The United States was an initial supporter of UNEP's creation in 1972 and contributed some 30% of its total resources for the 1978-82 period. Most UNEP programs are devoted to global environmental problems in which the United States has fundamental interests but which by their nature require a multilateral approach. These problems include build-up of toxic substances in rivers and oceans, accumulation of carbon dioxide and hydrocarbons in the atmosphere, pollution of air and water, and deforestation. UNEP is an important mechanism for stimulating and orchestrating action on such problems. A \$3 million U.S. contribution to this program will allow developing countries to take advantage of UNEP's efforts to build environmental safeguards into new development projects and promote rational resource management. In the long run, the United States will be a prime beneficiary of the support we give UNEP today.

World Meteorological Organization (WMO) Voluntary Cooperation Program. The global operation of the World Weather Watch of the WMO voluntary cooperation program is of direct benefit to the United States. Before its establishment, adequate weather data had been unavailable from over 80% of the Earth's surface—primarily the oceans and the developing countries. Data from these areas are becoming available as a result of the voluntary cooperation program efforts and are being used to help improve forecasts of short-range precipitation and temperature, as well as long-term weather patterns. The information is used by the general public, civilian industries, and our defense establishment. The data from this program are also used for research purposes to improve the operational system and to help predict climate fluctuations. The program supports the participation of

developing countries in the program by providing and installing equipment and training personnel to operate it. The request of \$2.3 million will sustain this work.

UN Capital Development Fund (UNCDF). Established to promote small-scale local industries and production within developing countries by applying the most appropriate technology, UNCDF provides financing for those projects considered too small for external private or multilateral bank attention. UNCDF projects are relatively small in order to enlist the widest local participation and make maximum use of local resources, giving beneficiaries increased motivation and early results. UNCDF welcomes the cooperation of private enterprise in the development process as exemplified by Libby's involvement with a UNCDF-financed small-holder asparagus project in Lesotho. We are requesting \$2 million as the U.S. contribution to UNCDF in FY 1984.

UN Education and Training Program for Southern Africa (UNETPSA). We are requesting \$1 million for this program, which supports the peaceful transition of southern Africa to majority rule, a major U.S. interest. Scholarships are offered at secondary and university levels to black students denied access to such education in their homelands. Many of the grantees study in the United States. Their training here and in other Western countries should enable them to obtain first-hand impressions of Western concepts and ideals in action—concepts which will later assist them to assume responsible positions in government, business, and education.

UN Voluntary Fund for the Decade for Women. This specialized fund supports projects which benefit the most economically disadvantaged women. The emphasis is on activities which improve women's abilities to contribute to their families, communities, and countries. U.S. support of these activities identifies us with the social and economic advancement of women worldwide. The fund sponsors a diversity of projects which include community shops, fuel and energy development training, brick industry for rural women, and marketing of handicrafts. A \$500,000 U.S. contribution to the fund in FY 1984 will help assure this wide range of projects.

Convention on International Trade in Endangered Species (CITES). This \$150,000 request covers the U.S.

targeted portion of the CITES secretariat's biennial budget. This contribution will support international wildlife conservation measures. The Convention on International Trade in Endangered Species is the preeminent wildlife conservation treaty. It has established machinery for advocating protection of endangered species of flora and fauna. The United States played a leading role in the creation of CITES.

In summary, we believe this request for the international organizations and programs account takes into consideration the need for budgetary stringency yet protects our political, economic, and security interests. We believe continued U.S. support for the programs of the account is vital to the leadership role our nation should play in the multilateral and international arenas. We hope that Congress and this committee agree and will support the full request.

STATEMENT (EXCERPT), MAR. 15, 1983

As you know, U.S. assessed contributions may be grouped into four general categories:

- United Nations and affiliated agencies—\$388,795,000
 - Inter-American organizations—\$88,609,000
 - Regional organizations—\$40,352,000
 - Other international organizations—\$8,017,000
- Total—\$525,773,000

Our budget request of \$525,773,000 for FY 1984 is a total increase of \$89.6 million over FY 1983. Of this increase, only \$4.7 million reflects a net increase in assessments. The remaining \$84.9 million is attributable to the completion of the U.S. deferral program. With the split-year funding during the transition period, our FY requests previously had represented only a portion of our calendar year obligations to 11 affected organizations. The FY 1984 request is to pay in full our calendar year 1983 obligations to those organizations. Further deferral for any of these contributions would place the United States in arrears.

The \$388.8 million request for the United Nations and affiliated agencies includes a net increase of \$69.9 million over FY 1983. Of this, only \$0.7 million reflects a net increase in assessments. The balance, \$69.2 million, is attributable to the completion of the U.S. deferral

program. Nine of the organizations in this general category were affected by the deferral.

The 1984 request for the inter-American organizations includes assessment increases totaling \$3 million for the Inter-American Institute for Cooperation on Agriculture and the Pan American Health Organization. This increase is, in part, offset by a decrease of \$1.2 million in the assessment of the OAS. Thus, the 1984 request of \$88.6 million represents a net increase of \$1.8 million over FY 1983.

For the regional organizations, there is an increase of \$13.8 million attributable to the completion of the deferral program for the Organization for Economic Cooperation and Development and an assessment increase of \$1.7 million. The FY 1984 request of \$40.4 million is an increase of \$15.5 million over FY 1983.

The \$8 million 1984 request for the 21 other international organizations includes a net increase of \$2.4 million over FY 1983. Of this, only \$0.5 million is for increased assessments. The balance, \$1.9 million, is for completion of the deferral program for the General Agreement on Tariffs and Trade.

Contributions for Peacekeeping Activities

The UN peacekeeping forces on the Golan Heights and in southern Lebanon are vital to peace and stability in the Middle East. The UN Disengagement Observer Force (UNDOF) and the UN Interim Force in Lebanon (UNIFIL) were established by the Security Council in 1974 and 1978, respectively. UNDOF monitors the disengagement agreement on the Golan Heights, and UNIFIL's objective is to restore the authority of the Lebanese Government in southern Lebanon. Recognizing the collective financial responsibility of all members for the maintenance of peace and security, the expenses of the forces are apportioned by the UN General Assembly in accordance with Article 17(2) of the Charter.

Our FY 1984 request of \$66.9 million reflects a decrease of \$6.45 million due to a nonrecurring payment in 1983 of a 1982 shortfall. This shortfall resulted when the Security Council on February 25, 1982, passed Resolution 501 increasing the authorized troop strength for UNIFIL from 6,000 to 7,000 men. The United States FY 1982 share of this increase was \$6.45 million and was paid from FY 1983 funds.

International Conferences and Contingencies

This appropriation funds official U.S. participation in multilateral international conferences, contributions to the U.S. share of expenses of new provisional international organizations and participation of U.S. congressional groups in interparliamentary unions. The FY 1984 request is for \$96.9 million in new budget authority, of which \$1.3 million is for conference participation, \$240,000 is for the participation of congressional groups in interparliamentary unions. Included in our request for conference participation is \$1.75 million for continued participation in the advanced force reductions negotiations.

The FY 1984 request is a net increase of \$422,000 over FY 1983. Increases of \$516,000 and the increased costs of domestic conferences—\$62,000—are partially offset by an estimated decrease of \$156,000 in requirements for new and provisional organizations.

FY 1985 Authorization

For 1985 we are requesting \$645.5 million for the category international organizations and conferences. The increase of \$43.6 million over the level is primarily for contributions to international organizations to fund anticipated increases, largely due to increased assessed contributions.

¹The complete transcript of the hearing will be published by the committees and is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

1984 Assistance Requests for Latin America and the Caribbean

omas O. Enders

atement submitted to the Subcommittee on Western Hemisphere Affairs of the Senate Foreign Relations Committee on March 14, 1983, and statement made to the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee on March 16. Amador Enders is Assistant Secretary for American Affairs.¹

LIMITED STATEMENT, March 14, 1983

prepared statement reviews the missions and purposes of our pro-bilateral assistance for Latin America and the Caribbean, including programs announced by the President on March 10, 1983.

the President said on March 10, believe that it is imperative to help nations of Central America forge a strategic alternative to communism. I intend, we seek economic and military assistance to help them meet immediate and pressing needs as a comprehensive plan to replace military with development and dictatorship democracy.

is prepared statement also raises important proposals which, thoughtfully part of our bilateral assistance program, would advance U.S. interests in Latin America and the Caribbean. The Latin American dimensions of the President's Project Democracy and the aid and tax components of the Caribbean Basin initiative.

Key Requests

separate assistance requests are included in an FY 1983 supplemental for Latin America and the Caribbean and an FY 1984 assistance bill that totals \$1,105 million for the region: \$894 million in economic support (ESF), development assistance, and Food for Peace programs and \$211 million in foreign military sales (FMS), the military assistance program (MAP), the inter-agency military education and training program.

Within the supplemental, \$90 million in ESF assistance is allocated to Costa Rica, the Dominican Republic, the nations of the eastern Caribbean, Guatemala, Honduras, and Jamaica. In addition, \$5 million in development assistance is proposed for Belize. On the military side, we are requesting \$14 million in FMS credit and about \$75 million in MAP. About two-thirds of the MAP request, \$50 million, is for El Salvador; the rest is for key Caribbean Basin countries, Costa Rica and Honduras.

The bilateral assistance proposal for FY 1984 requests \$398 million in ESF for the Dominican Republic, Jamaica, Suriname, Haiti, the eastern Caribbean, and four nations of Central America. Development assistance totaling about \$300 million is proposed for the same nations, plus Bolivia, Ecuador, Peru, Panama, Belize, and Guyana and our regional programs. No ESF or development assistance request has been made for Nicaragua, which last year rejected ESF funds offered to private sector, church, and trade union organizations. About \$195 million in Food for Peace programs is requested for all recipient nations except Belize and Suriname.

All the supplemental FY 1983 economic assistance (including the recent additional request of \$65 million), and 88% of the proposed FY 1984 economic aid, are directed to the nations of the Caribbean Basin. This is in furtherance of the President's commitment to assist the nations of that region to meet their present economic challenges and, more importantly, to develop their private economies to the maximum in the medium and long term.

The FY 1984 request also includes \$88 million in FMS credit and \$110 million in MAP for the region. This is a higher proportion of grant (MAP) assistance than in previous years, reflecting the fact that some countries cannot afford assistance in the form of high-interest FMS loans because of adverse economic conditions. Of the total FMS/MAP request, some 78% is for Caribbean Basin countries, which continue to face major military as well as economic problems. Our total IMET, or training request, all of it in the FY 1984 proposal, is less than \$13.6 million. IMET is a cost-effective way to provide

professional and technical military assistance and also helps expose potential military leaders to American values and institutions.

By any measure, the assistance package we are proposing is heavily weighted toward economic aid. Taking both the supplemental and the FY 1984 requests, proposed economic assistance is more than three times larger than military assistance.

The amounts involved are also very modest—perhaps too modest—in light of the national interests at stake, particularly in Central America. Looking at the world as a whole, Latin America accounts for only about 12% of the Administration's global FY 1983 supplemental request for military assistance, and only 3% of the FY 1984 request.

Rationale

U.S. policy is to use our limited resources to support democracies and encourage those nations in transition to democracy. In Central America, in particular, our assistance is urgently needed to assist friendly democracies to defend themselves against forces which would undermine their peaceful, democratic institutions and would introduce in their place domestic totalitarianism and foreign adventurism. We are also seeking, in this period of widespread economic difficulty, economic assistance programs to promote internal development and basic human needs, within budgetary and economic graduation constraints. Finally, we also should maintain and refine the cooperative military relationships built up over the past. These are the criteria which we have applied to develop our bilateral assistance program for Latin America and the Caribbean.

Now, more than at any other time in recent memory, Latin America and the Caribbean face severe challenges to their economic and political stability. Unfortunately, the problems of Latin America and the Caribbean are not only economic, nor can they be remedied by purely economic means. Tensions continue to build in Central America, where Cuba and Nicaragua actively incite and support guerrillas and terrorism in El Salvador, Guatemala, Honduras, and Costa Rica. Though Cuba remains physically isolated, Castro wields substantial influence by maintaining a large cadre of military and security advisers stationed in Nicaragua, by coordinating military training and arms supplies to the Nicaraguan regime and to

the guerrilla bands in other Central American nations, and by acting as the chief propagandist and patron of armed "revolution." Nicaragua continues its policies of totalitarian consolidation and rapid militarization at home and support of guerrilla violence against its neighbors.

Some South American democracies are also under attack by leftist guerrillas. Colombia continues to face violent attacks by leftist groups, in spite of government offers of amnesty. Peru faces a narrowly based but troublesome challenge from the Sendero Luminoso band. In the eastern Caribbean, democratic states must reckon with Cuba's destabilizing activities and anti-democratic developments in Grenada.

The answer to this guerrilla threat cannot be purely military. A lasting answer can only be found in the national development and personal security which democracy can bring. But until the guerrillas are stopped, the battlefields will spread and the stakes will increase. That is why economic assistance, domestic reform, and international economic cooperation must be supplemented by security assistance and why the whole must be welded together by a strong diplomacy for peace.

The measures required to attain peace in Central America are reasonably clear. They are:

- Taking Central America out of East-West competition, through such steps as removal of all foreign troops and military advisers;
- Defusing tensions among nations in Central America by reciprocal and verifiable agreements on arms imports, frontier control, and an end to assistance to insurgent groups in each other's territory;
- Launching a region-wide democratic transformation, by ensuring that all citizens who organize politically can have a secure voice in the future of their country through democratic elections; and
- Strengthening the economies of the region by working to promote increased international trade and by implementing the economic initiatives of neighboring countries, including our own Caribbean Basin initiative.

We favor negotiations to these ends both among and within nations. However, we do not and cannot support "negotiations" designed to divide up power among armed groups on the basis of bullets instead of ballots.

Despite a generation of rapid growth, economic reactivation is again becoming a hemisphere-wide priority. International economic and financial conditions are taking a heavy toll not only on Latin America's most fragile economies but also on some of its largest and formerly strongest. Prices for most of the region's exports (sugar, coffee, minerals) remain down sharply. Even when the world economy begins to pick up, large stocks of these commodities will depress prices for some time. Access to commercial credit markets, to help finance shortfalls in export revenue, is restricted by political as well as economic uncertainties. During the last year, bankers reacted to the serious financial problems of large debtor countries by also reducing lending to the lower middle income nations of Latin America. Similarly, private direct investment from abroad, long a mainstay of the region's rapidly growing economies, has fallen off sharply. In spite of recent interest rate reductions, continued high rates make even limited commercial borrowing dangerously expensive to most nations.

The Latin American and Caribbean countries are making extraordinary efforts to put their own economic houses in order. At least 11 countries have instituted economic stabilization programs leading to IMF (International Monetary Fund) financial assistance. These stabilization efforts typically entail painful budget cuts, tight controls on money supply, and strict limits on external borrowing. They often involve currency adjustments which can sharply increase the local cost of imported goods. But, in spite of their own considerable efforts supported by international financial institutions, the nations of Latin America and the Caribbean still face significant financing gaps in FY 1984.

Moreover, from Argentina to Guatemala, these adverse economic developments obstruct the political programs of moderate governments and, in some cases, directly threaten existing and developing democratic institutions. Economic decline is not an abstract. It implies short rations on resources of all kinds and, therefore, threatens reform and increases rivalry among different national interests—public sector versus private sector; farmer versus city dweller; military versus civilian; the immediately needy versus long-term investors and entrepreneurs. In nations facing serious internal disputes or with an urgent need for economic reform, as

in Central America, economic deterioration feeds conflict and impedes reconciliation.

Analysis of Major Country Programs

Eight nations are programmed to receive more than \$50 million each in economic assistance if Congress approves our proposal for FY 1984: Costa Rica, the Dominican Republic, the island states of the eastern Caribbean taken together, El Salvador, Guatemala, Honduras, Jamaica, and Peru. Of these but El Salvador and Peru will also receive ESF assistance through the supplemental FY 1983 request. In addition, four nations will receive more than \$15 million in military assistance under our combined FY 1983 supplement FY 1984 requests: Colombia, El Salvador, Honduras, and Peru.

El Salvador. The largest program recipient of economic and military aid in the region is El Salvador. Following the recent review of the situation in El Salvador, the Administration has decided to seek \$50 million in through the FY 1983 supplemental addition to reprogramming some \$8 million in FMS credits from funds already authorized. In FY 1984 the Administration seeks economic assistance totaling some \$195 million (more than 60% of it ESF grants), \$30 million FMS credit, \$55 million in MAP, and \$1.3 million in IMET. The proposed portion of soft loan and grant aid based on El Salvador's hard currency shortage and our concern not to engage its political and economic recovery in coming years.

El Salvador's national economy, contracted by nearly 25% over the years. The nation's most inhibiting economic constraints are economic warfare by the guerrillas and lack of foreign currency. Economic weakness is a constant friction among the model sectors and a cause of human suffering through high unemployment (now approaching 40% in some sectors), inflation, and the unavailability of basic goods. Throughout the nation, and especially in its eastern region, guerrilla sabotage has destroyed bridges, power lines, and production facilities. For more than 8 months, Salvadoran guerrillas have waged a massive war against the nation's economy, calculating that economic anarchy is more important to their power goals than the support the workers and businessmen they systematically alienating.

ESF assistance to El Salvador goes to repair basic infrastructure damaged by the guerrillas but most of ESF proposed for El Salvador will be directed to purchases of critical raw materials, production of raw materials, production of basic consumer items and to those which will help relieve the high unemployment. ESF disbursements are directed to the Government of El Salvador for performance on specified priority projects, including agrarian reform, credit, and technical assistance to the reformed agricultural sector, intensive public works projects, provision of vital public services, and humanitarian assistance. We envision a new agreement in 1984.

On the military side, our objective is to limit the Salvadoran Armed Forces to the guerrillas, to protect the political and economic reforms, and to support the development of an increasingly democratic framework. Equipment, munitions, and training are needed to increase the capacity of the guerrillas, who are in large measure equipped and trained by outside Marxist forces. During the coming months, the Salvadoran military will not devote additional resources toward the presidential elections scheduled for this year. In addition to supporting the emerging democratic process and containing the guerrillas

U.S. military assistance also provides our strongest leverage to encourage security forces to improve their own human rights performance. Right now, the Salvadoran military receives additional assistance on an emergency basis. The guerrillas have been very active since last October and expenditure of materiel and that of the Salvadoran Armed Forces has been high though they are following the hit-and-run tactics as in the past and are confined to rural areas of low population and productivity and, therefore, little direct threat to the government or the urban centers in the rest of the country, there is no question that their efforts have escalated. (They are obviously confident of their sources of supply.) The Salvadoran Government must meet this challenge. At present the Salvadoran Armed Forces are short of ammunition and some spare parts. Only about 10% of them have received the training, including human rights training, which the United States provides.

The President's recent consultations with leaders and Members of Congress emphasized, U.S. policy is to pro-

vide military and economic assistance to help El Salvador maintain a national consensus in favor of democratic reform and to provide a secure environment in which development—political, economic, and social—can occur. The military assistance we have requested will help to better train and supply the Salvadoran Army, helping to develop the skill and professionalism needed to stop the guerrillas and to protect the rights of the population. Together with our economic assistance and diplomacy, this military assistance is thus an essential component to the development of a democratic political solution.

The strategy of the armed left in El Salvador—once largely a political strategy but now increasingly military in its goals and methods—is to keep the pressure on, hoping that a failure of will or a shortage of resources will undo the democratic consensus which is being built.

Presidential Elections in El Salvador

PRESIDENT'S STATEMENT, MAR. 6, 1983¹

I would like to express my admiration and support for President Magana and his government for announcing Presidential elections this year. The decision reflects the profound desire of President Magana and the Political Commission to achieve political reconciliation and to bring peace to that country. Through the effort of the Government's Peace Commission, the Presidential elections will be free and open to all—I stress all political parties and groups which are committed to the peaceful resolution of disputes. We know that open, fair, free elections in that country is the political solution we all want. But more importantly, the people of El Salvador have already shown what they want. Their courage in going to the polls in overwhelming numbers last March, despite the threats from the insurgent groups, prove they want a political solution too.

President Magana's announcement is a reaffirmation of his faith and ours that what counts in El Salvador are not bombs and bullets but the will of the people expressed in open elections.

¹Text from Weekly Compilation of Presidential Documents of Mar. 14, 1983. ■

Progress has been made. Although the abuse of human rights remains at an unacceptably high level, as noted in the Administration's certification last month, it has nonetheless moderated measurably since the inception of U.S. economic and military assistance and continues to moderate. We will continue to work for further improvement.

Institutional and structural changes are proceeding faster. There were fears last spring, including in this subcommittee, that the land reform would be halted. In fact, during the last half year or so, it has made its greatest strides. Through Phase I and Phase III, more than 20% of El Salvador's arable land has been redistributed and more than 65,000 former farm workers have been transformed into farm owners. Following the recent extension of the land-to-the-tiller program, we expect further progress, especially in the conflict areas where the left has prevented normal implementation.

The development of the mechanisms of democracy is moving even faster. Political parties are active and, for the most part, responsible. Lively political debate is the standard, not the exception. The Constituent Assembly, though divided by the lack of a clear majority, has functioned in a balanced and effective manner. The interim presidency, also hampered by its temporary mandate and divisions among the parties, has nonetheless succeeded in forging a unified platform of government—the Pact of Apaneca—and has moved ahead to name high-level political, human rights, and peace commissions to address specific issues. The presidential elections to be held this year should strengthen the Salvadoran executive and lead to further progress. All three of the commissions, and the Central Elections Council, are presently working on issues, such as an amnesty law and increased access to the media, which will help to permit the fullest possible participation in the elections—including participation by the left, if they so choose.

The achievement of a stable, democratic reconciliation in El Salvador is by no means an easy task; it requires our understanding and, most of all, our patience. To try to force a solution, such as immediate negotiations with the left on power sharing, runs the risk of fragmenting the evolving center. Such a fragmentation would remove all incentive for the left to negotiate in good faith. Just as important, it would signal that we accept as a valid foundation for political participation the military capaci-

ty of the guerrillas, a capacity derived largely from the support of powers hostile to democracy. But if we commit ourselves to a sustained policy of support for Salvadoran democracy and the moderate center, we can back our friends and be true to our own values and interests. It would be tragically ironic if, while El Salvador is manifestly moving toward the kind of society which we most want to and need to support, we were to soften our opposition to the guerrillas' violent methods or abandon El Salvador's struggle for democracy, human rights, and equitable development.

Honduras. The second largest proposed recipient is Honduras, for which \$30 million in ESF and \$17 million in MAP is proposed in supplemental FY 1983 funding. We also request \$83 million in economic assistance, \$40 million in MAP, and \$1 million in IMET in FY 1984. Honduras is consolidating its recent return to democratic rule but feels itself increasingly threatened by the unprecedented military buildup in Nicaragua and the persistence of the war in El Salvador. The Honduran economy has been buffeted by falling export earnings and by regional political uncertainties which have slowed investment in the productive sector. Our ESF programs will provide, as in previous years, balance-of-payments support and help to meet private sector needs for working capital and longer term credit for productive activities, especially export diversification. Military assistance for Honduras will also increase its capability to protect its borders and, thereby, restrain the illegal shipment of arms to the insurgents in El Salvador through its territory and airspace.

Jamaica. We have requested some \$108 million in economic assistance for Jamaica in FY 1984, of which \$55 million is in ESF assistance, \$33 million in development assistance, and \$20 million in PL 480. In addition, we have requested \$3 million in ESF in the supplemental.

Jamaica has made notable progress in reversing the decline in its economy by adopting a recovery strategy based on private sector development, foreign investment, deregulation, and careful fiscal management. Nevertheless, balance-of-payments assistance is needed, in part, to offset low world prices for a key Jamaican export, bauxite. Our ESF assistance would complement the Jamaican Government's strategy for recovery by providing

foreign exchange to stimulate production, exports, and employment.

We have also proposed for Jamaica small but important military assistance programs in the supplemental (\$2.3 million) and in FY 1984 (\$4.2 million), primarily to replace obsolete equipment and provide essential military training.

Dominican Republic. For the Dominican Republic, we are seeking \$10 million in ESF through the FY 1983 supplemental and \$94 million in economic assistance for FY 1984, of which \$40 million is in ESF. On the military side, we seek supplemental funding of \$3.9 million and \$5.8 million in FY 1984.

The Dominican Republic has suffered severely from low world prices for its exports, such as sugar, cocoa, bauxite, gold, and nickel. Despite a tradition of prudent fiscal and monetary management, there are large deficits in the public sector and in the balance of payments and high unemployment. The democratic government which took office last August has moved quickly and decisively to implement a program of economic stabilization and austerity, including higher taxes, reduced government spending, and lower import levels. The IMF, in recognition and support of these efforts, has approved a 3-year stabilization program.

Our military assistance program will finance the purchase of light combat aircraft to replace World War II vintage P-51s and other items and permit the continued training of Dominican officers in professional and technical areas.

Costa Rica. Our proposal for Costa Rica requests ESF assistance of \$35 million in the supplemental and an economic assistance package of \$105 million in FY 1984. We have also requested small MAP and IMET allocations in the supplemental and the FY 1984 proposal. These military assistance allocations are in response to a request by President Monge during his visit last June and would continue programs begun in FY 1981.

Costa Rica faces severe economic difficulties: hard currency shortages, high unemployment and inflation, and a breakdown in intraregional trade. However, there have been encouraging financial developments in Costa Rica. The IMF has approved a standby agreement. The government has reached agreement with the Paris Club on the rescheduling of official debt and is holding discussions which may lead to restructuring of private debt and new inflows of capital. But the nation's heavy debt burden will severely restrict the availability of

foreign exchange and constrain growth for several years. Our \$70 million program for FY 1984 will provide balance-of-payments assistance by cing imports of needed parts and materials to help the productive sector get back on its feet.

Guatemala. For Guatemala, we proposed economic assistance of \$1 million in the supplemental and \$65 million for FY 1984. Guatemala need for economic assistance has increased dramatically during the last years as the country has been afflicted by the same factors as most of its neighbors, guerrilla insurgency, deterioration of trade, and turmoil in international financial circles. The program proposed are not large in relation to the country's size or needs but serve a useful encouragement for continued improvements in human rights, as well as contributing both to national stability and the provision of basic human needs.

In FY 1984, for the first time in many years, \$10 million in FMS credit (plus a small IMET program) is requested for Guatemala. The funds proposed recognize that there have been human rights improvements under Rios Montt administration but further progress is needed. Our proposed assistance is based on our expectation, we will confirm through continued monitoring, that such progress is being made. These funds would enhance effectiveness of the Guatemalan Air Forces in countering a Cuban-supplied insurgency.

Eastern Caribbean. The island states of the eastern Caribbean face only a sharply adverse economic situation. We have requested economic assistance of \$6 million in the supplemental and some \$55 million in the 1984 budget. The supplemental will fund projects whose design is expected to be finished later this fiscal year, including assistance to the cultural sector in St. Vincent and private sector development bank.

In addition, we have requested \$1.3 million in the supplemental and \$3.3 million in FY 1984 funds for military assistance to the eastern Caribbean. These nations have begun to develop their own regional defense capability and we must show our willingness to help by providing modest amounts of military assistance.

Peru. We have requested \$56 million in economic assistance for Peru in

84, all of it development or assistance. Our economic assistance is designed to support Peru's sector expansion and agricultural development, as well as provide basic needs. In addition, we have provided \$3 million in FMS credit in the central and \$25 million in FMS plus a small IMET program, for \$4, primarily to improve our military assistance relationship to Peru and to permit it to diversify needs of military supply.

Colombia. For Colombia, we request funds in the amount of \$6 million supplemental and \$12 million in FY 84 to maintain our traditional military assistance relationship with a friendly and friendly nation. These funds could be used for the purchase of communications, and training equipment for use in civic programs and other antiguerrilla activities in rural areas. We have also provided a small IMET program to sustain an important military training rela-

Venezuela and Ecuador. Elsewhere in the hemisphere, we are proposing in FY 1984 a small IMET program and \$3 million in economic assistance, as assurance of our support for the democratic government which recently came to power after 18 years of military rule. In Ecuador, we will continue to support the development efforts of the democratic government with about \$12 million in FY 1984 economic assistance. We seek to maintain our military assistance program through a supplemental allocation of \$3 million in FY 83 and a new allocation of about \$3 million in FY 1984.

Regional Democratic Institute

It is now time to turn to a political initiative, which is included in the bilateral assistance program but which could have an important multiplier effect on our ability to meet most out of our assistance needs. President Reagan repeatedly emphasized U.S. support for democracy and human rights during his trip to Central America. Democratic governments are the best neighbors. They are more likely to live at peace with one another—the democratic idea, which is based on authoritarian philosophies, cannot be imposed by force or repression. They are more likely to share our fundamental values. Democracy is the preferred direction of almost all of the

countries of Latin America and the Caribbean.

Our interest in democracy is particularly strong in these times of political and economic crisis. Democratic governments are more flexible in adapting to changing internal and world circumstances because they have the authority of a mandate expressed freely by their people. And in Central America, where divisions are particularly deep, democratic procedures are ultimately the only means of bringing about national reconciliation.

For the President's Project Democracy, we have asked the Congress to fund concrete programs on behalf of regional democracy. One program in particular would support a regional institute for democracy to enable us to cooperate with democratic political parties and governments in developing leadership skills and mutual ties between democratic leaders of this generation and the next.

We have consulted with many Latin American political leaders and found them enthusiastic about the possibilities for cooperation in this area. We know that, to be successful, this venture must have a predominantly Latin American and Caribbean content to which our participation would add only a perspective, not a model. Many of our neighbors, after all, have their own rich and deep experience in democracy to draw upon. Our cooperation must involve in the very earliest stages the active, bipartisan participation of the democratic political parties, very much including our own, since they are the ones who daily engage in the art of democratic politics and have firsthand knowledge of the need to strengthen democratic leadership in practice. The idea for cooperation in developing political skills is not new. It has been widely supported here and elsewhere in the hemisphere for more than a decade. This kind of cooperation—right out in the open—was proposed in the Katzenbach study during the Johnson Administration. With the support of Congress we propose now to put the idea into practice.

Completing the Caribbean Basin Initiative

Finally, I wish to turn to a program which does not fit the usual definitions of assistance but which opens new economic opportunities to the depressed nations of Central America and the Caribbean. I am talking about the Caribbean Basin initiative.

The Caribbean Basin is a region of key importance to the United States. As has been mentioned so many times in this testimony, the nations of Central America and the Caribbean are faced with economic stagnation or decline and, in some cases, present political or military threat by forces hostile not only to them but also to us. Our security would be jeopardized by a string of hostile states on our so-called "third border." And our economy would suffer from a prolonged economic disruption there.

I am very pleased that the Congress passed the emergency aid portion of the initiative legislation last September. But we urgently need action on the longer term elements of the program—the trade preferences and the tax incentives. The program as originally introduced

U.S., Brazil Establish Working Groups

JOINT STATEMENT,
MAR. 11, 1983

Brazilian Foreign Minister Guerreiro and Secretary Shultz met today to finalize arrangements for the five joint working groups agreed upon between President Figueiredo and President Reagan during President Reagan's December visit to Brazil. The groups will explore possibilities for expanded bilateral cooperation in the economic, nuclear, scientific and technological, space, and industrial-military areas, taking into account their national policies and legislation.

Before today's meeting, there had been an exchange of proposals on the working groups' agendas and schedules. The Foreign Minister and the Secretary reached today an understanding on these points which forms a basis for the joint groups to begin their work immediately, with the objective of completing the studies by the end of September. The groups will operate independently of each other and establish their own schedules.

The Foreign Minister and the Secretary used the opportunity of their meeting to exchange views on other areas of mutual interest. In addition to the business meeting, the Secretary hosted a luncheon for the Foreign Minister and his party in the Thomas Jefferson Room of the State Department. ■

was a comprehensive and mutually reinforcing set of measures, coordinated closely not only with beneficiary nations but also as part of an integrated international effort which included Mexico, Colombia, Venezuela, and Canada.

We have waited long enough. Now is the time to complete the beginning we made last year. As the President said on March 10, the trade and free initiative measures contained in the Caribbean Basin initiative are a vital complement to our assistance programs, for they help to assure that the fruits of assistance will be as productive as possible.

STATEMENT, MAR. 16, 1983

Thank you for the opportunity to appear and discuss the course to follow in Central America and especially El Salvador. With national interests at stake, we need a consensus to sustain bipartisan support for policy in the region.

As the President said, if El Salvador falls no country in Central America will be safe, and our own security will be affected.

Every American President—particularly since we assumed global responsibilities in World War II—has known that we cannot defend ourselves and meet our commitments around the world without a secure Western Hemisphere.

The challenge we face in Central America is unusually subtle. There is in the area a widespread and legitimate desire for change—for democratic change, as we have seen in election after election over the last 17 months. There is considerable economic suffering—the result of the worldwide recession, the fighting, and longstanding political, economic, and social problems. And there is a concerted effort by Nicaragua and Cuba, backed by the U.S.S.R., to unite, train, and arm violent guerrilla movements, turning them into instruments for the destruction of established governments. In a rare moment of candor, the Salvadoran guerrilla radio, a few days ago, stressed the FMLN's [Farabundo Marti National Liberation Front] dependence on outside supply and support, admitting "important logistical operations of a clandestine character with which we have armed and munitioned our forces for a long time."

Our strategy responds to each of

these aspects of the problem. Much of it has been developed in consultation with concerned democracies of the region. Let me summarize it briefly.

- Our strategy is to promote and protect democracy, reform, and human rights. That is why we were so encouraged to hear President Magana call for presidential elections this year, open to all, including the guerrillas and their supporters. You saw the Holy Father support democracy as the way to reconciliation and peace in El Salvador. And President Magana has just named a Peace Commission, with a Catholic bishop and two independents as members, to help adversaries participate under open and protective conditions. He has also asked the Organization of American States (OAS) to help.

- It is to provide economic assistance to help overcome the suffering caused by the fighting and the recession, which has hit El Salvador especially hard. Our assistance to Central America has been predominantly economic in the past and will remain so in the future.

- It is to give our Salvadoran friends enough military training and assistance to regain the initiative against the insurgents. This is vital because the guerrillas now reject democracy because they believe they can win militarily. I don't think the situation is desperate—unless we fail to help our friends. The Salvadorans face a mobile, well-supplied enemy, whose main tactic is to attack the economy. We believe we should now put the emphasis even more heavily than before on training.

- It is to give the area hope in the future. That's what the very untraditional Caribbean Basin initiative is for. I sincerely hope the Congress will consider and pass it soon.

- It is to deter the Soviets and Cubans from putting forces in Nicaragua or giving Nicaragua aircraft which could be used to threaten its neighbors. We have told them both that a very dangerous situation would arise if they did. We hope the Sandinistas will give up their "revolution without frontiers" and come to the bargaining table, persuaded that they must come to terms both with their own society and with their neighbors.

- It is to foster peaceful solutions in Central America. The President spoke in favor of negotiation *among countries* in the region, covering such issues as the removal of foreign military and security advisers and trainers, the banning of imports of heavy offensive weapons, and the democratic transformation of all countries in the area. The President also supported negotiations *within countries*,

about how all groups—adversaries supporters alike—can participate in open elections. We will not support negotiations that short-circuit the democratic process and carve up power behind the people's backs.

Clearly none of this will work if we tire and fail to sustain our support. Don't think that is what the American people want.

Over the past 2 weeks, there have been intensive consultations between the Administration and the Congress. Let me summarize the reactions we have received.

First, we found the Congress unanimous in not wanting to see a Marxist-Leninist victory in El Salvador. I don't think anyone here wants to more Nicaragua in Central America.

Second, there is widespread concern of the violence which has afflicted Central America and a desire on the part of all to see the governments in the region adopt humane policies toward their own populations.

Third, there is an appreciation of the fact that economic dislocation, social injustice breed violence and Central America's problems cannot be solved without addressing these root problems.

Fourth, there is a belief in democracy and the advantages of resolving crises in the region through the democratic process in a way that is fair and assures the participation of all potential elements.

Fifth, many spoke of the need to exhaust such opportunities as there are to reach a responsible solution through negotiation. A few have said to us about the need for powersharing negotiations, or "unconditional negotiations." But frankly it appears to be a minority view: the memories of what happened to the coalition government with Marxist-Leninists in Nicaragua for that matter in Laos or Czechoslovakia—are too alive to convince us that this approach will safeguard either security or democracy.

Some place hope that negotiations among all Central American countries can help. A regional peace initiative is now emerging. We have been in contact with its sponsors and wish it to succeed.

Many in Congress have expressed the hope that negotiations within the framework of democratic institutions can achieve results. We believe the country and other OAS members can help in this regard. Together we should be able to assist the Salvadoran Government.

to provide the guarantees of per- security, of access to media for signing, of a fair count, of respect e results of the votes cast which all pants are entitled to expect.

onstituent Assembly President t D'Aubisson called last week for tical arm of the guerrillas, the *Democratico Revolucionario*, to art in the election. The new Peace mission has been charged to under- ne contracts necessary to ensure

ow some ask if this notion of inter- democratic reconciliation is a ic one for El Salvador. Or if in emocracy is so divorced from the ran reality that to work for it is

ve. I believe that a significant conce- of support for democracy is way in El Salvador and elsewhere. e Salvadoran people have con- on democracy because it offers hope than the alternatives: the ed violence of guerrilla warfare violent imposition of an unwork- alition which history tells us produce more rather than less human life.

ok at recent history. What hap- to the tens of thousands whose emonstrations of disgust for the ime led to the fall of the Romero t in 1979? Did they take to ets when called upon by the as at the time of the "final offen- e early 1981? They did not. What I do, by the hundreds of thou- was to vote last March in the face rilla opposition.

er informed observers appear to erging toward a similar conclu- is especially true of other Cen- ericans, whose geographic prox- nd unique moral responsibility ade them far more than casually led with the Salvadoran crisis. s is also true of His Holiness hn Paul II, who repeatedly re- olence during his historic visit to America, and of the group of es leading the regional peace ini- to which I referred earlier.

th we and others will be making proposals on how to support El r's efforts to provide guarantees oral fairness and protection for nd candidates of all persuasions. h, because a democratic solution e possible in Central America t is also possible to hold off the hallenge of the guerrilla forces, Congress expressed concern military effort in El Salvador be ly supported.

On the basis of these consultations, the President is making these proposals.

First, that we meet a critical im- mediate need for military assistance in El Salvador. Last week a \$60 million re- programming request for FMS loan guarantees for El Salvador was presented to Congress. A little over half of this assistance is for urgently needed ammunition and spare parts. The rest is for training and associated costs. We hope for speedy action on this request. The needs are real and in this period when so much progress is possible, we want to respond to these needs.

Second, that we take a hard look at the overall military situation in El Salvador—what has worked over the past year and what has not. We have seen good performance of the military units we have trained. By our own evaluation, and that of the guerrillas, these units have performed well; and their relations with local populations have been exceptionally good. But we have not done enough. We have trained less than 10% of the Salvadoran forces, and we must do more. We are, there- fore, also requesting, within our January supplemental proposal, reallocation of \$50 million in MAP assistance. Note that this increased assistance for El Salvador requires only funds already requested; no new funds are sought. This assistance would enable us to train as many as half of El Salvador's main fighting units and enable them to obtain engineering equipment and medical sup- plies to provide services and relief to areas devastated by the guerrilla war.

Third, the President emphasized that we must continue support for democracy, human rights, and develop- ment. Human rights, he pointed out, means working at problems, not walking away from them. Some of this work—like judicial reform—requires political will more than resources. But the need for resources is inescapable. Accordingly we are proposing, over the level approved in the continuing resolu- tion, increased economic and develop- ment assistance for the region.

In Costa Rica we propose additional programs totaling \$60.1 million focused on the northern development project in- augurated by President Monge and designed to deter Nicaraguan encroachment and pressure. In Honduras we propose a \$34.1 million package of ESF, development assistance, and Food for Peace assistance to help the poor farmers that form the majority in that, the poorest country in the region.

In El Salvador we sought additional resources in our January supplemental; we now seek additional reprogramming to provide other development and food assistance. Overall, we seek increased economic assistance for El Salvador of \$67.1 million over the continuing resolu- tion budget. They will be provided through the January supplemental and reallocations; no new funds are sought at this time. The bulk of this assistance is to offset guerrilla damage to the economy and to support a new Salvadoran program designed to bring security and essential services to the people of the Central Eastern de- partments—the key to the outcome of the struggle there.

Altogether, these additions would bring FY 1983 economic assistance to Central America to \$509 million as against \$335 million in FY 1982 and \$448 million requested for FY 1984. Military assistance would go from \$115 million in FY 1982 to \$190 million in FY 1983 to \$140 million in FY 1984. These are not insignificant sums, particularly in a budget-cutting year.

But U.S. security interests are at stake and there is growing agreement—not only within the United States but among concerned observers in the region and outside it—on the kinds of actions needed to end the bloodshed in El Salvador and prevent its spread to neighboring countries. The funding we have requested supports actions consistent with basic American principles and national security. And the total is small compared to the much larger investment that would be needed later—were we to interrupt now the policy of limited but consistent support for democracy, development, and security that we have sustained for 3 years under two Ad- ministrations.

¹The complete transcript of the hearings will be published by the committees and will be available from the Superintendent of Documents, U.S. Government Printing Of- fice, Washington, D.C. 20402. ■

Current Actions

MULTILATERAL

Atomic Energy

Agreement between the International Atomic Energy Agency, the U.S., and Yugoslavia relating to the fourth supply agreement of Jan. 16, 1980, as amended (TIAS 9767), for the transfer of enriched uranium for a research reactor in Yugoslavia. Signed at Vienna Feb. 23, 1983. Entered into force Feb. 23, 1983.

Aviation

Memorandum of understanding concerning scheduled transatlantic passenger air fares, with annexes. Done at Paris Dec. 17, 1982. Entered into force Feb. 1, 1983.
Parties: Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, U.K., U.S., Yugoslavia.

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.
Ratification deposited: Kampuchea, Mar. 9, 1983.

Coffee

Extension of the international coffee agreement, 1976 (TIAS 8683). Done at London Sept. 25, 1981. Entered into force Oct. 1, 1982. TIAS 10439.
Accessions deposited: Congo, Mar. 21, 1983; Ghana, Feb. 9, 1983; Jamaica, Jan. 21, 1983. Definitive acceptances deposited: Central African Republic, Mar. 3, 1983; Ethiopia, Mar. 4, 1983; U.K., Feb. 28, 1983.
International coffee agreement, 1983, with annexes. Done at London Sept. 16, 1982. Enters into force Oct. 1, 1983, if by that date governments representing at least 20 exporting members meeting certain requirements and at least 10 importing members meeting certain requirements have deposited instruments of ratification, acceptance or approval.¹
Signatures: Belgium, Luxembourg, Mar. 15, 1983; Japan, Mar. 18, 1983; Netherlands, Feb. 15, 1983; Spain, Mar. 3, 1983; U.S., Mar. 23, 1983.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹
Ratifications deposited: Ghana, Jan. 19, 1983; Saudi Arabia, Zambia, Mar. 16, 1983; Yugoslavia, Feb. 14, 1983.

Cultural Relations—UNESCO

Protocol to the agreement on the importation of education, scientific, and cultural materials of Nov. 22, 1950 (TIAS 6129). Adopted at Nairobi Nov. 26, 1976. Entered into force Jan. 2, 1982.²
Ratification deposited: Denmark, Feb. 17, 1983.
Accession deposited: Greece, Mar. 4, 1983.

Customs—Containers

Customs convention on containers, 1972, with annexes and protocol. Done at Geneva Dec. 2, 1972. Entered into force Dec. 6, 1975.²
Acceptance deposited: Finland, Feb. 22, 1983.

Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Nov. 15, 1979.¹
Acceptances deposited: Barbados, Dec. 1, 1982; Israel, July 2, 1982; Jamaica, Nov. 18, 1982.

Maritime Matters

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978.¹
Ratifications deposited: Belgium, Sept. 14, 1982; Federal Republic of Germany,³ May 28, 1982.
Accessions deposited: Argentina, Oct. 6, 1982; Japan, May 27, 1982; Peru, July 16, 1982; Tanzania, Oct. 27, 1982.
International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979.¹
Ratification deposited: Federal Republic of Germany,³ Jan. 21, 1982.
Acceptance deposited: Netherlands, July 8, 1982.
Accessions deposited: Algeria, Jan. 5, 1983; Brazil, Sept. 22, 1982; Canada, June 18, 1982; Sweden, Sept. 27, 1982.

Marriage

Convention on consent to marriage, minimum age for marriage, and registration of marriages. Done at New York Dec. 10, 1962. Entered into force Dec. 9, 1964.²
Accession deposited: Mexico, Feb. 22, 1983.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹
Signature: Norway, Jan. 26, 1983.

Patents—Plant Varieties

International convention for the protection of new varieties of plants of Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978. Entered into force Nov. 8, 1981. TIAS 10199.
Ratification deposited: France,⁴ Feb. 17, 1983.

Pollution

Protocol relating to intervention on the seas in cases of pollution by substances than oil. Done at London Nov. 2, 1973. Entered into force: Mar. 30, 1983.
Ratification deposited: Italy, Oct. 1, 1982.
Acceptance deposited: U.S.S.R., Dec. 3, 1982.
Accession deposited: Belgium, Sept. 9, 1982.
Territorial Application: Extended by treaty to Anguilla, British Virgin Islands, Cay Islands, Falkland Islands and Dependence Hong Kong, Montserrat, Pitcairn, Her son, Ducie and Oeno Islands, St. Helier Dependencies, United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia o Island of Cyprus, Turks and Caicos Isl Sept. 9, 1982.

Publications

Statutes of the international center for registration of serial publications. Done Paris Nov. 14, 1974, and amended Oct and 12, 1976. Entered into force Jan. 1976; for the U.S., Mar. 31, 1978 (pro ally).
Accession deposited: Philippines, Dec. 1982.

Safety at Sea

International convention for the safety at sea, 1974, with annex. Done at Lor Nov. 1, 1974. Entered into force May 1980. TIAS 9700.
Accessions deposited: Barbados, Sept. 1982; Ecuador, May 28, 1982; Gabon, Jan. 21, 1982; Guatemala, Oct. 20, 1982; Vanuatu, July 28, 1982.
Protocol of 1978 relating to the international convention for the safety of life at sea (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS
Accessions deposited: China, Dec. 17, 1982; Italy, Oct. 1, 1982; Korea, Dec. 2, 1982; Panama, July 14, 1982; Peru, July 16, 1982; Vanuatu, July 28, 1982.

Satellite Communications System

Agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.
Accession deposited: Papua New Guinea Mar. 24, 1983.

Operating agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.
Signatures: Post and Telecommunications Corp., Papua New Guinea, Mar. 24, 1983.

Seabed Arms Control

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons mass destruction on the seabed and the floor and in the subsoil thereof. Done

ton, London and Moscow Feb. 11, 1972. Entered into force May 18, 1972. TIAS 7762.
Signature deposited: Argentina,³ Mar. 21, 1972.

Liability

Convention on international liability for damage caused by space objects. Done at London, London and Moscow Mar. 29, 1972. Entered into force Sept. 1, 1972; for the U.S. Oct. 9, 1973. TIAS 7762.
Signature deposited: Cuba, Nov. 25, 1982.
Signature deposited: Morocco, Mar. 15, 1983.

Communications

Convention on the principles of international law, with appendices and final act. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982, except for articles 25 and 66 and appendix 43 which entered into force Jan. 1, 1981, and (2) provisions concerning aeronautical law which entered into force Jan. 1, 1983.
Signature deposited: Argentina,³ Nov. 24, 1979.
Signature deposited: U.S.,⁵ Dec. 24, 1982.

Convention on the prohibition of the use of force against the taking of hostages. Done at New York Dec. 17, 1979.
Signature deposited: Guatemala, Mar. 11, 1983.

Measurement

Convention on tonnage measurement. Done at London, London and Moscow May 23, 1969. Entered into force Jan. 1, 1982; for the U.S. Feb. 10, 1983.
Signature deposited: Bulgaria, Oct. 14, 1983.
Signature deposited: Denmark,³ June 22, 1983.
Signature deposited: Australia, May 21, 1983; Bahamas, Sept. 1, 1982; Chile,⁶ Oct. 1, 1982; Cuba, Nov. 9, 1982; Peru, Nov. 9, 1982; South Africa, Nov. 24, 1982.
Application: Extended by the U.K. Dec. 6, 1982.

Convention on the limitation period in the sale of goods, as amended by the Protocol. Done at New York Oct. 11, 1980. Entered into force Apr. 11, 1981.
Signature deposited: Egypt, Dec. 6, 1982.

Protocol on the provisional accession of the U.S. to the GATT (TIAS 4498). Done at Geneva, Nov. 2, 1982.
Signature deposited: Romania, Feb. 24, 1983.

Convention on the accession of Colombia to the GATT. Done at Geneva Nov. 28, 1979. Entered into force Oct. 3, 1981.
Signature deposited: Austria,⁷ Feb. 18, 1983.

UN Industrial Development Organization

Constitution of the UN Industrial Development Organization, with annexes. Done at Vienna Apr. 8, 1979.
Signature: Uganda, Mar. 23, 1983.
Ratifications deposited: Benin, Honduras, Mar. 3, 1983; Sierra Leone, Mar. 7, 1983; Guinea-Bissau, Mar. 17, 1983.

Weapons

Convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects, with annexed Protocols. Done at Geneva Oct. 10, 1980.
Ratification and acceptances deposited: Austria, Mar. 14, 1983; Laos, Jan. 3, 1983.

Women

Convention on the elimination of all forms of discrimination against women. Done at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.
Ratification deposited: Honduras, Mar. 3, 1983.

World Health Organization

Constitution of the World Health Organization. Done at New York July 22, 1946. Entered into force April 7, 1948. TIAS 1808.
Acceptance deposited: Vanuatu, Mar. 7, 1983.

Amendments to Arts. 24 and 25 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 17, 1976 by the 29th World Health Assembly.
Acceptances deposited: Kenya, Mar. 1, 1983; Madagascar, Mar. 8, 1983; Turkey, Dec. 29, 1982.

Amendment to Art. 74 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 18, 1978 by the 31st World Health Assembly.
Acceptance deposited: Monaco, Feb. 3, 1983.

BILATERAL

Belize

Agreement relating to economic and technical cooperation. Signed at Belmopan Mar. 8, 1983. Entered into force Mar. 8, 1983.

Burundi

Agreement concerning the provision of training related to defense articles under the U.S. international military education and training (IMET) program. Effected by exchange of notes at Bujumbura Sept. 21 and Oct. 8, 1982. Entered into force Oct. 8, 1982.

Canada

Mutual logistical support agreement, with annexes. Signed at Stuttgart Feb. 11, 1983. Entered into force Feb. 11, 1983.

Colombia

Agreement relating to the employment of dependents of official government employees.

Effected by exchange of notes at Bogota Mar. 30 and May 25, 1982. Entered into force May 25, 1982.

Egypt

Agreement on the development and facilitation of tourism. Signed at Cairo Feb. 21, 1983. Enters into force when each country has notified the other by diplomatic note of the completion of the necessary legal requirements.

Haiti

Agreement for sales of agricultural commodities, relating to the agreement of June 8, 1979, with memorandum of understanding. Signed at Port-au-Prince May 28, 1982. Entered into force May 28, 1982.

Agreement extending the agreement of Aug. 28, 1981, as amended and extended, for the interdiction of narcotics trafficking. Effected by exchange of notes at Port-au-Prince Jan. 4, 1983. Entered into force Jan. 4, 1983.

Honduras

Agreement relating to privileges and immunities for U.S. Armed Forces personnel participating in combined military exercises in Honduras. Effected by exchange of notes at Tegucigalpa Dec. 8, 1982. Entered into force Dec. 8, 1982.

Hungary

Agreement on scientific and technological cooperation, with annexes. Signed at Budapest July 7, 1982. Entered into force July 7, 1982, except for Annex III which entered into force Nov. 1, 1982.

Agreement relating to trade in wool textile products. Effected by exchange of letters at Budapest Feb. 15 and 25, 1983. Entered into force Feb. 25, 1983; effective Oct. 1, 1982.

Israel

First amendment to the agreement of Dec. 16, 1982, for economic assistance. Signed at Washington Dec. 30, 1982. Entered into force Dec. 30, 1982.

Italy

Mutual logistical support agreement, with annexes. Signed at Stuttgart Feb. 23, 1983. Entered into force Feb. 23, 1983.

Jamaica

Agreement concerning the provision of training related to defense articles under the U.S. international military education and training (IMET) program. Effected by exchange of notes at Kingston Nov. 13, 1980, and Feb. 17, 1981. Entered into force Feb. 17, 1981. TIAS 10536.

Agreement relating to the employment of dependents of official government employees. Effected by exchange of notes at Kingston May 3 and Oct. 11, 1982. Entered into force Oct. 11, 1982.

Agreements for sales of agricultural commodities relating to the agreement of Apr. 30, 1982. Signed at Kingston Feb. 24, 1983. Entered into force Feb. 24, 1983.

Japan

Arrangement on fusion cooperation implementing the agreement of May 2, 1979, (TIAS 9463) on cooperation in research and development in energy and related fields. Effected by exchange of notes at Washington Jan. 24, 1983. Entered into force Jan. 24, 1983.

Mexico

Agreement extending the agreement of July 31, 1970, as amended and extended (TIAS 6941, 7927), for a cooperative meteorological observation program in Mexico. Effected by exchange of notes at Tlatelolco and Mexico Jan. 5 and 28, 1983. Entered into force Jan. 28, 1983; effective Feb. 1, 1983.

Netherlands

Agreement amending the memorandum of agreement of Mar. 10 and June 15, 1978, (TIAS 9199) relating to the provision of flight inspection services. Signed at Washington and The Hague Feb. 19 and May 4, 1982. Entered into force May 4, 1982.

Mutual logistical support agreement, with annexes. Signed at Stuttgart Feb. 22, 1983. Entered into force Feb. 22, 1983.

Fourth supplement to the general arrangement of May 3, 1966, (TIAS 9144) relating to the cooperative production of the M109 vehicle, with annexes. Signed at Washington and The Hague Jan. 31, 1983. Entered into force Jan. 31, 1983.

New Zealand

Agreement for the establishment and operation of an Omega Navigation System Monitoring Facility. Effected by exchange of notes at Wellington Mar. 3, 1983. Entered into force Mar. 3, 1983.

Romania

Agreement amending the agreement of Sept. 3 and Nov. 3, 1980, as amended (TIAS 9911), relating to trade in wool and manmade fiber textiles and textile products. Effected by exchange of letters at Bucharest Jan. 28 and Feb. 18, 1983. Entered into force Feb. 18, 1983.

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed or insured by the U.S. Government and its agencies, with annexes. Signed at Bucharest Mar. 10, 1983. Enters into force upon receipt by Romania of written notice from the U.S. Government that all necessary domestic legal requirements for entry into force have been fulfilled.

Senegal

Agreement providing for an emergency landing site in Senegal for the space shuttle. Effected by exchange of notes at Dakar Dec. 15, 1982 and Jan. 31, 1983. Entered into force Jan. 31, 1983.

Somalia

Agreement for sales of agricultural commodities, relating to the agreement of

Mar. 20, 1978 (TIAS 9222). Signed at Mogadishu Jan. 20, 1983. Entered into force Jan. 30, 1983.

Spain

Memorandum of agreement relating to technical assistance to Spain in civil aviation activities. Signed at Washington and Madrid June 30 and July 22, 1982. Entered into force July 22, 1982.

International express mail agreement, with detailed regulations. Signed at Madrid Oct. 18, 1982.

Entered into force: Apr. 1, 1983.

Sudan

Agreement amending the agreement for sales of agricultural commodities of Jan. 20, 1983. Effected by exchange of notes at Khartoum Feb. 21, 1983. Entered into force Feb. 21, 1983.

Sweden

Supplementary convention on extradition. Signed at Stockholm Mar. 14, 1983. Enters into force upon the exchange of ratifications.

Thailand

Agreement amending the agreement of Oct. 4, 1978, as amended and extended (TIAS 9215, 9462, 9643, 9717, 9937, 10153, 10368, 10461), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bangkok Jan. 7 and Feb. 18, 1983. Entered into force Feb. 18, 1983; effective Sept. 22, 1982.

Turkey

Agreement regarding scientific and technological cooperation, with exchange of notes. Signed at Ankara Feb. 21, 1983. Enters into force on the date of exchange of notes announcing acceptance of each of the contracting parties in accordance with their respective national procedures.

United Kingdom

Reciprocal fisheries agreement, with agreed minute. Signed at London Mar. 27, 1979. Ratifications exchanged: Washington, Mar. 10, 1983. Entered into force: Mar. 10, 1983.

Zambia

Agreement for the sale of agricultural commodities, relating to the agreement of Aug. 4, 1978, with minutes of negotiation. Signed at Lusaka Feb. 18, 1983. Entered into force Feb. 18, 1983.

¹Not in force.

²Not in force for the U.S.

³With declaration(s).

⁴Applicable to the territory of the French Republic, including Overseas Departments and Territories.

⁵Applicable to territories under its territorial sovereignty as well as the State of Brunei.

⁶With reservation

⁷Subject to ratification. ■

March 1983**March 1**

A new 12-member cabinet headed by Alihub as Prime Minister is installed as Suriname's fourth military-appointed government since the 1980 revolution.

Three members of the El Salvador Commission are inducted. The commission's purposes are to revise the amnesty law, its implementation, create adequate sanctions contributions so there can be elections, and to promote the participation of all social and political sectors in the democratic process.

March 6

The Bonn coalition government, headed by Chancellor Helmut Kohl of the Christian Democratic Party, is returned to power in national elections.

March 8

The U.N. Commission on Human Rights adopts a resolution in Geneva by a vote of 19-14, with 10 abstentions, requesting the Secretary General to "update and complete the thorough study of the human rights situation in Poland."

March 11

Robert Hawke, leader of the Labor Party, takes office as Australia's Prime Minister after he and his party ousted the 8-year conservative government of Prime Minister Malcolm Fraser in national elections. It was the second Labor Party victory in 1949.

March 13-16

A special Norwegian conference in Oslo on Afghanistan is hearing eyewitness testimony of the devastation, suffering, and hardship inflicted on the Afghan people caused by the continuing occupation of Afghanistan by Soviet troops and their use of chemical weapons. The hearings are designed to maintain public awareness of the situation.

March 14

For the first time in the group's 23-year history, OPEC cuts the official prices of market crude by 15% to \$29 a barrel from \$34 a barrel. A production ceiling of 1.5 million barrels a day is also imposed.

March 14-16

Dutch Prime Minister Ruud Lubbers meets an official working visit to Washington, D.C., to discuss foreign matters of mutual interest.

March 15

Five U.S. Marines and five Italians are wounded by rocket-propelled grenades and automatic weapons fire in attacks of the multinational force in Beirut. One Italian subsequently dies of injuries a few days after all injuries to U.S. forces were minor.

PRESS RELEASES

h 17
Following appointed Ambassadors pre-
their credentials during a White House
ony: Eric Kwamina Otoo, Republic of
g; Don Florencio MAYE ELA, Republic
atorial Guinea; Jorge ESPINOSA de
eyes, United Mexican States; Lassana
, Republic of Mali; Fritz Nerval Cineas,
blic of Haiti.

h 21
ll agrees to share information about the
t military equipment and tactics with
nited States that were gained during
ebanon war without the necessity of a
ntelligence-sharing agreement.

he Afghan New Year is commemorated
ghanistan Day in the United States,
both private and governmental organiza-
demonstrating their continuing support
e struggle that the Afghan freedom
ers are waging against the Soviet Union.
dent Reagan gives a brief radio message
port the Afghan cause and Congress
s a resolution designating March 21 as
nistan Day.

h 23-24
resident Bush makes an official visit to
a to meet with the Prime Minister and
senior Canadian officials.

h 24
n Minister Andrey A. Gromyko of the
Union is given the additional job of
Deputy Prime Minister.
e United States bars Cubana Airlines
lying over U.S. airspace for 2 weeks
e of two violations of traffic routings.
ute deviations took the planes near
s Air Force Base near Syracuse, New
There were determined to be safety
ons.

h 29-April 1
n Crown Prince and Defense Minister
Hamad bin Iss al-Khalifa and Foreign
ter Shaikh Muhammad bin Mubarak
in an official working visit to Washington,
to meet with Secretary of Defense
erger and other top U.S. officials to
security issues of mutual interest.

h 29-April 2
ent Kenneth Kaunda of Zambia makes
ocial working visit to the United States
nt the President and other top U.S. of-
a to discuss southern Africa and other
b affairs of interest to both countries.

h 31-April 1
S.orea subcabinet economic consultations
d in Washington, D.C. Vice Minister of
ren Affairs Roh Jae Won leads the
y) delegation, and Under Secretary of
ag or Economic Affairs W. Allen Wallis
of the U.S. delegation. Reviewed is the
age of bilateral and multilateral
onic issues of importance to both na-

tions, including prospects for global recovery
and the outlook for the respective nations'
economies. The consultations demonstrate the
importance of U.S.-Korean economic relation-
ship and our growing bilateral trade. ■

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Press releases may be obtained from the Of-
fice of Press Relations, Department of State,
Washington, D.C. 20520.

No.	Date	Subject	
66	3/2	U.S. and the Federated States of Micronesia call plebiscite on compact of free association.	*83 3/28
*67	3/3	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, Mar. 18.	*84 3/28
68	3/7	Shultz: remarks before the World Affairs Council of Northern California, San Francisco, Mar. 5.	*85 3/28
68A	3/7	Shultz: question-and-answer session following remarks in San Francisco, Mar. 5.	*86 3/28
*69	3/8	Jerome W. Van Gorkom appointed Under Secretary for Management (bio. data).	*87 3/28
*70	3/8	Charles N. Brower appointed substitute arbitrator on Iran-U.S. Claims Tribunal (bio. data).	*88 3/28
*71	3/10	Appointment of U.S. delegation to the regional administration radio conference for planning the broadcasting satellite service.	*89 3/28 *90 3/29
*72	3/10	Program for the official working visit of Dutch Prime Minister Lubbers, Mar. 14-17.	*91 3/29
*73	3/14	U.S. Organization for the International Radio Consultative Committee (CCIR), study groups 10 and 11, Apr. 4.	*92 3/29
*74	3/14	CCIR, study group 1, Apr. 7.	*93 3/31
*75	3/14	Advisory Committee on International Investment, Technology, and Development, Apr. 13.	*94 3/31
*76	3/14	CCITT, working party on integrated services digital network, Mar. 29.	95 3/31
*77	3/16	Shultz: statement before the Subcommittee on Foreign Operations, House Appropriations Committee.	
*78	3/16	U.S., Romania amend textile agreement, Jan. 28 and Feb. 18.	
		U.S., Costa Rica, and Panama sign eastern Pacific Ocean tuna fishing agreement, Mar. 15.	
		Shultz: statement before the Subcommittee on Foreign Operations, Senate Appropriations Committee.	
		<i>Foreign Relations of the United States, 1951: Volume VII—Korea and China (two parts) released.</i>	
		Shultz: statement before the Subcommittee for Commerce, Justice, State, the Judiciary, and Related Agencies, House Appropriations Committee.	
		Program for the official working visit of Zambian President Kaunda, Mar. 29-Apr. 2.	
		Shipping Coordinating Committee (SCC), Subcommittee on Ocean Dumping, Apr. 19.	
		Advisory Committee on Private International Law, Apr. 29.	
		Advisory Committee on International Investment, Technology, and Development, Apr. 29.	
		SCC, Subcommittee on Safety of Life at Sea (SOLAS), working group on stability, load lines, and safety of fishing vessels, Apr. 20.	
		SCC, Subcommittee on the Code of Conduct for Liner Conferences, May 3.	
		SCC, SOLAS, May 9 and 24.	
		U.S., Costa Rica, and Panama sign the eastern Pacific Ocean tuna fishing agreement, Mar. 15.	
		U.S., Hong Kong amend textile agreement, Jan. 12 and 14.	
		U.S., Thailand amend textile agreement, Jan. 7 and Feb. 18.	
		Shultz: interview on "Today Show."	
		James R. Bullington sworn in as Ambassador to Burundi (bio. data).	
		Shultz: news briefing on arms control.	

*Not printed in the BULLETIN. ■

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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.

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*186	12/15	Gershman: human rights in El Salvador, Committee III.
*187	12/15	Sorzano: Khmer relief donors' meeting.
*188	12/16	Lichenstein: South African attack into Lesotho, Security Council.
*189	12/17	Sherman: plebiscites in Palau, the Marshall Islands, and Micronesia, Trusteeship Council.
*190	12/17	Lichenstein: Middle East, General Assembly.
*191	[Not issued.]	
*192	12/20	Lichenstein: peaceful uses of nuclear energy, General Assembly.
*193	12/20	Adelman: global negotiations, General Assembly.
*194	12/21	Gershman: measures against Nazi, Fascist, and neo-Fascist activities, General Assembly.
*195	12/21	Gershman: Central America, Committee III.
*196	12/21	Sherman: TTPI, Trusteeship Council.
*197	12/21	Papendorp: 1982-83 budget, General Assembly.
*198	12/21	Lichenstein: Middle East, General Assembly.

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Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

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Peace and National Security, address to the nation, Mar. 23, 1983 (Current Policy #472).

Strategic Importance of El Salvador and Central America, National Association of Manufacturers, Mar. 10, 1983 (Current Policy #464).

The Trade Challenge for the 1980s, Commonwealth Club, San Francisco, Mar. 4, 1983 (Current Policy #463).

Secretary Shultz

Strengthening Democracy in Central America, Subcommittee on Foreign Operations, House Appropriations Committee, Mar. 16, 1983 (Current Policy #468).

The U.S. and East Asia: A Partnership for the Future, World Affairs Council, San Francisco, Mar. 5, 1983 (Current Policy #459).

Foreign Aid and U.S. National Interests, Southern Center for International Studies, Atlanta, Feb. 24, 1983 (Current Policy #457).

Project Democracy, Subcommittee on International Operations, House Foreign Affairs Committee, Feb. 23, 1983 (Current Policy #456).

Security and Economic Assistance for FY 1984, House Foreign Affairs Committee, Feb. 16, 1983 (Current Policy #454).

Africa

Our Development Dialogue With Africa, Assistant Secretary Crocker, Georgetown University Center for Strategic and International Studies, Mar. 3, 1983 (Current Policy #462).

Background Notes on Cameroon (Feb. 1983).
Background Notes on Ivory Coast (Feb. 1983).

Background Notes on Swaziland (Mar. 1983).

Arms Control

Ensuring Security in the Nuclear Age, Deputy Secretary Dam, conference sponsored by the Department of State and the Institute of International Education, Denver, Mar. 8, 1983 (Current Policy #466).

Arms Control: MBFR talks (GIST Mar. 1983).

Canada

Background Notes on Canada (Mar. 1983).

East Asia

Developing an Enduring Relationship With China, Assistant Secretary Wolfowitz, House Foreign Affairs Committee, Feb. 1983 (Current Policy #460).

Background Notes on Thailand (Feb. 1983).

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Multilateral Development Banks (GIST, Mar. 1983).

Europe

Soviet and East European Aid to the Third World, report by the Bureau of Intelligence and Research, Feb. 1983.

The Human Side of German-American Relations, Ambassador Burns, Overseas Club, Hamburg, Mar. 14, 1983 (Current Policy #469).

Foreign Aid

Economics and Politics: The Quandary of Foreign Aid, Under Secretary Wallis, Heritage Foundation and Philadelphia Society, Mar. 3, 1983 (Current Policy #461).

Human Rights

1982 Human Rights Report, excerpt from Department of State's *Country Reports on Human Rights Practices for 1982*, Mar. 1983 (Special Report #107).

Military Affairs

Yellow Rain: The Arms Control Implications, Under Secretary Eagleburger, Subcommittee on Arms Control, Oceans, International Operations, and Environment, Senate Foreign Relations Committee, Feb. 23, 1983 (Current Policy #458).

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Department of State **bulletin**

Volume 83 / Number 2075 / June 1983

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.

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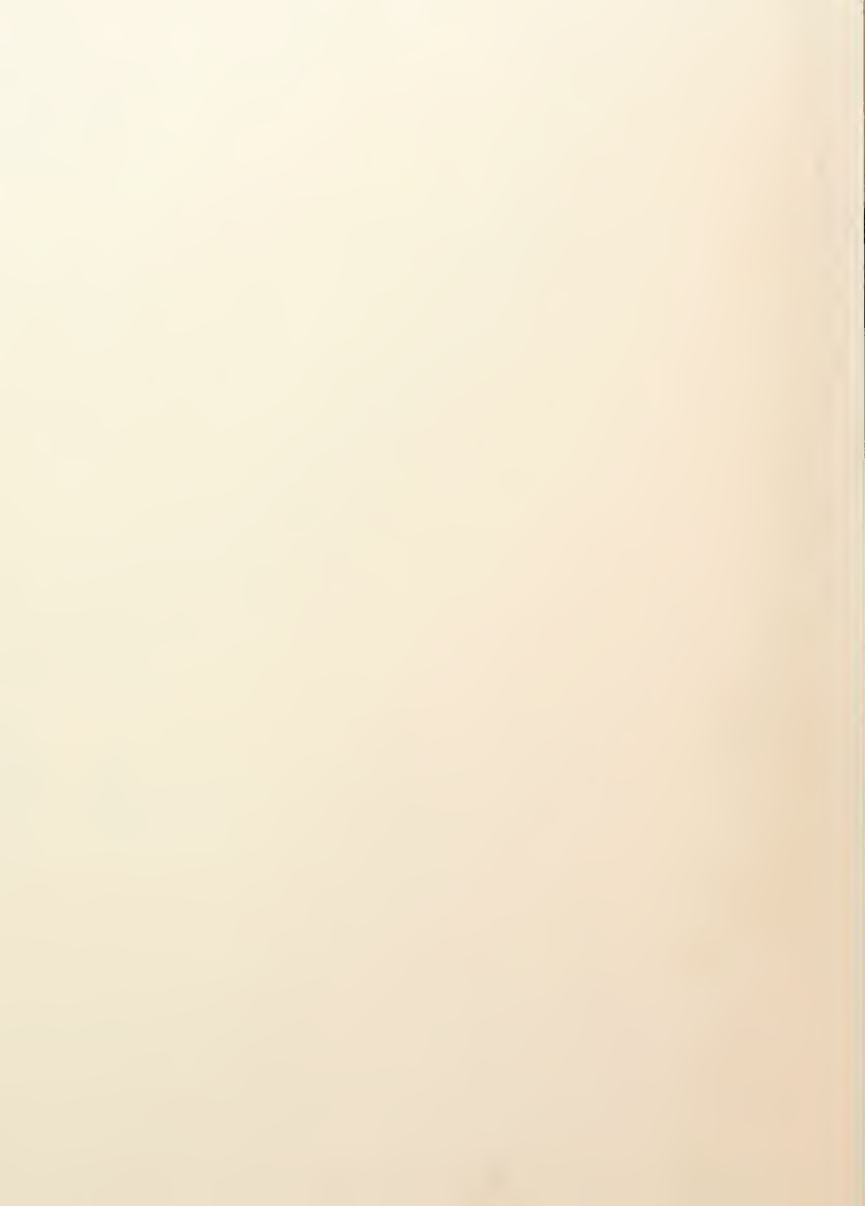
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Central America: Defending Our Vital Interests

by President Reagan

*Address before
a joint session of Congress
on April 27, 1983¹*

A number of times in past years, Members of Congress and a President have come together in meetings like this to resolve a crisis. I have asked for this meeting in the hope that we can prevent one.

It would be hard to find many Americans who are not aware of our stake in the Middle East, the Persian Gulf, or the NATO line dividing the free world from the communist bloc. And the same could be said for Asia.

But in spite of, or maybe because of, a flurry of stories about places like Nicaragua and El Salvador, and, yes, some concerted propaganda, many of us find it hard to believe we have a stake in problems involving those countries. Too many have thought of Central America as just that place way down below Mexico that can't possibly constitute a threat to our well-being.

And that's why I have asked for this session. Central America's problems do directly affect the security and the well-being of our own people. And Central America is much closer to the United States than many of the world trouble spots that concern us. So as we work to restore our own economy, we cannot afford to lose sight of our neighbors to the south.

El Salvador is nearer to Texas than Texas is to Massachusetts, Nicaragua is just as close to Miami, San Antonio, San Diego, and Tucson as those cities are to Washington where we're gathered tonight. But nearness on the map doesn't even begin to tell the strategic importance of Central America, bordering as it does on the Caribbean—our lifeline to the outside world. Two-thirds of all our foreign trade and petroleum pass through the Panama Canal and the Caribbean. In a European crisis, at least half of our supplies for NATO would go through these areas by sea. It's well to remember that in early 1942 a handful of Hitler's submarines sank more tonnage there than in all of the Atlantic Ocean. And they did this without a single naval base anywhere in the area.

Today, the situation is different. Cuba is host to a Soviet combat brigade, a submarine base capable of servicing Soviet submarines, and military air bases visited regularly by Soviet military aircraft.

Because of its importance, the Caribbean Basin is a magnet for adventurism. We are all aware of the Libyan cargo planes refueling in Brazil a few days ago

White House photo by Bill Fitz Paetzold

on their way to deliver medical supplies to Nicaragua. Brazilian authorities discovered the so-called medical supplies were actually munitions and prevented their delivery. You may remember that last month, speaking on national television, I showed an aerial photo of an airfield being built on the island of Grenada. Well, if that airfield had been completed, those planes could have refueled there and completed their journey.

If the Nazis during World War II and the Soviets today could recognize the Caribbean and Central America as vital to our interests, shouldn't we also?

El Salvador is nearer to Texas than Texas is to Massachusetts. Nicaragua is just as close to Miami, San Antonio, San Diego, and Tucson as those cities are to Washington . . .

Struggle for Freedom in El Salvador

For several years now, under two administrations, the United States has been increasing its defense of freedom in the Caribbean Basin. And I can tell you tonight, democracy is beginning to take root in El Salvador which, until a short time ago, knew only dictatorship. The new government is now delivering on its promises of democracy, reforms, and free elections. It wasn't easy, and there was resistance to many of the attempted reforms with assassinations of some of the reformers. Guerrilla bands and urban terrorists were portrayed in a worldwide propaganda campaign as freedom fighters representative of the people. Ten days before I came into office, the guerrillas launched what they called a "final offensive" to overthrow the government. And their radio boasted that our new Administration would be too late to prevent their victory.

They learned democracy cannot be so easily defeated. President Carter did not hesitate. He authorized arms and ammunition to El Salvador. The guerrilla offensive failed but not America's will. Every president since this country assumed global responsibilities has known that those responsibilities could only be met if we pursued a bipartisan foreign policy.

As I said a moment ago, the Government of El Salvador has been keeping its promises, like the land reform program which is making thousands of farm tenants, farm owners. In a little over 3 years, 20% of the arable land in El Salvador has been redistributed to more than 450,000 people. That's 1 in 10 Salvadorans who have benefited directly from this program.

El Salvador has continued to strive toward an orderly and democratic society. The government promised free elections. On March 28th, little more than a year ago, after months of campaigning by a variety of candidates, the suffering

The world should respect this court and not allow it to be belittled or forgotten. And again, I say in good conscience, we can never turn our backs on that.

The democratic political parties together around the common goal seeking a political solution to their country's problems. New national elections will be held this year and they will open to all political parties. The government has invited the guerrillas to participate in the election and is preparing an amnesty law. The people of El Salvador are earning their freedom; they deserve our moral and material support to protect it.

Yes, there are still major problems regarding human rights, the criminal justice system, and violence against combatants. And, like the rest of Central America, El Salvador also faces severe economic problems. But in addition to recession-depressed prices for major agricultural exports, El Salvador's economy is being deliberately sabotaged tonight in El Salvador—because ruthless guerrilla attacks—much of the fertile land cannot be cultivated; more than half the rolling stock of the railways remains operational; brick water facilities, telephone and electric systems have been destroyed and damaged. In one 22-month period were 5,000 interruptions of electricity power; one region was without electricity for a third of a year.

I think Secretary of State Shultz did it very well the other day. "Unable to win the free loyalty of El Salvador, the guerrillas," he said, "are deliberately and systematically depleting them of food, water, transportation, light, sanitation, and jobs. And that's the people who claim they want to be the common people."

They don't want elections because they know they would be defeated. As the previous election showed, the Salvadoran people's desire for democracy will not be defeated. The guerrillas are not embattled peasants armed with muskets. They are professionals, sometimes with better training and weaponry than the government soldiers. The Salvadoran battalion have received U.S. training have been conducting themselves well on the battlefield and with the civilian population. But, so far, we've only provided enough money to train 1 Salvadoran soldier out of 10, fewer than the number of guerrillas that are trained by Nicaragua and Cuba.

people of El Salvador were offered a chance to vote—to choose the kind of government they wanted. And suddenly the so-called freedom fighters in the hills were exposed for what they really are—a small minority who want power for themselves and their backers not democracy for the people. The guerrillas threatened death to anyone who voted. They destroyed hundreds of buses and trucks to keep the people from getting to the polling places. Their slogan was brutal: "Vote today, die tonight." But on election day, an unprecedented 80% of the electorate braved ambush and gunfire and trudged for miles, many of them, to vote for freedom. And that's truly fighting for freedom. We can never turn our backs on that.

Members of this Congress who went there as observers told me of a woman who was wounded by rifle fire on the way to the polls, who refused to leave the line to have her wound treated until after she had voted. Another woman had been told by the guerrillas that she would be killed when she returned from the polls, and she told the guerrillas, "You can kill me; you can kill my family; you can kill my neighbors; you can't kill us all." The real freedom fighters of El Salvador turned out to be the people of that country—the young, the old, the in-between—more than a million of them out of a population of less than 5 million.

Relations With Nicaragua

Let me set the record straight on Nicaragua, a country next to El Salvador. In 1979, when the new government over in Nicaragua, after a revolution which overthrew the authoritarianism of Somoza, everyone hoped for the birth of democracy. We in the United States did too. By January of 1981, our agency relief and recovery aid to Nicaragua totaled \$118 million—more provided by any other developed country. In fact, in the first 2 years of Sandinista rule, the United States actually or indirectly sent five times as much aid to Nicaragua than it had in the 2 years prior to the revolution. Can anybody doubt the generosity and good faith of the American people?

These were hardly the actions of a government implacably hostile to Nicaragua. The Government of Nicaragua has treated us as an enemy. It has rejected repeated peace efforts. It has broken its promises to us, to the United States, and to the people of Nicaragua.

How soon was victory achieved than all clique ousted others who had no voice in government. Humberto Solís, the Minister of Defense, preached Marxism-Leninism would be the guide, and so it is. The Government of Nicaragua has imposed a new censorship; it has refused to hold the elections it promised; it has seized control of most media and subjects all to heavy prior censorship; it expelled the bishops and priests of the Roman Catholic Church the right to say mass on radio during holy week; it insulted and mocked the Pope; it has expelled the Miskito Indians from their lands—burning their villages, destroying their crops, and forcing them into involuntary internment camps far from home; it has moved against the private sector and free labor unions; it has led mob action against Nicaragua's independent human rights commission and drove the director of the commission into exile.

How short, after all these acts of aggression by the government, is it any wonder that opposition has formed? It is contrary to propaganda, the opponents of the Sandinistas are not die-hard supporters of the previous Somoza regime. In fact, many are anti-Somoza heroes who fought beside the Sandinistas to

bring down the Somoza government. Now they've been denied any part in the new government because they truly wanted democracy for Nicaragua, and they still do. Others are Miskito Indians fighting for their homes, their lands, and their lives.

The Sandinista revolution in Nicaragua turned out to be just an exchange of one set of autocratic rulers for another, and the people still have no freedom, no democratic rights, and more poverty. Even worse than its predecessor, it is helping Cuba and the Soviets to destabilize our hemisphere.

Meanwhile, the Government of El Salvador, making every effort to guarantee democracy, free labor unions, freedom of religion, and a free press, is under attack by guerrillas dedicated to the same philosophy that prevails in Nicaragua, Cuba, and, yes, the Soviet Union. Violence has been Nicaragua's most important export to the world. It is the ultimate in hypocrisy for the unelected Nicaraguan Government to charge that we seek their overthrow when they're doing everything they can to bring down the elected Government of El Salvador. The guerrilla attacks are directed from a headquarters in Managua, the capital of Nicaragua.

But let us be clear as to the American attitude toward the Government of Nicaragua. We do not seek its overthrow. Our interest is to ensure that it does not infect its neighbors through the export of subversion and violence. Our purpose, in conformity with American and international law, is to prevent

alternative. And, as Nicaragua ponders its options, we can and will—with all the resources of diplomacy—protect each country of Central America from the danger of war. Even Costa Rica, Central America's oldest and strongest democracy, a government so peaceful it doesn't even have an army, is the object of bullying and threats from Nicaragua's dictators.

Nicaragua's neighbors know that Sandinista promises of peace, nonalliance, and nonintervention have not been kept. Some 36 new military bases have been built; there were only 13 during the Somoza years. Nicaragua's new army numbers 25,000 men supported by a militia of 50,000. It is the largest army in Central America supplemented by 2,000 Cuban military and security advisers. It is equipped with the most modern weapons, dozens of Soviet-made tanks, 800 Soviet-bloc trucks, Soviet 152-MM howitzers, 100 anti-aircraft guns, plus planes and helicopters. There are additional thousands of civilian advisers from Cuba, the Soviet Union, East Germany, Libya, and the PLO [Palestine Liberation Organization]. And we are attacked because we have 55 military trainers in El Salvador.

The goal of the professional guerrilla movements in Central America is as simple as it is sinister—to destabilize the entire region from the Panama Canal to Mexico. If you doubt me on this point, just consider what Cayetano Carpio, the now-deceased Salvadoran guerrilla leader, said earlier this month. Carpio said that after El Salvador falls, El

It is the ultimate in hypocrisy for the unelected Nicaraguan Government to charge that we seek their overthrow when they're doing everything they can to bring down the elected Government of El Salvador.

the flow of arms to El Salvador, Honduras, Guatemala, and Costa Rica. We have attempted to have a dialogue with the Government of Nicaragua, but it persists in its efforts to spread violence.

We should not—and we will not—protect the Nicaraguan Government from the anger of its own people. But we should, through diplomacy, offer an

Salvador and Nicaragua would be "arm-in-arm and struggling for the total liberation of Central America."

Nicaragua's dictatorial junta, who themselves made war and won power operating from bases in Honduras and Costa Rica, like to pretend they are today being attacked by forces based in Honduras. The fact is, it is Nicaragua's Government that threatens Honduras,

not the reverse. It is Nicaragua who has moved heavy tanks close to the border, and Nicaragua who speaks of war. It was Nicaraguan radio that announced on April 3rd the creation of a new, unified, revolutionary coordinating board to push forward the Marxist struggle in Honduras. Nicaragua, supported by weapons and military resources provided by the communist bloc, represses its own people, refuses to make peace, and sponsors a guerrilla war against El Salvador.

The Need for U.S. Support

President Truman's words are as apt today as they were in 1947, when he, too, spoke before a joint session of the Congress:

At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one.

One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression.

The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms.

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

... Collapse of free institutions and loss of independence would be disastrous not only for them but for the world. Discouragement and possibly failure would quickly be the lot of neighboring peoples striving to maintain their freedom and independence.

The countries of Central America are smaller than the nations that prompted President Truman's message. But the political and strategic stakes are the same. Will our response—economic, social, military—be as appropriate and successful as Mr. Truman's bold solutions to the problems of postwar Europe?

Some people have forgotten the successes of those years and the decades of peace, prosperity, and freedom they secured. Some people talk as though the United States were incapable of acting

effectively in international affairs without risking war or damaging those we seek to help.

Are democracies required to remain passive while threats to their security and prosperity accumulate?

Must we just accept the destabilization of an entire region from the Panama Canal to Mexico on our southern border?

Must we sit by while independent nations of this hemisphere are integrated into the most aggressive empire the modern world has seen?

Must we wait while Central Americans are driven from their homes, like the more than 4 million who have sought refuge out of Afghanistan or the 1.5 million who have fled Indochina or the more than 1 million Cubans who have fled Castro's Caribbean utopia?

Must we, by default, leave the people of El Salvador no choice but to flee their homes, creating another tragic human exodus?

I do not believe there is a majority in the Congress or the country that counsels passivity, resignation, defeatism in the face of this challenge to freedom and security in our hemisphere.

I do not believe that a majority of the Congress or the country is prepared to stand by passively while the people of Central America are delivered to totalitarianism, and we ourselves are left vulnerable to new dangers.

Only last week an official of the Soviet Union reiterated Brezhnev's threat to station nuclear missiles in this hemisphere—5 minutes from the United States. Like an echo, Nicaragua's commandante, Daniel Ortega, confirmed that, if asked, his country would consider accepting those missiles. I understand that today they may be having second thoughts.

Now, before I go any further, let me say to those who invoke the memory of Vietnam: There is no thought of sending American combat troops to Central America; they are not needed—indeed, they have not been requested there. All our neighbors ask of us is assistance in training and arms to protect themselves while they build a better, freer life.

We must continue to encourage peace among the nations of Central America. We must support the regional efforts now underway to promote solutions to regional problems. We cannot be certain that the Marxist-Leninist bands who believe war is an instrument of politics will be readily discouraged.

It's crucial that we not become discouraged before they do. Otherwise region's freedom will be lost and our security damaged in ways that can only be calculated.

If Central America were to fall what would the consequences be for position in Asia, Europe, and for alliances such as NATO? If the United States cannot respond to a threat to our own borders, why should Europeans or Asians believe that we are serious concerned about threats to them? Soviets can assume that nothing is an actual attack on the United States will provoke an American response, which ally, which friend will trust, then?

Basic Goals

The Congress shares both the power and the responsibility for our foreign policy. Tonight, I ask you, the Congress, to join me in a bold, generous approach to the problems of peace and poverty, democracy and dictatorship in the region. Join me in a program that prevents communist victory in the run but goes beyond to produce, for the deprived people of the area, the real fruits of present progress and the promise of a better future.

Let us lay the foundation for a bipartisan approach to sustain the independence and freedom of the countries of Central America. We in the administration reach out to you in this spirit.

We will pursue four basic goals for Central America.

First. In response to decades of inequity and indifference, we will support democracy, reform, and human freedom. This means using our assistance, our powers of persuasion, and our legal "leverage" to bolster humane democratic systems where they already exist and help countries on their way to that end. This means completing the process as quickly as possible so that human institutions can be changed—both in El Salvador and also in Nicaragua—must be open to all, free and safe. The international community will help. We will work at human rights problems, not walk away from them.

Second. In response to the challenge of world recession and, in the case of El Salvador, to the unrelenting communist economic sabotage by the guerrillas, we will support economic development. By a margin of two-to-one, our aid is

omic now, not military. Seventy percents out of every dollar we will spend in the area this year goes for fertilizers, and other essentials for economic growth and development. And economic program goes beyond traditional aid: The Caribbean initiative introduced in the House earlier today provides powerful trade and investment incentives to help these countries achieve self-sustaining economic growth without exporting U.S. jobs. Our goal will be to focus our immense and growing technology to enhance health care, agriculture, and industry and to ensure that we, who inhabit this interdependent world, come to know and understand each other better, retaining our diverse ties, respecting our diverse traditions and institutions.

Shield. In response to the military challenge from Cuba and Nicaragua—to deliberately use of force to spread tyranny—we will support the security of our region's threatened nations. We do not view security assistance as an end in itself but as a shield for democratization, economic development, and diplomacy. A commitment of reform will bring peace so that guerrillas believe they will win. No amount of economic help will suffice if guerrilla units can destroy roads and bridges and power stations, attack troops again and again with impunity, with better training and aerial help, our neighbors can hold off guerrillas and give democratic institutions a time to take root.

Peace. We will support dialogue and negotiations—both among the countries of the region and within each country on the terms and conditions of participation in elections are negotiable. Costa Rica is a shining example of peace. Honduras has made the transition from military rule to democratic government. Guatemala is pledged to peace to course. The United States will continue to support a political solution in Central America which will serve the interests of the democratic process.

To support these diplomatic goals, I will provide these assurances:

The United States will support an agreement among Central American

countries for the withdrawal—under fully verifiable and reciprocal conditions—of all foreign military and security advisers and troops.

- We want to help opposition groups join the political process in all countries and compete by ballots instead of bullets.

- We will support any verifiable, reciprocal agreement 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 nonimportation of offensive weapons.

To move us toward these goals more rapidly, I am tonight announcing my intention to name an ambassador at large

What the Administration is asking for on behalf of freedom in Central America is so small, so minimal, considering what is at stake.

as my special envoy to Central America. He or she will report to me through the Secretary of State. The ambassador's responsibilities will be to lend U.S. support to the efforts of regional governments to bring peace to this troubled area and to work closely with the Congress to assure the fullest possible bipartisan coordination of our policies toward the region.

What I'm asking for is prompt congressional approval for the full reprogramming of funds for key current economic and security programs so that the people of Central America can hold the line against externally supported aggression. In addition, I am asking for prompt action on the supplemental request in these same areas to carry us through the current fiscal year and for early and favorable congressional action on my requests for fiscal year 1984. And finally, I am asking that the bipartisan consensus, which last year acted on the trade and tax provisions of the Caribbean Basin Initiative in the House, again take the lead to move this vital proposal to the floor of both chambers. And, as I said before, the greatest share of these requests is targeted toward economic and humanitarian aid, not military.

What the Administration is asking for on behalf of freedom in Central America is so small, so minimal, considering what is at stake. The total amount requested for aid to all of Central America in 1984 is about \$600 million; that's less than one-tenth of what Americans will spend this year on coin-operated video games.

In summation, I say to you that tonight there can be no question: The national security of all the Americas is at stake in Central America. If we cannot defend ourselves there, we cannot expect to prevail elsewhere. Our credibility would collapse, our alliances would crumble, and the safety of our homeland would be put at jeopardy.

We have a vital interest, a moral duty, and a solemn responsibility. This is not a partisan issue. It is a question of our meeting our moral responsibility to ourselves, our friends, and our posterity. It is a duty that falls on all of us—the President, the Congress, and the people. We must perform it together. Who among us would wish to bear responsibility for failing to meet our shared obligation?

¹Text from Weekly Compilation of Presidential Documents of May 2, 1983. ■

Radio Address on Lebanon

President Reagan's radio address to the nation on April 23, 1983.¹

In a few hours, I'll undertake one of the saddest journeys of my Presidency. I'll be going to Andrews Air Force Base to meet one of our Air Force planes bringing home 16 Americans who died this week in the terrorist attack on the U.S. Embassy in Beirut.

I undertake this task in great sadness but also with a tremendous sense of pride in those who sacrificed their lives in our country's efforts to bring peace to the Middle East and spare others the agony of war. Greater love hath no man. The courage and the dedication of these men and women reflect the best tradition of our Foreign Service, our Armed Forces, and other departments and agencies whose personnel serve our nation overseas, often in situations of great personal danger.

We don't know yet who bears responsibility for this terrible deed. What we do know is that the terrorists who planned and carried out this cynical and cowardly attack have failed in their purpose. They mistakenly believe that if they're cruel enough and violent enough, they will weaken American resolve and deter us from our effort to help build a lasting and secure peace in the Middle East. If they think that, they don't know too much about America. As a free people, we've never allowed intimidation to

stop us from doing what we know to be right. The best way for us to show our love and respect for our fellow countrymen who died in Beirut this week is to carry on with their task, to press harder than ever with our peacemaking efforts, and that's exactly what we're doing.

More than ever, we're committed to giving the people of Lebanon the chance they deserve to lead normal lives, free from violence and free from the presence of all unwanted foreign forces on their soil. And we remain committed to the Lebanese Government's recovery of full sovereignty throughout all its territory.

When I spoke after the bombing to Lebanon's President Gemayel, he expressed his people's deepest regret and revulsion over this wanton act of terrorism. I, in turn, assured him that the tragic events of this week had only served to strengthen America's steadfastness as a force for peace in his country and the Middle East. To this end, I've asked Secretary of State George Shultz to leave tomorrow night for the Middle East. Secretary Shultz will now add his personal efforts to continue magnificent work begun by Ambassadors Phil Habib and Morris Draper [special representative of the President to the Middle East and special negotiator for Lebanon, respectively], bringing about the earliest possible withdrawal of all foreign forces from Lebanon in a way that will promote peace and security in this troubled region.

The scenes of senseless tragedy in Beirut this week will remain etched in

our memories forever. But along with the tragedy, there were inspiring moments of heroism. We will not forget the pictures of Ambassador Dillon and his staff, Lebanese as well as Americans, many of them swathed in bandages, bravely searching the devastated embassy for their colleagues and for other innocent victims.

We will not forget the image of young Marines gently draping our nation's flag over the broken body of one of their fallen comrades. We will not forget their courage and compassion. And we will not forget their willingness to sacrifice even their lives to the service of their country and the cause of peace.

Yes, we Americans can be proud of these fine men and women. And we can be even prouder that our country has been playing such a unique and indispensable role in the Middle East; no other single nation could play it. The countries of the region want to bring peace, we're the ones that have turned to. That's because they trust because they know that America is strong and just, both decent and dedicated. Even in the shadow of this terrible tragedy in Beirut, that is something to remember and draw heart from. It is also something to be true to.

I know I speak for all Americans when I reaffirm our unshakable commitment to our country's most precious heritage—serving the cause of peace and freedom in the world. What a monument that that could be built by those who gave their all that other might live in peace.

¹Text from White House press release.

Vice President Bush Visits Canada

Vice President Bush visited Ottawa on March 23-24, 1983. Following are two statements made on March 23.¹

STATEMENT, March 23, 1983

I appreciate your kind invitation to visit Canada, and I am delighted to be here. This is my first trip to Canada as Vice President, and I am pleased to follow the examples of President Reagan and Secretary Shultz, who have each visited Canada twice in the last 2 years.

Canada and the United States are truly neighbors but trading partnerships, and friends. Canada, like the United States, is a nation that cherishes—and nurtures—democracy and human liberty. Today I want to emphasize the importance of our common effort to preserve peace in the world so that such free and democratic nations as Canada and those of the NATO alliance can endure.

Our policy rests on arms control on the one hand and the maintenance of a strong, united Atlantic alliance on the other. Such a policy requires that all the members of the alliance work closely together, and this trip today constitutes the first in a series of such visits I have made in recent weeks to consult with our allies.

Although arms control and Western security will represent the principal subject of my talks here, I will also discuss some of the important bilateral issues that naturally arise between two countries which share an extensive common heritage and enjoy such broad and varied relations. The American people hold Canadians in high esteem, and the Administration I represent values the friendship of Canada's leaders. I look forward to a full and richly rewarding day. Let me say again how extremely grateful I am to be here and to express my thanks for the warm welcome you have extended to me this morning.

STATEMENT, March 23, 1983

The warmth of my welcome has been remarkable, and the hospitality has been superb. My discussions with the Prime Minister, Minister MacEachern, and the Secretary of State for External

Affairs], and other Cabinet members and senior officials on many issues have been fruitful.

The primary purpose of my visit has been to consult with the Government of Canada on nuclear arms and related security issues which confront both our countries as North American allies and as members of the NATO alliance. The United States values highly Canada's counsel as a neighbor, as an ally, and as a friend. The visit also gave me the opportunity to review the state of our bilateral relations in general.

I think it fair to say that both countries stand in fundamental agreement on the crucial aspects of the defense and arms control issues that face us; that is, we agree on the wisdom and necessity of continuing to pursue the dual policy of enhancing the alliance's deterrent

capability on the one hand while negotiating to reduce the level of nuclear armaments on the other. We agree that this approach represents the only practical and prudent means of ensuring peace in the world.

Our bilateral relationship as a whole remains sound. Differences persist on some issues, but these are being addressed in the spirit not only of frankness but of friendliness that traditionally characterizes our dealings.

Let me close these remarks by reiterating my deep appreciation to my Canadian hosts for their kind hospitality. This visit has reaffirmed the importance and closeness of the enduring friendship between our two countries.

¹Texts from the Vice President's Office of the Press Secretary. ■



(White House photo by Valerie Hodgson)

Vice President Bush and Prime Minister Trudeau

Modernizing U.S. Strategic Forces

Secretary Shultz's statement before the Senate Armed Services Committee on April 20, 1983.

I am pleased to be here along with [Defense] Secretary Weinberger to explain the importance of the President's proposals for modernizing our strategic forces. First of all, I want to say that we all owe a great debt to Brent Scowcroft and his colleagues on the President's Commission on Strategic Forces. They have given us a thorough, thoughtful, and invaluable analysis. They brought to their task expertise and experience. They also brought with them the conviction that a matter so fundamental as our strategic forces—the backbone of our military strength—must be addressed in a spirit of bipartisan cooperation. There is a lesson here for all of us.

The question of how to modernize our strategic forces has been hotly debated for years now. The time has come to resolve it. As the commission has shown us, it can only be accomplished if Americans of both parties work together with the attitude that we are partners in a common enterprise. I know President Reagan is eager to work with the Congress in that spirit.

I defer to Secretary Weinberger on the military considerations that underlie the President's program. I want to address myself to two key points.

First, modernization of our strategic forces, and particularly of our ICBM [intercontinental ballistic missile] forces, is of critical importance to our foreign policy.

Second, the President's program is not only consistent with but, indeed, advances the important national objective of strategic arms control and reduction.

Foreign Policy and the Strategic Balance

The central goal of our national security policy is deterrence of war, and maintenance of the strategic balance is a necessary condition for that deterrence. But the strategic balance also shapes, to an important degree, the global environment in which the United States pursues its foreign policy objectives. Therefore, decisions on major strategic weapons systems can have profound political as well as military consequences.

As Secretary of State I am acutely conscious of the strength or weakness of American power, because it has a direct impact on our ability to achieve our goals. As a crucial determinant of relative strength, the strategic balance is a key indicator of relative influence.

Perceptions of the strategic balance are bound to influence the judgments of not only our adversaries but also our allies and friends around the world who rely on us. As leader of the democratic nations, we have an inescapable responsibility to maintain this pillar of the military balance which only we can maintain. Our determination to do so is an important signal of our resolve. Our performance of this responsibility is absolutely essential to sustaining the confidence of allies and friends and to maintaining the cohesion of our alliances.

For the first two decades of the postwar period, our allies in the Atlantic community, Japan, and elsewhere could count on our unquestioned strategic superiority. The longstanding Soviet superiority in conventional forces on the Eurasian landmass was offset by superior American strategic power as the guarantee of our allies' security.

The massive growth of the Soviet strategic arsenal and our unilateral self-restraint in the 1960s and 1970s have altered this situation. We no longer possess the strategic advantage we once had, and, indeed, we face significant weaknesses in several areas of strategic weaponry. This shift in the strategic balance makes it more important for us and our allies to address the problem of conventional and regional imbalances, while doing whatever is necessary to restore strategic stability.

The Soviet Union has also expanded its conventional forces and its global reach at a rapid rate in tandem with its nuclear buildup. Our vulnerability in many regions of the world such as the Persian Gulf is apparent, as is the impressive growth of the Soviets' ability to project power worldwide. This development is even more sobering given the increasing proclivity of the Soviets since the mid-1970s to use their forces and those of their proxies—in Angola, Ethiopia, Kampuchea, and Afghanistan, as well as to threaten their neighbor (in Poland) and to try to subvert our neighbors (in Central America).

My concern is that the growth of

Soviet strategic power can, therefore, have an important effect on the willingness to run risks in a region of conflict or crisis. Correspondingly, makes our response more difficult. The Cuban missile crisis in 1962, at the Middle East alert in 1973, and the strategic power was an important element in denying the Soviet Union a credible option to escalate beyond local level. In the Cuban case we possessed an overwhelming strategic well as local superiority; in the case of the 1973 alert we still had some advantage. I do not want to see the day when, in a replay of the Cuban or Middle East alert, the numbers—the results—are reversed.

The Peacekeeper ICBM has a relevance to this problem of Soviet taking. If the Soviets can strike effectively at our land-based ICBMs with our land-based deterrent does not comparable capability, the Soviets believe that they have a significant advantage in a crucial dimension of the strategic balance; they could seek to gain political leverage by a threat of nuclear blackmail. Without arguing the question of whether the Soviets are prepared to launch a nuclear first strike such a crucial imbalance in strategic capabilities could well make them a factor in a regional conflict or in a major

For these reasons, I believe that our foreign policy—and our ability to protect our interests and our most cherished values—will be critically strengthened if the Congress gives strong backing to the program the President announced yesterday. Modernization of our strategic deterrent—and of our land-based force in particular—is essential to the goal he stated, that of "preventing conflict, reducing the risks of war, and guarding the peace." That is why the Peacekeeper program is so important.

- It will demonstrate our commitment to maintaining the strategic balance and to maintaining the credibility of our land-based strategic force.
- It will enhance our capacity to deter nuclear war and significant conventional attack or the threat of escalation.
- It will strengthen our commitment to the security of the United States and its allies and friends.

It will also increase Moscow's incentive to negotiate seriously in START strategic arms reduction talks] and arms reduction talks. Let me say on that subject.

Reductions and the Strategic Balance

Now that the Congress, and all Americans, share our hopes that arms control negotiations with the Soviet Union will bring about a significant reduction of nuclear arsenals and a significant easing of the dangers of nuclear war, Strategic arms control has been a subject of major controversy and conflict for well over a decade. If we have learned anything from those debates and negotiations, we should have learned a fundamental truth: The process of strategic arms control depends absolutely on the demonstrated ability of the United States to maintain the strategic edge. This, in turn, depends—as it always has—on maintaining a modern, viable triad of strategic forces. The Peacekeeper ICBM is a critical component of that modernized triad.

The Peacekeeper represents the regime which every administration since the President Nixon has believed necessary to offset, at least partially, the formidable Soviet ICBM arsenal. In the most fundamentally simple sense, a new missile like the Peacekeeper is not only consistent with strategic arms control but an essential element of the program on the standpoint of the SALT II strategic arms limitation talks] Treaty. The treaty was premised on the existence of the Peacekeeper or MX (as it has been called). From the standpoint of negotiations in which we are engaged today—not only to limit strategic arms but to reduce them—it is even more important to maintain the balance. As I know from personal experience that the Soviets are tough bargainers, as we all must be as well. They make no promises for free; nor should we. If they see the United States determined to modernize our strategic forces, they have an incentive to negotiate a viable agreement, establishing lower levels. Only if they see no possibility of achieving superiority will they concede to real arms reductions on an equality.

The Peacekeeper is also fully consistent with all the specific provisions of existing SALT agreements. Deploying the new missiles in existing German silos, as the President pro-

posed, new fixed launchers, no increase in silo volume, and no increase in MIRVed [multiple independently-targetable reentry vehicle] ICBM launchers. Moreover, the limited number is obviously far too few to be destabilizing.

Questions have been asked, I know, about the new small ICBM, as proposed by the Scowcroft commission and by the President. Some have wondered how this is consistent with either SALT II or a possible START agreement. The SALT II Treaty would have permitted deployment of no more than one new ICBM on each side; on our side, the new missile would be the Peacekeeper. But

may well give both sides the incentive to move in this direction, the U.S.-Soviet strategic competition will continue into the long-term future. We can make a historic decision now that can shape the strategic relationship in a positive way for decades to come.

Conclusion

To sum up, as Secretary of State I can only share with the Secretary of Defense the conviction that modernization of our strategic forces is a matter of the highest priority. A credible, flexible strategic force is not only vital to the

If the Soviets can strike effectively at our land-based ICBMs while our land-based deterrent does not have comparable capability, the Soviets might believe that they have a significant advantage in a crucial dimension of the strategic balance; they could seek to gain political leverage by a threat of nuclear blackmail.

that treaty, even if it had been ratified, would have expired at the end of 1985. The President's proposal calls for the start of engineering development of a possible new small ICBM: no deployment could be possible until after 1990—long after the SALT II time period had expired. And long before that time, we would hope that a START agreement will have established a new regime for maintaining a stable strategic balance.

Beyond this, the new small missile, if it proves feasible, would have broader, positive implications for arms control. It would enhance stability, which has always been a central objective of arms control since the process began. As Secretary Weinberger has explained, it may move the evolution of strategic systems in a stabilizing direction over the long term. Our START proposals can be flexible enough to accommodate this small missile.

There is no guarantee that a restructuring of U.S. and Soviet forces will take place in the near future, but time

balance of power but is the essential foundation of our role as leader and defender of the free nations. The fundamental goal of nuclear deterrence depends on it; our goal of deterring non-nuclear war or nuclear blackmail also depends on it.

The Peacekeeper missile is indispensable to our near-term goals of restoring the strategic balance, deterring challenges, and providing an incentive to the Soviets for serious negotiations on arms reductions. Research and possible development of a small ICBM may enhance strategic stability into the next century. As the Scowcroft commission stressed, neither of the two systems can ensure security alone; they are complementary.

Strength and peace are also complementary. Both must be pursued with determination. And with that determination, both can be achieved.

¹Press release 113 (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). ■

News Conference of April 12

Secretary Shultz held a news conference at the Department of State on April 12, 1983.¹

Q. In the Middle East, where does the United States go from here and, specifically, are you personally prepared to play a more direct role in the wider peace process?

A. The United States has been playing a very strong and direct role. The President's initiative of September 1 was and remains an historic opportunity for peace in the region. Those proposals remain on the table. Of course, we will continue to support them. They deserve support, and they'll get it not only from us but from others in the area.

Q. Will you be doing anything to engender such support, personally?

A. I think that the main point is that the proposals are responsive to the needs of the region. There is no question about the fact that the events of last weekend were a disappointment and are a disappointment, particularly so since it seemed that King Hussein [of Jordan] has managed—after a great deal of work and effort and patience on his part—to create conditions under which he could enter the peace process. That word was received out of the meeting of the PLO [Palestine Liberation Organization] in Kuwait that conditions were put forward that were unacceptable to King Hussein.

We agree with King Hussein in rejecting those proposals. At the same time, everybody has to take a look at the situation and say, "What is the alternative?" Almost as if by punctuation, we had the murder of a moderate Palestinian in Portugal over the weekend. What is the message? That was a murder of a Palestinian, apparently by Palestinians, but it certainly doesn't do anything for the Palestinian people.

I think if there is genuine concern about the legitimate aspirations of these people, then there ought to be some thought given to their needs. This is what the President's plan does. I might point out that directly in the Camp David accords, it speaks of the legitimate aspirations of the Palestinian people and calls upon King Hussein and representatives of the Palestinians to come and talk with Israel about peace. This is the right course of action; it remains the right course of action. The approach of violence—which seems to have

been the approach for many years now and which has had the effect of devastating Lebanon and causing untold losses of lives and injuries—that's bankrupt.

I think it's about time everyone took stock and said that the road to peace, and road to well-being for human beings, is the road of negotiation. The prospect for negotiation is best through the use of the President's proposals, which fall squarely within the framework of Resolution 424 and the Camp David accords.

Q. Is it realistic to expect that King Hussein could enter peace talks without PLO approval, and are we encouraging him to do that?

A. King Hussein has to take his own counsel, and I think that it is most beneficial when King Hussein enters the peace process—if he does—that he do so with support from his brothers in the Arab world because that will have the effect of making any settlement that might be reached much more meaningful. Of course I think we also have to remember that when you're talking about the West Bank, the Gaza Strip, and the people who live there—predominantly, they're Palestinians—so you're negotiating for Palestinians. I think it's the case in any kind of a negotiation. People are not going to accept something that they don't have a part in, so they want to be represented. I'm sure that in any such negotiation King Hussein will want company.

Q. Are you not, in fact, now appealing to more moderate Palestinians to come forward and join King Hussein and enter the negotiations despite what any radical element within the PLO may feel?

A. We've always tried to appeal to the good sense of moderates and continue to do that.

Q. Phil Habib [Ambassador Philip C. Habib, special representative of the President to the Middle East] is now sitting in on the tripartite talks. Will you now consider another move, namely, a trip to the Middle East yourself, to get things moving?

A. I don't have any current plan to go to the Middle East. Certainly whenever the President decides that it might be useful, I'm ready to go, but there's no current plan to go there.

Q. After reading the statement of

King Hussein, what other information do you have that would contradict very final statement that Jordan will not join the peace process by consent or renew it with any other party?

A. I don't have any additional information, and I'm not asserting here King Hussein is about to join the process or anything of that kind. I make that comment. In response to the question about if he would come in himself: I tried to make clear that it seemed to me he would want to be accompanied by Palestinians if he were to decide to do that at some point.

Q. Has the PLO done itself damage by its negative response?

A. I certainly think so.

Q. How so?

A. It has clearly been the party that has, at least temporarily, frustrated what is a most promising opportunity for peace with justice and security in the Middle East. It seems to me it must become more and more apparent to such a frustration, accompanied as was by this violent act—all too typical—does not provide any answer for the aspirations of the human beings called Palestinians who are living there and trying to make their way in the world.

Q. A number of Arabs, including some moderate ones, have claimed the wake of the King's decision that the United States had shown no ability to influence the Israelis, either in Lebanon or on the question of settlements in the occupied territories; you think it would be fruitful to increase American pressure on Lebanon either of those fronts?

A. No. I think that, as from the beginning, the key to peace is that. That is the incentive that has to drive people.

As far as Lebanon is concerned, getting a settlement in Lebanon—I think that a great deal of headway has been made. For there to be a general settlement, it has to be something that the Israelis and the Lebanese feel in their interests, and the questions are difficult ones.

We are all impatient. I know some of my colleagues in Israel that I've talked to are impatient. Everybody would like to get this negotiation completed. On the other hand, you're talking about matters of great importance and difficulty, so you want to get them done. I think the pressure of the desire to work something out is very important there, and I don't think the way to

at it is with additional arm-twisting the kind or another.

Q. As you know, there is a school of thought that says that a lot of the moderate Arab states—in a diplomatic sense, anyway—are being held hostage by radical elements in the Arab world, and that even the United States' efforts are, to an extent, also hostage to these same radical elements. Is there, in your current negotiations, some way of getting out of this presumed "trap"?

A. It is a "trap"—if it is a "trap"—was created by the decision of the League to place on the PLO the role of negotiator for the Palestinian side. It's the decision, basically, that Hussein refers to when he looks for support in his efforts to enter the peace process.

What stands there. On the other hand, I wonder if it isn't going to be apparent to people that when we seem to give such power to a radical Arab, you've made a mistake. At any rate from our standpoint, we will continue to advocate the peace process. We will continue to stress the importance of security needs of Israel. We will continue to stress the fact that if there is to be peace, it must be achieved by the efforts of the Arab community with negotiation for Palestinians sitting down with Israel, with Egypt, and with others in the peace process and work it out. We will continue to emphasize that for this to be successful, it has to be the legitimate needs of the Palestinian people.

I think that's good, high ground to stand on. That's where we're going to stand, and we're going to invite others to come and join us there.

Q. Is that the same thing as urging moderate Arabs, then, to look once again to the Rabat decision and urge them to reconsider the validity of that?

A. They'll have to compose themselves and see how they want to proceed. It's up to them to decide how they want to do that.

Q. If I could take you to a different part of the world, you and other people in the Administration are said to the Congress and publicly say the Administration is not violating the Boland amendment, which says that the U.S. Government cannot take any action in Nicaragua for the purpose of bringing down that government. Some senior people in Congress have raised questions about that—

even disputed it. Today Congressman [Michael] Barnes, the head of the Latin subcommittee in the House, has introduced a measure to forbid any U.S. aid to any irregular force anywhere near Nicaragua having anything to do with Nicaragua.

In view of the congressional concerns about what is going on and what it is going to lead to, what is your attitude toward tightening the Boland amendment to take out any legal ambiguity or proceeding to a flat ban such as that which has been introduced by Congressman Barnes?

A. As far as I know, there is no violation of the Boland amendment. I want to expand, however, and say that as people look at what is happening in Nicaragua and ask themselves why, it shouldn't be difficult to figure out the answers. After all, here is a regime that came in—the Sandinistas. And what did they say? They said, "We don't believe in this dictatorship we just overthrew. We're going to have a free kind of system here. We're going to have elections. Everything is going to be great."

And what have they done? They have completely gone back on the promise of elections. They have very badly suppressed freedom of the press. They have done a terrible job on the Miskito Indians, for example. They have been very hard on the church, as illustrated. As an illustration—there are lots of other things—but the illustration is the way in which they greeted the Pope on his recent visit. So if you look for explanations for why it is that the Nicaraguans are having internal trouble, you don't have to look very far. I think it's important to recognize these underlying facts.

Q. What about the question of whether you would support, or what your attitude is regarding the endeavor by many in Congress to either tighten up on this language so that no support can be given to irregular forces or to ban it completely?

A. The moves being made that seem to be designed to prevent us from continuing to support our friends in El Salvador and elsewhere in Central America in their effort to provide a military security shield so that they can go forward with the process of democracy; so that they can go forward with the process of economic development; so that they can go forward with the development of the human rights efforts in those countries, I think is the undermining of our ability to provide that shield and is a bad mistake.

It is bad not only in the region; it's

bad for our country, because here we're talking about our own neighborhood. We see that Cuba is a communist-controlled country. The same thing is emerging rapidly in Nicaragua. And if that becomes the case in Central America, it is not only bad for the people in Central America—, my gosh, if you care anything about human rights, I think you have to consider what is being done in that regard if you turn this over to the communists. However, we also have to think about our own security, because here we're talking about our neighborhood. So I believe that the Congress should do the reprogramming that we have asked for and support the continuity of effort that is necessary in El Salvador and elsewhere.

Q. Ambassador [to the United Nations Jeane J.] Kirkpatrick made some comments in New York today that suggested the United States has a moral obligation to support groups like those in Nicaragua which are trying to overthrow the government. Is that the Administration's policy?

A. Certainly, when we see forces of democracy—forces that are opposed to something that takes on the aspect of tyranny—it's easy enough for us to figure out which side we're on. But our own immediate problem with Nicaragua is the undoubted use of Nicaragua as a base from which arms flow, largely through Cuba, to Nicaragua, and then to El Salvador. It's the "export of revolution without frontiers," I think is their phrase, to their neighbors that is the heart of the difficulty and which we are trying to cope with.

Q. In spite of the validity of all that you've said about the situation in Central America, the United States is still signatory and, indeed, was one of the founders of the OAS [Organization of American States] and wrote a good deal of the charter. What about Article 18, which specifically prohibits any intervention in a sovereign state?

A. We are talking about states that are very anxious to have us there. We're talking about helping. Here is Costa Rica that has no army; here is Honduras, struggling to make its democracy work; here is El Salvador, certainly with a pretty tough history and with lots of problems—no doubt about it—but, nevertheless, making some progress, and we're trying to be helpful. I think that is perfectly well in accord with the OAS Charter.

I also think it's well in accord with the OAS Charter to be opposing the export of revolution and the export of

arms across national boundaries for the sake of encouraging the kind of disruption that we see in El Salvador. After all, look what these people have done to the chance of the people in El Salvador to make a decent living. They've blown up 55 bridges; they have blown up power plants; they have disrupted the economic infrastructure. I suppose it's no wonder that they are reluctant to come into the democratic process. That would be a terrific platform to run on.

Q. Again shifting to another part of the world, is the United States taking adequate steps, in your estimation, to counter Soviet moves in the southern Pacific and in southern Africa?

A. In the southern Pacific and southern Africa?

Q. Among the ANZUS [Australia, New Zealand, U.S. security treaty of 1951] partners, where there is a large Soviet build-up and also in southern Africa?

A. As far as southern Africa is concerned, I think the answer is yes, but I'll elaborate on it a little bit.

As far as southern Africa is concerned, we and others have been working long and hard to bring about an independent Namibia, and we find that in order to do that—it is obviously not an integrated part of the negotiation—but in order to bring it off, we have to see some sort of program for the withdrawal of foreign forces—Cuban forces in this case—from the area so that South Africa will have confidence that it is not being surrounded or having on its borders the Soviet proxy forces. We have been working hard on that. We have been making some progress, but, like most of these things, it's a slow, hard go. But I think basically what we're doing is right, and I hope that in the end it works out.

As far as the southern Pacific area and ANZUS are concerned, we have very strong relationships with Australia and New Zealand and the countries in that part of the world, and, yes, I think that we're working adequately there. I might say I've been in touch a couple of times with the new Prime Minister of Australia [Robert Hawke] who happens to have been a friend of mine from some years back. I believe that the strength of that relationship is going to continue.

Q. Do we detect a growing Soviet buildup there, though, in the waters in the southern Pacific?

A. No I don't think so.

Q. Could I take you back to the Middle East, please? You say that the

President's proposals are on the table. Can you in any way be forthcoming—

A. They're on top of the hill. That's where they are. On the high ground. They're on the high ground.

Q. Can you in any way be forthcoming in a specific way as to what is being done to pump some life into the President's plan? For example, any thought of an invitation to Hussein to Washington? A resumption of a Camp David type of get-together?

And finally, when you talked earlier about the Rabat decision to empower the PLO to be the sole mandate for the Palestinians as being a mistake, is there in that a suggestion that you think it would further the cause of peace if that power were stripped from the PLO?

A. I think what is needed is for it to be exercised constructively. There's a saying around here, "Use it or lose it." I think that if people have the ability to do something or other, then they ought to measure up to those responsibilities and they aren't doing so. That's the main point.

As far as actions are concerned, it's always fun to travel. Maybe not so much fun as to have conferences. But it isn't necessarily so that action of that kind necessarily brings progress. Sometimes it does and sometimes it doesn't. I don't think that we ought to equate constructive efforts with visible moves of some kind. In fact, it may be that the best thing we can do right now is to keep quiet for awhile.

Q. Is there any evidence the PLO is considering military action?

A. There are elements of the PLO that claim credit, if that's the right word for it, for the murder of the Palestinian in Portugal. So whether what has been decided is a decision to go the route of violence rather than the route of peace and negotiation, I don't know. But if that is the decision, I think it is a bad decision—a bankrupt decision—a return to something that has only led to tragedy.

Q. Could you describe for us the position of Saudi Arabia at this time? The spokesman said yesterday that King Fahd was willing to cooperate in furthering the ends of the Reagan proposal. Do the Saudi Arabians support the Reagan proposal now?

A. The Saudi Arabians have been in touch with us closely throughout this whole process and have been basically supportive. As the President said when he spoke on the subject on Sunday, the Saudi Arabians were as emphatic to him

in their rejection of these changes as King Hussein was and as we felt ourselves.

Q. Would you consider any steps necessary to improve our relations with China?

A. We are, of course, working that. It takes two to have a good relationship. We have a lot of inherent lemons, but we have many objectives in common, many ways in which we can help each other. In my trip there and our subsequent contacts, we've sought to emphasize these and will continue to do so. I recognize fully that there are difficulties that arise out of the fact that we continue to have a relationship with Taiwan and, for that matter, that we have a judicial system that works in a certain way when people come here to work, it produces outcomes that are sometimes other countries don't like and they get aggravated. But at the same time, I think we have to bring our own ideas and laws.

Q. The President said today that the Palestinian leadership should take bold and courageous action to try to get this plan moving again. All sides from the Middle East, not only now but in recent years, have been talking with the exception of Sadat, nobody going to take any bold and courageous action for the Palestinians on the West Bank. If nothing happens, what will happen?

A. They have not had a happy relationship with the Palestinians on the West Bank. There are many who profess to feel deeply about that fact and want to do that lot improved, and there are those who do it. I think the principal operative that is available is through the President's plan—which I've said is perfectly consistent with Resolution 242 and Camp David accords. There it is. It's a method through which the lot of the Palestinians can be improved. If you're interested in that, then there's a way. We think that perhaps people will find some ground to that.

Q. In the event that the United States has to proceed with the deployment of Pershing II missiles beginning at the end of this year, how concerned are you about possible Soviet countermeasures which might involve deployment of SS-20s, either somewhere in the Caribbean or in the eastern Siberian region, which would put the western United States in the range of the SS-20?

A. Of course, the United States is in the range of lethal Soviet ICBMs [intercontinental ballistic missiles] right now.

as we can see, as we trace Soviet activity in deployment of the SS-20s, we're proceeding fairly aggressively on a deployment schedule that seems totally independent of what we're doing else does.

I think it will behoove ourselves to try to get our allies to implement the two-decision of 1979, namely, to pursue aggressively—negotiations, which we're doing and which the President has authorized with some new proposals most recently, on the one hand, and at the same time continue in our determination to go forward if it turns out that we're unable to reach any agreement. That's what we have been standing, and that's what we do stand now. I believe from what I have heard and seen, and from what people I have met with, that our country and their leaders are as determined as we are to see this thing through.

You seem to be aiming appeals groups in the Arab world.

o moderates in the PLO to reconsider the action of last year, and, if that fails, to the Arab world itself as well as to the PLO to reconsider and to modify the Rabat formula. Much hope do you have that such an appeal will be effective?

I like the word hope, but in a sense I think it's overworked. We've tried to stick with this, and I think when the President talked with us in September 1 initiative before he made his proposals, and as we were working them and developing them, he was saying—and we all agreed—that there is no point in making proposals unless you know in advance what the immediate reaction and a set-back. These problems have been around for a long time.

It's quite clear to the President at that time that it was important to make certain proposals that were of such a nature that you really could and would stick with them and stick with them and determination and exercise patience and recognize that in the end, there is an alternative? What's the alternative? What's the alternative? What's the alternative to the legitimate rights and needs of the Palestinian people?

I don't think the alternatives are available at all, but the attraction of a very powerful. That's where the President stands now, and that's what we're going to continue.

Question-and-Answer Session Following World Affairs Council Address

At the conclusion of Secretary Shultz's address before the World Affairs Council in Dallas on April 15, 1983 (see May BULLETIN, page 10), he answered the following questions from the audience.¹

Q. U.S. officials have said there are 50 Soviet advisers in Nicaragua. What kind are they, what are they doing, and what kind of a threat do they pose to the United States?

A. They are doing various advisory tasks, no doubt, in training and things of that kind related to a military operation. They, by themselves, signify the involvement of the Soviet Union. Of course, the numbers of Cubans are much larger. I think the significance is, where is this all coming from, who's behind it, and who stands to gain from it? That's what we have to be careful of.

Q. What are the main obstacles in the current Middle East peace negotiations?

A. The problem, of course, is to persuade Arab governments other than Egypt to sit down with us and Israel and negotiate for peace. There are lots of plans, and there are many differences of opinion, without a doubt, but we're not going to resolve the differences of opinion unless the parties immediately involved can sit down and talk with each other about them.

That's what the Camp David peace process was about, and that's basically what the President's September 1 fresh start proposals, which are within the Camp David framework, are all about.

We have said, "Here are some of the things that we will speak for and support in these discussions"—that's essentially what the President's plan said—and we said some things we would not support, and some things we would support. Other people may have different ideas. The way to resolve them is by sitting down and talking, and it seems to be very difficult to bring that off despite the fact that I feel confident myself that King Hussein wants to do it. He has a very peaceful intent himself and is looking for a way that he can step forward with, at least, implicit support from his Arab colleagues and with the participation of non-PLO Palestinians.

He hasn't been able to find that way,

and so, we haven't been able to construct that bargaining table that we're looking for. But that's the road to peace in the Middle East. It's hard and it's difficult, but the President feels—and I think we all share his dedication to peace and to carrying on and exercising the determination and the patience that we need to see this thing through.

Q. We have several questions on the Mideast. In addition to the suspension of delivery of F-16s to Israel, what additional measures are contemplated to speed the withdrawal of Israeli troops from Lebanon?

A. I think the principal problems are not a matter of pressuring and so forth. The principal issue is security. We have to recall that northern Israel had guerrilla warfare waged against it from southern Lebanon over quite a period of time. Whether you happen to agree or disagree with the Israeli invasion of Lebanon—and our government did not agree with that—but, at any rate, whatever the case may be, we must observe that the Israelis captured huge amounts of armaments in southern Lebanon.

They have—and I believe everyone agrees—legitimate security concerns. Finding a formula that, on the one hand, provides for those security concerns and is consistent with the stature of Lebanon as a sovereign country that will develop and take care of its problems—that's sort of the key issue.

We've made a tremendous amount of headway in solving it, and getting the rest of the way is not so much a matter of twisting this person or that person's arm as it is keeping working at it and finding a comfortable approach that looks to the future and gives people, on the one hand, consistency with their sovereign rights, and, on the other hand, assurance that their security needs are going to be met.

Q. Here's a three-part question. What do you expect will happen regarding the Iran-Iraq conflict? What is the impact on Gulf stability and the possible U.S. policy position thereof?

A. It's a serious conflict. The U.S. position is that we think that they ought to stop fighting and settle their disputes. Our ability to influence that dispute is

quite limited because we don't have any real relationship with Iran. We do have a relationship with Iraq, but it is not a deep and strong one. So, our ability to influence the outcome is quite limited. But we do support UN resolutions in this regard, and we support efforts made by others who have more access to the parties in their efforts to bring it to a conclusion.

I might say that the conflict is of tremendous concern, and understandably so, to the other Gulf states. Partly their concern about, in a sense, the export of a kind of revolutionary fervor that can be destabilizing to them, and then, more recently, in a very physical sense, the fact that you have a major oil well flowing continuously. It is polluting the Gulf and polluting it very badly. It isn't as though you've got an oil slick out there and how are you going to clean up that slick, it's continually being produced and expanded. And it hasn't been possible to work out a sort of cease-fire or temporary truce or zone of truce that will enable people to go in and cap the well and deal with that slick.

The slick is getting so large that it is becoming a real threat to the region, to the natural fish life, and the desalination plants are having to be shut down, and so on. So, it's a genuine threat.

Q. With Mexico being our next-door neighbor, we're more than unusually interested. What policy or other action will the United States take to deal with the immigration from Mexico?

A. First, let me just make a general comment, and then I'll come to the specific question. The President feels, and has felt right from the beginning of his term of office, that while obviously as a world power we have to be involved and be looking after our interests all around the world in developing our alliances and so on, nevertheless, it's particularly important to pay attention to your own neighborhood.

Canada is part of our neighborhood, Mexico is part of our neighborhood, Central America is part of our neighborhood, the Caribbean, South America, and so on. There's been a special effort made to talk to our friends in the neighborhood, to try to understand their problems, to explain ours, to see where we can compose these problems, and to set up processes by which they can be discussed.

I don't know that I have a formula—and, if I did, I would be the only person in the United States who has been able

to think of one—that's just suddenly going to solve that problem. It's a problem that's been around a long while, but I think that measures that are now being considered should help. In particular, I'm thinking of the changes proposed in our immigration laws and ways of treating aliens in this country that have been proposed by Senator Simpson and Representative Mazzoli, and I think that somewhere in this region lies an answer.

But more fundamentally—much more fundamentally—the sorts of things that I was talking about in my prepared remarks go to the point because if Mexico and other countries south of the border have thriving economies, have prosperity, see economic development and a better life around them, then people will want to stay there.

It's the fact that the conditions are not as good as we would like that causes this problem of immigration. It's not only from Mexico, it's all through Central America. There are tremendous numbers from other Central American countries coming up this way as you all know better than I do.

I think the fundamental answer is for us to be working with them and helping them create conditions such that people want to stay home, and I think it can be done. But we do have to work at it and remember that we have a stake in it. It isn't just a matter of giving money, not just a matter of aid. Aid can be helpful. But it is for this reason that the President has placed so much emphasis on the Caribbean Basin initiative and other such measures that will promote trade and investment. I think that's our fundamental answer.

Q. How do you assess the prospects for major social upheaval over the next 5 years in Mexico?

A. I think that Mexico has been a stable, democratic country for many years, and I see no reason to have that change. I don't say that as though I don't realize that there are problems there as there are here, but they have a long track record of being able to handle their problems. Their new President, [Miguel] de la Madrid, is a very capable man, and I would expect that they would be able to handle these problems.

I might say that I am planning to go Sunday night to Mexico and to spend the next Sunday, Monday, Tuesday there, meeting with the Foreign Minister, the financial people, and with

the President. This is all part of our effort to be in touch to discuss these problems and to be ready to work with as I'm sure they're ready to work with us.

Q. Why can't the United States develop a Central American policy cooperation with Mexico?

A. We feel that we have developed very good and strong Central American policy. We have discussed it with Mexico. They don't see it exactly our way from a fair distance, but I think that's a subject for us to discuss, and I have been glad to hear in the preparatory these meetings that we both agree. Foreign Minister of Mexico and myself—that the issues of Central America are ones that we want to address together. This is a new government we'll see if we can't find a good way to work cooperatively on this problem, certainly a problem that we share. We will both be beneficiaries if it is resolved peacefully.

Q. How would you compare the relative strategic importance to the United States of Mexico compared with Central America?

A. I don't think that the comparison is really the point. It's just the fact that this is our neighborhood, and this area is of vital significance to us to point out in my prepared remarks how vitally important it is to us. It's easy to forget; it's easy to take for granted.

We've had no problems in shipping. We've had basically no problems in the Canal. We've had such a long period of time since the early 1940s when we had a war on with the Germans that we've forgotten how disruptive to our economy and our life it was possible for a few German U-Boats to be without an in that region.

Again, I want to drive home the point, nothing else, that the problems we're dealing with in Central America are of vital significance to our security. It makes no sense to me whatever we've done to cut by two-thirds the military assistance that we're giving to the Salvadorans who, with all their imperfections and problems—they're doing a lot better—but to cut our military assistance to them that way when they're in a war and with the great need of getting escalating help from outside the country.

We have a big stake in this business that's going on—a security stake, an ideological stake—and I think as

er our worldwide problems, I'm people around the world take a look they say. "My gosh, if the United can't even take care of problems own neighborhood, what can they und here?" So it's very important.

Would you comment on the circumstances which would cause American troops to be committed to all America?

We have no plan and no intention mit American ground troops.

How frequently do you meet President Reagan to keep him in?

I meet with him a lot. He keeps rent, I'll tell you. [Laughter] He's ball. But we have many meetings White House which I attend, we have visiting heads of state or ge people of one kind or another. We formal meetings of the Na-Security Council or the Cabinet or ups of one kind or another that I Then I meet with him personally th maybe just two or three peod we find that I think—I know I nd I think the President feels—s useful to have that sort of a sion where you're not trying to something, you're just trying to mull something over together. ry good at that and very tful, and has tremendous seat-of- its judgment. I've come to have a eat respect for the judgments r makes.

There are 1.8 million Jews—f the world's Jewish popula- in imminent moral danger in the Union. What is the Reagan Ad- ration doing to influence the authorities to recognize the rights of these people?

We talk about this problem and problems of human rights er we meet with Soviet officials, s fairly often, and we make it o them that these problems are uch part of our agenda. In addi- might say that in the agreements l in Helsinki a few years ago, all atory countries made certain ments about human rights matd about freedom to emigrate. uestions are under very heavy ion in meetings of all the parties

involved in the Helsinki agreement that have been taking place in Madrid for the past 2 or 3 years.

We have an extraordinary man representing us for the United States—a man named Max Kampelman. He brings these matters up continuously. But, of course, in the end it's up to the Soviet Union what they do inside their country. We can express ourselves, but, as they keep saying, this is their internal affair. I do think, however, that it's well for us all to remember that we must maintain our concern for human values wherever in the world the problems may occur. That's part of our heritage; that's part of our outlook.

Sometimes people say we Americans are naive because we have these beliefs. I don't think so. I think it's one of our best and most solid attributes that we care about problems that people are facing in faraway places, and we are willing to work and extend effort and open our hand to help in resolving those problems.

Q. That leads us to Hu Na, the tennis player from China. What is the current status of relations with China after her defection?

A. They have reacted negatively to our decision to give amnesty to Hu Na. I might say that, for some reason, there is a perception in this country, let alone in China, that that's something that the President decides, or decided. It isn't.

Amnesty issues are decided in a semijudicial forum in the Immigration and Naturalization Service which is part of the Department of Justice. There are criteria that have been set up, and they make a decision. It isn't a decision made in the State Department or by the President or whatever, but, rather, a decision that's part of a process and part of an expression in the United States of a kind of natural concern that I suppose represents our heritage—concern over refugee issues.

Unlike most other countries—certainly unlike China—we're a country of refugees. We all came, back there somewhere or more recently, from some place else. That means we kind of have an instinct for that sort of a problem. Whereas if you take a country like

China or Japan or a typical West European country or Scandinavian country, there is a much more homogenous population there, and they all come from there.

I think sometimes it's harder for people with that heritage to understand the instinct of the United States for the problem of a person who feels displaced or cast out in some way. That's just part of our instinct and heritage. Personally, I love it. I hope we never lose that sense of being willing to help people who are having a hard time. [Applause]

Q. Why are embargoes and trade restrictions the apparent first action the U.S. Government takes to express dissatisfaction with a foreign government? With the embassies at full staff this places the burden on the business community first.

A. They're not the first thing we ever think of, although when I was a businessman I used to think so. [Laughter] I found the record is different. But it's a fair criticism that these types of actions should be matters of last resort, not first resort; but, at the same time, where there are deeply troubling issues we should be willing to use whatever powers or leverage we may have to do something about them.

We do have to remember—and the President, I can certainly assure you, has this very much in mind—that we must be very cautious in the use of these measures and only use them when they're vitally needed and have some chance of producing something. Otherwise, what we do is destroy the capacity of our businesses to be counted as reliable suppliers around the world. I can assure you that the President and the Administration have this very much in mind.

If that's the last question, that's my last answer. But it's not my last word here because this city and this state is one of the great jewels for our country. Promise you'll invite me back some day and, when you do, I'll accept, and I'll talk some more.

¹Press release 109A of Apr. 20, 1983. ■

Visit of Zambian President Kaunda

President Kenneth D. Kaunda of Zambia made an official working visit to Washington, D.C., March 29-April 2, 1983, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Kaunda after their meeting on March 30.¹

President Reagan

It's under our pleasure to welcome to the White House President Kenneth Kaunda of the Republic of Zambia. President Kaunda is no stranger to this house, nor to the people of the United States. As one of Africa's senior and most respected statesmen, he plays an admirable role in international events.

Our talks today covered a broad range of shared concerns and were conducted with the same cordiality and mutual respect which characterizes the relations between our two countries.

I welcomed this opportunity to discuss personally with President Kaunda the vital issue of Namibia. As the leader of one of the frontline states, his counsel and his experience are highly valued during these crucial negotiations. We share a common commitment for the prompt implementation of UN Security Council Resolution 435 and look forward to the day when we can celebrate a free and independent Namibia.

We also recognize and applaud your tireless efforts for peace and regional stability in Africa. Your special attention to African unity and to the organization that gives concrete expression to that concept is greatly admired here. The Organization of African Unity is indispensable to the pursuit of stability and development throughout Africa.

I know that your own country, Zambia, is suffering severe economic hardship as a result of the depressed prices of your primary export commodities. The United States itself is now emerging from a long period of economic uncertainty. We are convinced that our recovery will lead to a healthier world economy and should strengthen demand for Zambian and other producers' minerals.

In the meantime, we support the emphasis that you're placing on developing the agricultural sector of your economy. We're proud to have cooperated with you in that development. Our strong bilateral relationship will be maintained and will evolve as we continue to work together.



I understand that you will be conferring with a wide variety of people during your stay here in Washington. I'm certain they will benefit, as I have, from your views on our bilateral relationship as well as on regional and global issues.

It's a pleasure to have you as our guest in the United States of America. It's been a great pleasure.

President Kaunda

I am delighted to have this opportunity to express, on behalf of my delegation and on my own behalf, our profound gratitude to President Reagan for inviting me to visit the United States at this time. It is a pleasure to be here once again.

We appreciate immensely the warm hospitality which the President and his people have accorded us since our arrival in this beautiful city yesterday. The friendly reception which has been given to us is a reflection of the good relations which happily exist between our two countries and peoples.

I want to particularly thank the President for the discussions which have just ended. These have gone on very well. We have covered a wide range of issues, including Zambia-U.S. relations, southern Africa, the Middle East, and world peace and security. We are both happy at the state of our bilateral relations, which are warm. Both President Reagan and I recognize the need to continue to consolidate and strengthen the ties that exist between our two countries, for we believe that it is in the interests of our countries to develop further these relations.

As might have been expected, discussions on problems of South Africa and Namibia were extensive. We share an abhorrence of the apartheid system which is being practiced in South Africa. We are both of the view that an end to this system will be good for peace, stability, and rich harmony in southern African region.

On Namibia, I have explained to President Reagan how we in Zambia see the solution to the problem in that country. I have also listened very carefully to President Reagan's views on the problem. We both believe that this is a serious problem to which an early solution is imperative. We agree that the basis of the solution to this problem should be Resolution 435 of the UN Security Council. In this connection we have agreed that our two countries should continue to consult each other on these problems.

We also had occasion to exchange views on the problem in the Middle East and the Arab Gulf States. We are concerned about the continuing absence of peace and stability in the area. We hope that solutions can be found that can lead to durable peace and security in this important area of the world.

Let me once again thank you for the generous hospitality which you have extended to us. I hope that the discussions we have had will form a strong foundation on which to build our future relations.

¹Text from Weekly Compilation of Presidential Documents of Apr. 4, 1983.

Report of the Commission Strategic Forces

IDENT'S REMARKS,
19, 1983'

Today, I'll send a report to the President which endorses the recommendations of the bipartisan Commission on Strategic Forces, urges prompt congressional action and support. This distinguished panel's recommendations are important for two reasons: the actions they will preserve stable deterrence and protect the peace, and they will reduce incentives and credibility to negotiate arms reductions and pave the way to a more secure and peaceful future.

On the 23d of March, I spoke to the President and the people about our program for strengthening this nation's security and our allies and announced a long-term search effort to reduce, somewhat, the threat posed by nuclear ballistic missiles. A week later in Los Angeles, I outlined our efforts to limit and reduce the danger through reliable, verifiable, and binding arms control agreements.

These paths lead to a common goal: preventing conflict, reducing the danger of war, and safeguarding the peace. Every American President has achieved this crucial objective as his most important responsibility. But preserving the peace requires more than wishful thinking and vague good intentions. Concrete action is required to free the world from the specter of nuclear conflict and that's why we will continue to work relentlessly to achieve nuclear arms control at the lowest possible levels.

Our words, policies, and actions all matter to the world our country's leadership conviction that nuclear war would be a tragedy of unprecedented scope. Time and again, the United States has exercised unilateral leadership, good will, and a sincere commitment to effective arms control. Unfortunately, these actions have not always been truly effective and they have reduced the danger of nuclear war. Over the past year, for example, the Soviets have deployed over 1,200 intercontinental ballistic missile (ICBM) launchers, more than the entire U.S. nuclear force program.

The history of American involvement in arms control shows us what works and what doesn't work. The fact is that in the past, our one-sided

restraint and good will failed to promote similar restraint and good will from the Soviet Union. They also failed to produce meaningful arms control. But history also teaches us that when the United States has shown the resolve to remain strong, stabilizing arms control can be achieved.

In the late 1960s, we made a major effort to negotiate an antiballistic missile (ABM) treaty with the Soviet Union. After the Soviet leadership demonstrated a clear lack of interest, the Congress agreed to fund an antiballistic missile building program. And the result was predictable. Once the Soviets knew we were going ahead, they came to the negotiating table, and we negotiated a treaty. It was formally adopted and remains in force today.

Obviously, the best way to nuclear stability and a lasting peace is through negotiations. And this is the course that we've set. And if we demonstrate our resolve, it can lead to success.

It was against this background that I established a bipartisan Commission on Strategic Forces last January and directed it to review the strategic program for U.S. forces with particular emphasis on intercontinental ballistic missile systems and their basing. A distinguished bipartisan panel of Americans who served on the commission, and those who served as senior counselors, have performed a great service to their country, and we all owe them a debt of gratitude.

Brent Scowcroft, the commission's chairman, other commission members, Harold Brown, and the senior consultants are here today. I want to express my appreciation to you all for a tough job extraordinarily well done.

In the finest spirit of bipartisanship, the commission unanimously arrived at clear, important recommendations on some of the most difficult issues of our time. During the past 3 months, the commission held dozens of formal meetings and numerous small conferences. They talked to over 200 technical experts and consulted closely with the Congress. The commission members sought a common objective—to achieve a greater degree of national consensus concerning our approach to strategic

forces modernization and arms control.

As the commission's report concludes, "If we can begin to see ourselves in dealing with these issues, not as political partisans or as crusaders for one specific solution to a part of this complex set of problems, but rather as citizens of a great nation with the humbling obligation to persevere in the long-run task of preserving both peace and liberty for the world, a common perspective may finally be found." These words guided the work of the commission. It is my fervent hope that they will guide all of us as we work toward the solution of what has been a difficult and lengthy issue.

The commission has completed its work and last week submitted its report to me. It was immediately released, as you know, to the public. After reviewing the report, I met with the National Security Council. They endorse the commission's recommendations, as do all members of the Joint Chiefs of Staff. And so do I.

First, the commission urges us to continue the strategic modernization program which I announced in October of 1981. It reaffirms that the need remains for improvements in the command, control, and communications of our strategic forces and continuation of our bomber, submarine, and cruise missile program.

Second, the commission urges modernization of our ICBM force. We should immediately proceed to develop and produce the Peacekeeper missile and deploy 100 in existing Minuteman silos near Warren Air Force Base in Wyoming. At the same time, the commission recommends that we begin engineering the design for a small, single-warhead missile. If strategic and technical considerations warrant, this missile could be ready for deployment in the early 1990s. Incidentally, this modernization program will save about \$1½ billion in 1984 and even more than that in each of the next 2 years.

Third, the commission recommends major research efforts in strategic defense and a thorough research program of hardening, making our land-based missile systems more secure. This modernization effort is the final component of our comprehensive, strategic program. It will mean a safer, more secure America. And it will provide clear evidence to the Soviet Union that it is in their best interest to negotiate with us in good faith and with

seriousness of purpose. That adds up to an important incentive for both arms control and deterrence, for peace and security now and far into the future.

Finally, the commission underscores the need for ambitious arms control negotiations—negotiations that would lead to agreements that are balanced, promote stability in time of crisis, and result in meaningful, verifiable reductions. These are precisely the objectives of our arms control proposals now on the table in Geneva. These are—I want to reemphasize that we're in Geneva seeking equitable, reliable agreements that would bring real reductions.

The task before us is to demonstrate our resolve, our national will, and our good faith. That's absolutely essential both for maintaining an effective deterrent and for achieving successful arms reductions. Make no mistake; unless we modernize our land-based missile systems, the Soviet Union will have no real reason to negotiate meaningful reductions. If we fail to act, we cannot reasonably expect an acceptable outcome in our arms control negotiations, and we will also weaken the deterrent posture that has preserved the peace for more than a generation.

Therefore, I urge the Congress to join me now in supporting this bipartisan program to pursue arms control agreements that promote stability, to meet the needs of our ICBM force today, and to move to a more stable ICBM structure in the future.

To follow up on the commission's recommendations, I have asked Brent Scowcroft, in his capacity as chairman, to keep me closely advised as this issue moves toward resolution, particularly as it relates to arms control.

For more than a decade, each of four Administrations made proposals for arms control and modernization. Unfortunately, each became embroiled in political controversy. The members of the commission, the Secretary of Defense, the Joint Chiefs of Staff, and I have all had to take fresh looks at our previous positions. But despite the wide range of views these groups have held in the past, we now have a program that has our unanimous support.

Support by the Congress and the American people for this consensus will unite us in our common search for ways to strengthen our national security, reduce the risk of war, and ultimately reduce the level of nuclear weapons. We can no longer afford to delay. The time to act is now.

LETTER TO THE CONGRESS, APR. 19, 1983²

On January 3, 1983, I established a bipartisan Commission to respond to the issues raised by the Congress regarding the Peacekeeper missile, possible alternatives to the Peacekeeper, and possible alternative ICBM basing modes. The report, which the Commission submitted to me, was delivered to you last week. Attached is a classified report prepared by the Department of Defense submitted pursuant to the provisions of subsection (7) of Title V of the Department of Defense Appropriations Act, 1983, enacted as part of P.L. 97-377. The attached document addresses the issues set out in subsection (7).

I am pleased to report to you that the distinguished group of Americans who served on the Commission have unanimously agreed on a package of actions, which I strongly support, and on which Secretary Weinberger, the Joint Chiefs of Staff, Secretary Shultz and the National Security Council have joined with me in supporting. They are as follows:

(1) Improve as a first priority the command, control, and communications for our strategic forces; continue with high priority the Trident submarine and D-5 missile programs; and continue the bomber and air-launched cruise missile efforts as planned.

(2) Proceed with the immediate production of the Peacekeeper missile, and deployment of 100 such missiles in existing Minuteman silos in the Francis E. Warren AFB area, which I propose as the alternative basing plan required by P.L. 97-377. Specifically, the first 50 missiles will replace the Minuteman missiles in the 400th Strategic Missile Squadron (SMS). In turn, the second 50 will replace the Minuteman missiles in the 319th SMS. I have chosen Francis E. Warren AFB because the existing silos at that location offer the best operational considerations.

(3) Commence engineering design of a small, single warhead ICBM. If strategic and technical considerations warrant, such a missile could be ready for full-scale development in 1987 and potential deployment in the early 1990's.

(4) Expand research into, and undertake the most rigorous examination of, all forms of defense against ballistic missiles. This includes work on penetration aids.

(5) Undertake a specific program to resolve uncertainties regarding silo and shelter hardness, a study of fratricide effects, and investigation of different types of land-based vehicles and launchers, particularly hardened vehicles.

Finally, I reconfirm that I am fully committed to continue to pursue ambitious and objective arms reduction negotiations with a goal of agreements that are balanced, promote stability in time of crisis, constitute meaningful force reductions, and are verifiable. As you know, our proposals to secure reductions of all types of weapons are before the Soviets in many forums.

I urge the Congress to join me now in this bipartisan effort to settle on a modernization plan for our strategic forces. For that a decade, each of four Administrations has made proposals for arms control and modernization that have become embroiled in political controversy.

Balancing a number of factors, the members of the Commission, the Secretary of Defense, Joint Chiefs of Staff, and I have had to take fresh looks at our previous positions. Despite the range of views these groups have held in the past, we are bringing to you a unanimous view on this vital issue. Your support for the consensus will unite us in taking a major step forward in our common search for ways to ensure national security.

Sincerely,

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 25, 1983.

²Identical letters addressed to Thurgood Marshall, Jr., Speaker of the House of Representatives, George Bush, President of the Senate, John Tower, chairman of the Senate Armed Services Committee, Melvin Price, chairman of the Senate Appropriations Committee, Melvin Price, chairman of the House Armed Services Committee, and Jamie L. Whitten, chairman of the House Appropriations Committee (text from Weekly Compilation of Presidential Documents of Apr. 25, 1983). ■

U.S.-Soviet Direct Communication Links

PRESIDENT'S STATEMENT, APR. 12, 1983¹

I am pleased to note the completion of the report of the Secretary of Defense on direct communication links and the measures to enhance stability. I believe that the proposals in this report, which was prepared in accordance with Executive Order 97-252, are fully consistent with our goal of reducing the risk of nuclear war.

The Department of Defense now recommends a number of new measures. Of special note are those measures proposed to improve communications and build confidence between the United States and the Soviet Union. They include: addition of a high-speed facsimile link (Hotline), which would permit transmission of full pages of text and

Americans Missing in Southeast Asia

by Daniel A. O'Donohue

*Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 22, 1983. Mr. O'Donohue is Deputy Assistant Secretary for East Asian and Pacific Affairs.*¹

I am pleased to have the opportunity to discuss the issue of Americans missing in Southeast Asia.

This Administration is fully committed to the goal of accounting for our MIAs [missing-in-action]. President Reagan, in his address to the National League of Families of American Prisoners and Missing in Southeast Asia, emphasized the importance this Administration places on this goal. The President laid out as the highest national priority the following: the return of all POWs [prisoners-of-war]; the fullest possible accounting for the still-missing; and the repatriation of the remains of those who died serving our nation. He pledged, and I quote, "the full resources of our government are now committed to these goals."

In support of the goals set forth by the President, the Department of State has been engaged in a variety of activities which I would like to describe.

First, we continue to press the POW/MIA issue with the Lao and Vietnamese Governments. As you are aware, we have serious policy differences with Vietnam, especially on Kampuchea. Despite these differences, we have maintained bilateral dialogue with the Vietnamese Government on the POW/MIA issue and only on this issue because of its great humanitarian importance. We are engaged with Laos in mutual efforts to improve relations through concrete steps, and both governments have already taken positive steps forward in our dialogue. President Reagan told the National League of Families in January that "progress on the POW/MIA issue will be the principal measure" of Lao sincerity in improving relations.

Second, we are continuing to seek the assistance of other governments in conveying to the Lao and Vietnamese the importance we attach to progress on this issue. We seek out every appropriate diplomatic channel to be sure that this issue is not forgotten.

Third, we regularly assist the Defense Intelligence Agency (DIA) in its

investigation of live sighting reports through contacts with other governments.

Fourth, our Southeast Asian posts have reviewed procedures for debriefing refugees to assure that we are getting all of the information available. We are continuing to seek the cooperation of the Government of Thailand in permitting access to Lao and Vietnamese refugees in "austere" camps who may have information about missing Americans. This is an area in which we are making slow but steady progress, and ultimately we believe we will have an opportunity to talk with all refugees who can help us.

Fifth, at our request, the Department of Health and Human Services sent almost 500 letters to refugee mutual assistance associations requesting that they contact their members for information regarding POW/MIAs. Our Bureau for Refugee Programs also made a similar request to the American Council of Voluntary Agencies.

Finally, we have supported the League of Families' private efforts by briefings and through the actions of our embassy in Vientiane to facilitate the league's very useful visit to Laos last September.

Investigations of live sighting reports are assigned the highest priority and necessary resources based on the assumption that some Americans are still being held captive. While we do not have hard evidence of live POWs, we continue to actively solicit and evaluate information from all sources.

The progress toward resolution of the POW/MIA issue is far slower than we all would like. Approximately 2,500 Americans killed or missing during the Indochina war have not been fully accounted for. Of this number, about 1,150 are known to have been killed in action, but their remains have not been recovered. Between February and April of 1973, the Hanoi government released 591 American prisoners. An additional 68 Americans stranded in Vietnam in April of 1975 left in the following year. To date, the Vietnamese have returned 79 sets of remains. The most recent repatriation of remains from Vietnam, in October of 1982, involved those of four U.S. military personnel. To emphasize the importance the U.S. Government attaches to this issue, Deputy Assistant Secretary [Richard] Armitage visited Hanoi in February of 1982. The Vietnamese last fall accepted our proposal for regular, technical meetings and

and graphs; the establishment of a military communications link, would be a high-speed facsimile between the U.S. National Military Command Center and its Soviet counterpart and the upgrading of existing satellite communications channels to higher speed data transmission capability. Also included is a proposal for an agreement, open to all states, would call on the signatories to meet with each other in the event of a major incident involving a terrorist

The Department of Defense recommendations complement the arms reduction proposals which the United States has made to the Soviet Union in strategic arms reduction talks (START) and the negotiations on intermediate-range nuclear forces (INF). Other initiatives also complement the arms-reduction measures the United States already has proposed to the Soviet Union in the START and INF negotiations. Those measures would reduce the danger that nuclear war could arise from accident, miscalculation, or miscommunication. They include proposals that the two sides notify each other in advance of all launches of intercontinental, submarine-launched, and land-based, longer-range intermediate-range ballistic missiles. Additionally, they would require each party to advance notice of major nuclear exercises involving nuclear warheads and to exchange information of nuclear force developments and detail about strategic and intermediate-range nuclear missiles.

In the next few weeks, I will be making recommendations in the Department report my full con-

tributed from Weekly Compilation of Presidential Documents of Apr. 18, 1983. ■

agreed to four a year. These meetings, two of which have already occurred, provide opportunities for exchanges of information and, we hope, will lead to further progress in identification and recovery of remains.

With respect to Laos, although they have returned only two sets of U.S. remains in past years, the League of Families' visit in September was helpful in encouraging the Lao Government to be more cooperative on MIA matters and in its relationship with the United States. For the first time since 1975, in February of this year, the Lao permitted a team from the Joint Casualty Resolution Center and the Central Identification Laboratory to visit Vientiane for talks with Lao counterparts about POW/MIA matters.

It is important to keep foremost in mind that when private Americans try to force their own solutions, our government-to-government efforts are jeopardized. We do not support or condone illegal forays by private Americans to search for remains or prisoners. They seriously complicate our efforts, involve

personal risks for those involved and possible arrest for violating the laws of the countries which they leave and enter. In fact, as Judge (William) Clark [Assistant to the President for National Security Affairs] stated to the National League of Families in January, "We are resolutely opposed to private cross-border forays. Such actions interfere with and damage legitimate efforts on a number of fronts." I cannot emphasize this point too strongly. For our part, we accept POW/MIA information from any source. Any information on material which is turned over receives thorough examination and analysis by DIA.

In closing, I would stress that we care deeply about our missing men. We are devoting our resources on a highest priority basis to the fullest possible accounting of those still missing and the repatriation of remains of those who died serving our nation.

¹The 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. ■

Vietnamese Attacks on Refugee Settlements

DEPARTMENT STATEMENT,
MAR. 31, 1983¹

We are appalled that Vietnamese forces on March 31 attacked indiscriminately settlements containing thousands of civilian Khmer who fled to the border from Vietnam's 1978 invasion and occupation of Kampuchea.

We strongly condemn these attacks which are a consequence of Vietnam's actions in Kampuchea in violation of the UN Charter and General Assembly resolutions. While details are not entirely clear, thousands of civilians have been forced to flee for survival from the March 31 attacks.

Just 2 months ago, the Vietnamese attacked a Khmer refugee camp near the Thai border village of Nong Chan, putting to flight some 40,000 civilians and destroying their settlement. We noted the Royal Thai Government statement of March 31 about the attacks and join the Royal Thai Government in calling on Hanoi to respect Thai territory and in condemning the attack on peaceful civilian inhabitants of the border area.

We applaud the prompt efforts of the Thai Government and international

organizations to render humanitarian assistance to the unfortunate victims who have fled into Thailand and will lend our own support to these efforts.

DEPARTMENT STATEMENT,
APR. 4, 1983¹

Since our statement of March 31 condemning attacks by Vietnamese forces on Khmer civilian refugee settlements, we have seen reports that indiscriminate attacks on refugee camps have continued along the Thai-Kampuchean border.

We condemn Vietnamese actions which defy humanitarian principles and which have increased still further the suffering of Khmer who fled to the border to escape Vietnam's occupation of their country.

We note the joint ASEAN [Association of South East Asian Nations] statement of April 1 about the attacks and join ASEAN in condemning unprovoked and indiscriminate attacks by Vietnamese Armed Forces against Khmer civilians and threats to Thai territory.

¹Read to news correspondents by acting Department spokesman Alan Romberg. ■

U.S. Military Assistance to Thailand

DEPARTMENT STATEMENT,
APR. 8, 1983¹

Over the next 10 days, three shipments of American-built military equipment due to arrive in Thailand in response to Thai requests for speeded up deliveries. The initial delivery will take place this weekend when a U.S. military plane due to unload a number of Redeye ground-to-air missiles at Don Muang Royal Thai Air Force Base. That will be followed by a second delivery on Friday Saturday, April 9.

On Monday, April 11, a special airlift of two American C-5 transports will deliver 155mm extended-range howitzers, along with ammunition. These new model 198 howitzers we made available from America's inventory for its own forces to underline U.S. support for Thailand. On April 19 additional extended-range howitzers will arrive in Thailand aboard the merchant ship *S.S. Benjamin Harrison*. The procurement of these weapons for delivery to Thailand was also accelerated as a result of a Thai request.

These weapons have been purchased by Thailand under the U.S. foreign military sales (FMS) program. Thailand annually purchases military equipment averaging between \$150 and \$200 million in value. In addition, last year—FY 1982—the United States allocated to Thailand \$80 million in credits and grants for this purpose. So far this year, \$66 million has been made available, and the Administration is requesting a supplemental appropriation of an additional \$25 million.

In addition to speeding delivery of military supplies, the United States has responded to the situation created by Vietnamese attacks along the Thai-Kampuchean border by an immediate grant of \$1.5 million to the International Committee of the Red Cross (ICRC) for emergency medical care and other humanitarian assistance to victims fighting. Our Ambassador there, James Gunther Dean, also recently presented \$3 million to aid Thai villagers affected by the continuing conflict in Kampuchea and the influx of refugees.

¹Read to news correspondents by acting Department spokesman John Hughes. ■

Looking Toward Williamsburg: U.S. Economic Policy

Kenneth W. Dam

*Address at the Graduate Institution
International Studies in Geneva on
April 21, 1983. Mr. Dam is Deputy
Secretary of State.*

Ireland is the first stop in a trip
will take me to Norway, Denmark,
Germany, and Hungary. The pur-
pose of my visit to Western Europe is to
discuss with our partners in the in-
dustrial democracies the challenges we
face. These challenges are military,
political, and economic.

We must respond to the Soviet
buildup by modernizing our deter-
rence where necessary and achieving ef-
fective arms control where possible.
We must sustain our democratic
institutions at home and support them

And we must encourage noninfla-
tionary growth and maintain the open
system on which it depends.

One of the last of these, the need for global
peace, is my subject today.

We are now emerging from a recession
that lasted 17 months. That recession
is the longest since the end of
World War II. Economic activity in
North America and Europe has declined;
industrial production has leveled
off; growth of several developing
countries has stalled under the weight of
\$100 billion international debt.

Unemployment has soared—32 million
are out of work in the 24 ad-
vanced countries of the Organization for
Economic Cooperation and Development
(OECD).

As all know that the recession has
been more than just hardship. It has
challenged the democratic in some countries
and raised political upheavals in others.
Disputes have tested the bonds
of long-time allies. The recession
has challenged the West's capacity to
contain the Soviet arms buildup and en-
dure dependence on trade with
Western Europe and the Soviet Union.
We have been guided through this
crisis by the basic principle of allied
cooperation: If any one of us tries to
solve its problems by shifting the
burden to its partners, all of us will fail.
There are now signs of economic re-
covery in several industrial countries.

Those signs should be even more obvious
by the end of May. At that time the
heads of government of the seven
largest industrial democracies, together
with the President of the EC [European
Communities] Commission, will meet in
historic Williamsburg, Virginia.

My theme today is that the
Williamsburg summit will represent a
departure in tone and content from
those of the recent past. Previous sum-
mits have been structured and formal.
Williamsburg is intended to be flexible
and informal. Previous summits have
emphasized anti-inflationary policies. At
Williamsburg the emphasis will shift to
policies that promote growth—without
reigniting inflation.

In discussing the issues the summit
partners will face, I shall divide my
remarks into three sections: first, an
analysis of the causes of the world re-
cession; second, a description of its
cure—world economic growth; and
third, a survey of the issues we cannot
ignore if we are to seize the recovery
that is within our grasp.

The Recession

The present state of the world economy
has its roots in the 1960s and 1970s.
Rising inflation in the late 1960s
changed the competitive position of in-
dustries in Europe, Japan, and the
United States and undermined the
system of fixed exchange rates. The
move to floating exchange rates in 1973
was followed within a year by a
quadrupling of world oil prices and a
shift in the distribution of the world's
wealth.

After 1973 the Organization of
Petroleum Exporting Countries (OPEC)
moved into current account surplus and
the oil-importing nations moved into cor-
responding deficit. From 1974 to 1980,
the industrial nations faced current ac-
count deficits which averaged \$20 billion
per year. The non-oil developing coun-
tries faced annual deficits of \$47 billion.
These deficits placed huge demands for
capital on financial markets. Commercial
banks became the risk-taking interme-
diaries between OPEC and the borrow-
ing countries. As a result, the level of
international debt, now \$700 billion, in-
creased more than sevenfold from 1972
to 1982. In the same 10-year period debt

to private lenders jumped from 48% to
60% of outstanding LDC [less developed
country] debt.

It would be wrong, however, to
characterize the legacy of the oil shock
years as a debt problem. What we face
today is an income-earning problem.
True, LDCs borrowed a lot in the 1970s,
but corporations borrow a lot also. The
difference is that corporations invest in
productive capacity to generate income to
repay their debts. Some LDCs,
however, tended to invest in consump-
tion rather than production, borrowing
to finance internal income transfers.
This questionable strategy was tolerable
as long as LDC export earnings grew
fast enough to service their debts. That
was the case from 1975 to 1979, when
LDC exports grew 22% annually,
roughly keeping pace with the 25% an-
nual growth of LDC debt.

After the second oil shock in
1979-80, however, the major industrial-
ized nations adopted more restrictive
monetary policies. Those policies slowed
inflation, boosted real interest rates, and
set in motion a retrenchment from the
economic excesses of the 1970s. The
average price per barrel of OPEC oil
jumped from \$13 at the end of 1978 to
over \$35 in 1981. This increase drew
\$200 billion, or 3%, from the national in-
comes of OECD countries. The corre-
sponding reduction in real demand in
the West reduced LDC export earnings
and depressed prices of LDC com-
modities. Simultaneously, high interest
rates and a strong dollar increased LDC
debt service costs from 18% of their
total exports in 1980 to 24% in 1982.

The problem faced by high-debt de-
veloping countries is serious. Rising debt
service costs consume a growing propor-
tion of declining export earnings. Many
LDCs are now struggling to increase ex-
ports and curb imports. To manage their
debt problems, they need access to our
markets. This comes at a time when we
in the West have experienced record
levels of unemployment, worsened trade
balances, and reduced real income. As a
result, the international financial, trade,
and monetary systems are under serious
strain.

The Cure: World Economic Growth

But trying to solve the debt problem
without solving the world economic
problem is like putting out the fire in the
ashtray when the living room is ablaze.
The only lasting solution to the income-
earning problem of the LDCs, as well as

the serious economic problems of the industrialized countries, is sustained global growth. Such growth will require sound domestic policies that keep inflation low and spur production and investment.

Several major industrialized countries are poised to lead an expansion of the world economy. In the United States, for example, inflation (measured by the consumer price index) has plunged from 12.4% in 1980 to just 3.8% in the 12 months ending this January. The prime rate is now at 10.5%—about half its recent peak of 21.5%. In February industrial production rose for the third consecutive month to a level 1.8% above the November 1981 low. Finally, the Dow-Jones industrial average has topped the 1100 mark for the first time in history. Our Commerce Department's chief economist called these figures "damn good news."

The recent rollback in oil prices is more good news. Just as oil price increases in the 1970s were deflationary in terms of aggregate spending, price declines should prove expansionary. It has been estimated that a \$5-per-barrel decline will boost gross domestic product by 0.5% this year in the OECD area and decrease the inflation rate by one percentage point, lowering interest rates as well. Lower oil prices may hurt some oil producers such as Mexico, Venezuela, and Nigeria. But the benefits from lower interest rates and higher economic growth should be much greater worldwide.

We are now at a new beginning. Inflation and energy prices—the twin constraints on growth since the early 1970s—have moderated. At Ottawa and Versailles the emphasis was on anti-inflationary policies. At Williamsburg the emphasis will shift to growth. We should not resist this shift, but discipline it. The industrial democracies of North America, Europe, and Asia must forge an economic strategy for sustained growth that does not imperil the gains made against inflation over the past few years. Such a strategy would have to concentrate on four areas:

First, strengthening the open trading system;

Second, supporting the international financial system;

Third, improving the monetary system;

Fourth, developing a unified allied approach to East-West economic relations.

Let me now address each of these areas in turn.

Strengthening the Open Trading System. Last November's ministerial meeting of the General Agreement on Tariffs and Trade (GATT) failed to accomplish all that we wanted. But it kept the GATT system together and moving, however slowly, in a positive direction. The ministers pledged "to refrain from taking or maintaining any measures inconsistent with the GATT." Translating that open trade pledge from words into concrete actions is more difficult and more crucial than ever.

Economic growth faltered in the mid-1970s and has slowed drastically since 1980. During 1980-82, real output in the OECD area rose only 2%. Reflecting this slowdown in growth, world trade, which was stagnant in volume in

1981, fell an estimated 2% in 1982. The key to recovery is doing *business*, not less. Yet the recession high unemployment rates in the West understandably have increased protectionist pressures. In the United States, for example, the 98th Congress will probably press for local content legislation, agricultural subsidies, and protectionist measures directed at hard-tors such as steel and autos. Eurosians, too. Because of existing volume restraint agreements, in any year 11 out of 100 British car buyers (and only 3 in 100 French) can choose a Japanese car.

These protectionist measures tend to choke off recovery. Quotas, and other trade barriers raise costs

Deputy Secretary of State



Department of State photo

Kenneth W. Dam was born in Marysville, Kansas, on August 10, 1932. He graduated from the University of Kansas (1954) and took his law degree from the University of Chicago (1957).

Prior to assuming his present position on September 23, 1982, Mr. Dam was the Provost of the University of Chicago. He first joined the faculty of the University of Chicago Law School in 1960, after serving as

law clerk to Mr. Justice Whittaker of the U.S. Supreme Court and practicing law in Cravath, Swaine and Moore in New York City. He was named Professor of Law in 1964 and became the Harold J. and M. F. Green Professor of International Law Studies in 1976. He became Provost in 1980.

Deputy Secretary Dam took leave of absence from the University of Chicago in 1971 to serve in the Federal Government as Assistant Director for National Security International Affairs of the Office of Management and Budget (OMB). In 1973 he was named Executive Director of the Cabinet level Council on Economic Policy.

After returning to the faculty of the University of Chicago Law School in 1960, Mr. Dam continued his government service as a consultant from time to time to the Department of the Treasury, and other government agencies.

Mr. Dam is a member of the Board of Directors of the Chicago Council on Foreign Relations and a member of the Council on Foreign Relations in New York. He has served on the Academic Advisory Council of the American Enterprise Institute, the Research Advisory Board of the Committee for Economic Development. In 1981 he was elected to the American Academy of Arts and Sciences and in 1968 to the American Law Institute.

His books include *The Rules of the Game: Reform and Evolution in the International Monetary System* (1982); *Economic Policy Beyond the Headlines* (1977), with George Shultz; *Oil Resources: Who Gets What?* (1976); and *The GATT: Law and International Economic Organization* (1970). Mr. Dam has also published numerous articles on legal and economic issues. ■

deny borrowing countries the arreny earnings needed to service debts and buy our exports. Con- open trade speeds resources to most productive uses and creates jobs than it destroys. Consequent- sident Reagan has pledged that ited States will not turn its back principle of open trade.

at does not mean, however, that urn the other cheek toward nations' trade-distorting prac- especially those imposed on such as agriculture and services, in we enjoy a comparative advantage. The United States sees no difference- tween trade in these sectors and in other goods.

uncompetitive practices, such as ropan Community's export sub- continue unabated. While agri- prices in the United States have eadily falling in real terms since 973 peak, the EC's common agri- policy has artificially boosted on some key commodities to douse- in the United States, encourage- h production. The resulting is then exported with the aid of ubsidies. This practice has European farmers to expand are of third-country markets at ense of American farmers.

United States appreciates the is faced by European leaders in- ting agricultural policies. We sponded to EC subsidies through negotiation and through selective. Recently we sold subsidized our to Egypt.

issue of protectionism is an e to one. But it is a political im- e to resolve it before it threatens sic common interests. As Secre- State Shultz said in testimony he U.S. Congress:

emporary . . . measures such as the our transaction can be justified on and that "when all the world is mad, to be sane." But temporary measures become permanent, and retaliation inherent tendency to escalate. Con- negotiations—in which we meet s, with reason—present the only gulation to protectionist problems. . . .

is the spirit my government has e, approaching these problems. e our partners will reciprocate.

Supporting the International Monetary System. A strong system of aid will do more than ease the yment problems of the in- zed countries. It will also ease e problems of the developing

countries. Import cuts in debtor countries can free up only so much hard currency; export growth must lead the way in their recovery.

The cases of Brazil, Mexico, and Argentina have shown that the debt burden can be managed. A successful strategy includes a combination of short-term bridge financing, plus adjustment programs implemented in conjunction with the International Monetary Fund (IMF) and commercial banks. Private banks, however, are now reducing their rate of new lending to the developing world. Net new bank lending was flat between the first half of 1981 and the first half of 1982. Estimates for the second half of 1982 show a precipitous drop in new lending.

An abrupt contraction in new lending would imperil the recovery of the debtor countries. Reduced lending would also retard American and European recovery by contracting LDC imports from the West. The Morgan Guaranty Trust Company estimates that if capital flows in the LDCs were cut by \$25 billion, OECD growth would drop half a percentage point. With OECD growth in 1983 expected to be only 1.8%, half of a percentage point would be a significant decline.

The Morgan Guaranty study is hypothetical. But import cuts are already a reality. A dramatic case in point is Mexico. In 1982 Mexican imports from the United States dropped 37% from the 1981 level. Consequently, in a single year the U.S. balance-of-merchandise trade with Mexico swung from a \$3.7 billion surplus to a \$4.5 billion deficit. This swing had adverse effects on our economy and our employment situation.

The international economy is too vulnerable to contraction to permit a continued decline in lending to the Third World. Private banks in the United States, Europe, and Japan have a collective interest in extending sufficient new money to permit the developing countries to service their debts. Western governments have a similar stake in seeing that the LDCs have sufficient capital to pay for imports that will enhance LDC productivity and contribute to world economic growth.

The United States stands ready to do its part. The Reagan Administration strongly supports the proposed 47.5% IMF quota increase. We also support the expansion of the General Arrangements to Borrow from \$7 billion to \$19 billion. The United States has urged that the

quota increase go into effect in 1983 instead of 1985. These funds are needed not to help developing countries pay off old debts. These funds are needed to encourage sound policies—policies to curb inflation, trim government spending, and shift resources from consumption to investment. By providing supplementary financing to ease the process of adjustment, the IMF contributes to the maintenance of economic and political stability in the developing world. I am confident that the U.S. Congress will recognize the close links between our own well-being and LDC growth and will act quickly to approve the quota increase.

Improving the Monetary System.

The economic expansion needed to boost recovery in the West and ease the debt burden of developing countries would be aided by stability in exchange markets—something we have not had in recent years.

Financial flows, for example, are having a powerful effect on exchange rate movements. This presents difficulties from the standpoint of trade. During 1982 financial flows into the United States led to the greatest appreciation of the dollar since the beginning of floating rates. The strong dollar increased the price of U.S. exports abroad and decreased the cost competitiveness of U.S. industry. The effect of dollar appreciation on other industrial countries was a drop in the exchange rate of their currencies and higher domestic inflation. The strong dollar is expected to increase the U.S. trade deficit in 1983.

An additional problem we face in the international monetary system is the great volatility in exchange rates. For example, between May and November of 1982, the yen depreciated from about 230 yen to the dollar to 276. This depreciation raised the price of U.S. exports in Japan and in third country markets and reduced the price of Japanese goods to importers worldwide. By the end of the year, however, the yen had swung back to its prior level of 230.

The causes of exchange rate volatility are many and complex. The problem is due in large part to different inflation, interest, and savings rates among the major industrial countries. The United States believes that a convergence of underlying economic policies is necessary to achieve greater exchange rate stability. Fortunately, the multi-lateral surveillance initiative adopted at

the Versailles summit should help ensure close consultations on economic policies as the recovery proceeds.

East-West Economic Relations. I began this discussion by noting the fundamental economic, military, and political goals that face the Western democracies. Those goals are not distinct but interrelated. To ensure that economic expansion reinforces our other objectives—safeguarding the peace and supporting democratic values—the United States and its allies have agreed on the need for a common approach to East-West relations.

On November 13, 1982, President Reagan announced that the major industrial nations of the West recognized "the necessity of conducting their relations with the U.S.S.R. and Eastern Europe on the basis of a global and comprehensive policy designed to serve their common fundamental interests." As a result, a consensus was reached with our allies:

- Not to engage in trade arrangements which contribute to the military or strategic advantage of the Soviet Union;
- Not to give preferential aid to the heavily militarized Soviet economy; and
- Not to sign any new natural gas contracts with the Soviet Union, pending a new alliance study on energy alternatives.

On the positive side, we agreed to strengthen existing controls on the transfer of strategic items to the Soviet Union and to examine whether our collective security requires new controls on certain kinds of high technology including oil and gas equipment. We also agreed to work toward harmonizing our export credit policies.

It is important to note, however, that the United States does not advocate economic warfare. Rather, we simply believe that trade with the Soviet Union should be conducted within a common framework consistent with our political and security objectives. As a result, the United States desires to maintain an open door to mutually beneficial East-West trade based on sound commercial principles, while restricting strategic exports and other trade arrangements that would enhance Soviet military capabilities.

Action is being taken on the studies agreed to by the allies. We expect some results to be available in time for the Williamsburg summit. There is a widening consensus on the basic principles

that ought to guide East-West economic relations. Western governments should now develop the policies that will give concrete expression to that consensus.

Conclusion

Williamsburg, Virginia, has played a unique role in our history. The Virginia Declaration of Rights was signed at Williamsburg in 1776. That declaration was derived from the British Magna Carta; it was echoed in the French Declaration of the Rights of Man. It sets forth those ideals that we in the West hold in common:

- "That all men are by nature equal free and independent;"
- "That all power is vested in, and derived from, the people;"
- "That government is, or ought to

be, instituted for the common benefit protection and security."

When the summit partners gather in Williamsburg in May, we will have opportunity to reaffirm those ideals have weathered oil shocks, inflation recession. I am confident that we can master our new challenges:

- To support the principle of free trade;
- To strengthen the international monetary and financial systems; and
- To develop a new consensus East-West relations.

Our task will be to forge a strategy for noninflationary growth. Our task will be in demonstrating the ability free markets and democratic governments to provide for our "common benefit, protection, and security."

Economics and Politics: The Quandary of Foreign Aid

by W. Allen Wallis

Address before the Heritage Foundation and the Philadelphia Society, Washington, D.C., on March 3, 1983. Mr. Wallis is Under Secretary for Economic Affairs.

I will organize my remarks tonight under four broad headings:

- First**, the economic rationale for foreign assistance;
- Second**, the political and strategic purposes for which much of our aid is, in fact, used;
- Third**, the importance of reconciling these two purposes; and
- Fourth**, what can be done to make the best use of the resources we channel to developing countries.

Economic Rationale for Foreign Assistance

Last year I had the great pleasure of spending an evening in London with my old and admired friends, Peter Bauer and Basil Yamey [professors at the London School of Economics]. It is not news to anyone here that Bauer and Yamey make a powerful case against official development assistance. Both their writings and their speeches are striking for their cogency and for the clarity and force of their arguments. They have done an important job in demolishing

many of the "economic" argument often cited in favor of official foreign assistance.

Personally, I am persuaded by a major thrust of their arguments. Foreign assistance is inherently a government-to-government program. There may be exceptions, of course, in the nature of economic organization in most developing countries—indeed, the nature of one sovereign country's dealings with another—guarantees the validity of my statement. It is not surprising that I feel strongly about the problem of government intrusion in the economy and of misguided policies which fail to utilize market forces. Foreign assistance cannot escape the limitations inherent in any government-run program. Instead of denying or ignoring those limitations, we should allow for them. We should strive for the quality Herman Wouk attributed to the Navy when he described it as an organization designed by geniuses so that it could be operated by morons.

It would be of little interest to me if I were simply to agree with Peter Bauer and others here that we should be skeptical about the economic benefits of foreign assistance. If that were all I had to say, you would do better to listen to him some more. That may be even more true of what I have to say. I will elaborate

bit of devil's advocacy. Since coming to Washington last summer, I have been surrounded by proponents of foreign aid, so that by now any comparative advantage I have in this group I lie in that direction.

First, just what is economic assistance? It takes many forms—from oral advice on economic policy by policy advisers to long-term training of individuals and building of institutions through “soft” loans or grants to so-called “hard” loans at market rates. Ask whether assistance really helps is too hard a question. The important question is whether some forms of foreign aid assist the process of economic development; and, if they can, do they? The case for foreign aid, as I see it, lies on concepts such as additional analysis, leverage, and infrastruc-

Additionality refers to the notion that for some countries at some times, extra foreign exchange needed for useful investments can be found outside the market. Similarly, the development of managerial and technical assistance may be retarded if all the relevant services must be bought at market

Analysis refers to the idea that, for a country with a reasonable amount of domestic savings and openness to foreign investment, the capital for economically important projects should not be forthcoming without government involvement to pull the project together or to provide a key element.

Leverage refers to the concept that foreign aid, including the development of an educated, encourage, cajole, or otherwise inveigle the governments of developed countries into using their resources—or preferably allow them to be used—more effectively.

Infrastructure refers to the important development of skilled manpower of certain types of institution; such basic facilities as roads, electricity, and water. The economic rates of return comparable to that used to justify agricultural research in the United States.

It is not intended to be a complete survey to illustrate a line of

Before I pursue it further, I want to preempt the question of forming in each of your minds: could governments second guess which choose not to supply technology, or whatever to projects? To put it differently: in a government, whether donor

or recipient, know more about how to allocate resources than the market?”

There are possible answers that deserve serious consideration. One possible reason is that utility functions differ. The participants in private markets may have different variables in their utility functions than do governments, and almost certainly they attach different coefficients to the variables. Governments will be concerned with long-run political stability as well as with economic returns. On the margins, a given project may be below the line for private actors but worth doing in the government's ranking of priorities. A danger, of course, is that economic returns will be totally neglected by the government. Another danger is that the utility function of the government—which in practice means the utility function of the governors—may be less con-

ducive to the general welfare, however defined, than is the utility function of the market. Association of private financing with government aid may help to ensure the economic value of the projects that are supported.

Government action, or potential government action, can be a powerful deterrent to the private sector. When a government takes office intent on opening an economy to private initiative, it may be some time before the market is convinced that the change is stable and can be relied on. The Seaga government in Jamaica is an example. Following years of experimentation with socialism, Jamaica's economy was in a shambles. President Seaga was elected on a pledge to return the economy to the market. That is a laudable objective. It holds out great hope for the development of the economy of Jamaica and for the freedom

Under Secretary for Economic Affairs



(Department of State photo)

W. Allen Wallis was born November 5, 1912, in Philadelphia, Pennsylvania. He received an A.B. from the University of Minnesota graduating magna cum laude (1932) and studied economics at the graduate level at the Universities of Minnesota and Chicago (1932-35). He is also a member of Phi Beta Kappa.

Mr. Wallis began his academic career as a Granville W. Garth Fellow in Political

Economy at Columbia University (1935) and was an instructor in the Department of Economics at Yale University (1937). He held positions as Assistant and Associate Professors of Economics at Stanford University (1938-46) and Professor of Statistics and Economics in the Graduate School of Business at the University of Chicago (1946), later becoming Chairman of that Department (1949) and Dean of the Graduate School (1956-62).

Mr. Wallis has served the Federal Government in numerous capacities including membership on the President's Commission on an All-Volunteer Armed Force (1969-70); the National Commission on Productivity (1970-74); and the Corporation for Public Broadcasting (1975-78). He also served on the Task Force on Education and the transition team of the International Communication Agency for President-elect Reagan.

During the past 20 years, Mr. Wallis has been elected to the board of directors of nine major U.S. corporations including Bausch & Lomb, Macmillan, Eastman Kodak, Metropolitan Life Insurance, and Standard Oil of Ohio. In addition, he holds several trusteeships and has served the academic, civic, and philanthropic communities in numerous capacities. He has authored 10 books and monographs and has published numerous scholarly articles on economics and public and international policy.

Mr. Wallis served as President and Chancellor of the University of Rochester (1962-78) and remained affiliated with the University retaining the title of Chancellor until his nomination as Under Secretary.

He was sworn in as Under Secretary of State for Economic Affairs September 23, 1982. ■

and welfare of the people of Jamaica. But could prudent investors have relied immediately on the success and permanence of the change? Governments with a stake in the future of a free and democratic Jamaica were well advised to provide promptly any assistance that can bring Jamaica's potential to fruition.

Investment in infrastructure is widely held to be an appropriate role of government. Linking remote producers to markets and providing power, communications, and education is recognized to be conducive to development. The economic history of the United States teaches us that even these can be provided by the private sector under certain circumstances. But, unfortunately, those circumstances are not likely to be duplicated in today's world, either developed or developing. How many privately financed public roads have been built in the United States in the last 25 years?

These considerations do not prove that in practice foreign assistance is actually effective. They merely suggest that it might be. They do not even suggest, however, that foreign aid is the key to economic development. We could pour massive amounts of assistance to no avail into a country hell bent on destroying itself. The economic policies of a developing country are, without question, the key to development. A developing country with sound economic policies can benefit from well-conceived foreign aid.

If I go further with my role as devil's advocate, I may sprout horns and a tail. So let me stop the economic rationale for economic assistance and turn to the political rationale.

Political Rationale for Foreign Assistance

As you know, the Reagan Administration places great emphasis on political and strategic considerations in allocating and justifying foreign assistance. Whatever the rhetoric may have been in the past, however, the fact is that we always have given a significant portion of our foreign assistance in the hope of winning and keeping friends and influencing people.

Currently, we call 63% of our aid "security assistance." Its main components are military assistance and economic support funds, and, as you know, most of each goes to two countries, Israel and Egypt. In some extreme cases, the military component of our security assistance goes toward the

costs of a war in which we have a stake. A current case is El Salvador. A variant on this is providing funds to help strengthen allies who are strategically important to us. Israel, Pakistan, Turkey, Sudan, and Somalia are examples. In certain other cases, we are, in effect, simply offering assistance in consideration of military accommodations.

In other instances, we attempt to promote political stability for a government which is important to our strategic interests. This may take the form of facilitating the economic adjustment of a key ally by providing economic support funds for short-term balance-of-payments support in tandem with an International Monetary Fund program. Recent successful examples of this are Portugal and Turkey. Within the last few years, both countries faced severe balance-of-payments crises and economic disruptions which threatened their political stability. Each has since made great progress in economic adjustment and has avoided severe political damage. "Security" assistance often serves an important economic purpose, even though it arises from motives that are primarily political.

Economic development and humanitarian considerations play a much larger role in our so-called "economic assistance" programs than in security assistance programs. There is, nevertheless, also a political rationale for these economic assistance programs. For example, assistance to friendly, or sometimes even to neutral, underdeveloped countries can help promote political stability and avoid the movement of less developed countries toward communism. Economic aid may be seen as a useful form of long-term insurance, even where there is no short-term strategic problem to deal with. Conversely, targets of opportunity are likely to be exploited, sooner or later, by our adversaries.

Some argue that there would have been fewer Nicaraguans and El Salvadorians if the Alliance for Progress had had the money to maintain its early momentum through the 1970s. At any rate, such reasoning has been, and remains, an important factor in justifying the economic portion of U.S. foreign assistance.

For multilateral assistance, still another political justification is added. Many of our major allies are now strongly committed, in some cases as a result of our own earlier persuasiveness, to the idea that multilateral foreign assistance is both politically important

and economically effective. Those we want us to do what they see as our share. They argue that because we the lead in creating the World Bank and the regional development banks we have a responsibility to help ensure the continuing effectiveness. The year-long study of the multilateral development banks undertaken at the start of the Reagan Administration—strongly influenced by the knowledge and perspective of Wilson Schmidt [the late U.S. Executive Director designate of the World Bank] and Beryl Sprinkel [Under Secretary of Treasury]—reached the same sort of conclusion.

The underdeveloped countries of great importance, of course, to multilateral aid and thus to the U.S. role in maintaining it. In short, for the U.S. to abandon its leadership in the multilateral aid institutions would mean to cut our leadership of the Western alliance, as well as our influence in the underdeveloped countries. Multilateral flows also are often coincident with our political interests in that they sometimes add substantially more to the levels we make available to key countries on a bilateral basis.

Reconciling Political and Economic Objectives: The Quandary

I started by describing the conditions under which foreign assistance might contribute to economic growth—that recipient countries pursue economic policies conducive to development and that donor countries make allocations that support these policies. Allocations that are politically based are unlikely, of course, to coincide with good economic development policy. Obviously, I must name names, but all of us can cite countries where aid has continued to even to increase, to governments that have persisted in poor economic policies. Some major bilateral aid recipients seem to believe that we do not cut back on aid even if our recommendations for reforming their economic policies are ignored.

Fortunately, not too many cases are this extreme. The less sure a recipient government is that we will continue to come what may, the greater the likelihood that our views on economic policy are taken into account. This is an area in which skillful diplomacy can play an important role. Even so, I would believe

to admit that donors of bilateral aid are not able to exercise much range on policy. There are several reasons for this:

- Bilateral donors are more likely to be prisoners of their clients;
- Their advice is often viewed as credible, less well based technically, more intrusive upon sovereignty,

They generally have less money to give.

It follows that in order to achieve economic objectives of foreign aid, we must make full use of our influence at the International Monetary Fund, the World Bank, and the regional development banks; and we must ensure our bilateral aid supports the same objectives. It is essential that economic aid, bilateral or multilateral, not be an entitlement program with the door open even in the face of inadequate policies. This was among the main reasons of the Reagan Administration's intensive assessment of the regional development banks. In the wake of the publication of that assessment, we have been pleased by the results of the managements of these institutions to its findings.

Nevertheless, the fact is that bilateral assistance is likely to remain a small part of our aid program for the foreseeable future—it now constitutes about 5%—and that political and economic considerations will continue to be major factors in allocation. We are endeavoring to see that the funds are used in ways that promote growth that is lasting, self-sustaining, and mutually based.

Can We Resolve the Quandary?

The answer is no—at least, not entirely. What we can do is minimize the potential conflict between security and

political objectives on the one hand and economic development on the other. Let me offer a few ideas on what we can do and should do.

- We should ensure that the terms of financing for military sales are tailored to the prospective balance-of-payments of the receiving country. To achieve this, guarantees of commercial lending must be adequately balanced by concessional direct loans or grants.

- We should use our bilateral aid in ways that are as supportive as possible of economic reform and structural adjustments supported by the World Bank and International Monetary Fund. We should press these institutions to orient their advice toward efficient use of markets and, where feasible, to coordinate with other donors.

- We should keep some ambiguity in the way we allocate economic support funds and other assistance, so that recipient countries will not take these funds for granted and feel free to ignore the advice on policies that we—or the Fund or the Bank—give.

- We should persist in phasing out economic aid to countries as their economies mature—graduate them, so to speak.

- We should continue to encourage cofinancing, possibly multilateral investment insurance, and other mechanisms which make available greater sums of private money for development on terms that the recipient countries can prudently sustain.

Conclusion

To conclude, I want to review the main themes of my remarks. The essential requirement for economic growth is good economic policies in the developing countries. Without that, there is little which aid can accomplish. With good policies,

properly conceived aid can help to accelerate development. Properly used, aid can help to encourage and support good policies or, at least, avoid undercutting them. Nevertheless, there are many pitfalls—ably pointed out by many of you gathered here—pitfalls which are difficult to avoid when political and strategic concerns predominate.

Given U.S. commitments in the world, aid will continue to be an important tool of U.S. foreign policy. If we are to avoid squandering this aid and even doing more harm than good, we will have to face the challenge of sensible and courageous management of these funds.

Finally, I will toss a challenge to you. In an uncertain and often unstable world, political and strategic considerations weigh heavily in economic decisions. Peter McPherson [Administrator of the Agency for International Development], Beryl Sprinkel, George Shultz [Secretary of State], Kenneth Dam [Deputy Secretary of State], Dick McCormack [Assistant Secretary for Economic and Business Affairs], and I are among those in the Reagan Administration supporting programs which promote rational, market-based, free-enterprise economic policies—at home and abroad. We can use your help. We are all too familiar with how aid can be squandered, misused, counterproductive, or otherwise wasted. My challenge to you is, how can we make a program that is inherently government-to-government serve the cause of good economics?

Granted that we will have foreign aid, whether you and I think we should have it or not; and granted that aid will be on a government-to-government basis, whether you and I think it should be on that basis or not—given those two conditions, and pending any changes in them that may be desirable, how can we best promote the economic welfare of the recipient countries and of our own country? ■

Implications of a Nuclear Freeze

by Richard R. Burt

Statement before the Subcommittee on Procurement and Military Nuclear Systems of the House and Armed Services Committee, on March 9, 1983. Mr. Burt is Assistant Secretary for European Affairs.¹

I particularly welcome the opportunity to testify before this committee on the subject of a possible freeze on the U.S. nuclear arsenal. I welcome it for several reasons:

- Because this is an issue of such fundamental importance to the security of the United States;
- Because of its impact on our allies; and
- Ultimately, because of its importance to the maintenance of peace.

The prevention of nuclear war is the highest priority of this Administration. It must be the highest priority of any administration in the nuclear age. All of us know what nuclear war would mean for our country and the world. As the President himself has repeatedly said, in such a war there can be no winners.

No one has a monopoly on the desire to avoid a nuclear catastrophe. We recognize that nuclear freeze proposals issue from a profound concern about the

malevolent intentions. The issue is how to translate the good intentions of those who desire effective arms control into actions which will achieve that end.

I believe the proposals for a freeze on the U.S. nuclear arsenal—however well intentioned they are and however attractive they may seem—would not achieve their stated purpose. On the contrary, I am convinced that they would diminish our national security and ultimately increase, not reduce, the danger of war.

- A freeze would encourage, rather than discourage, threatening Soviet behavior.
- It would hinder, rather than help, our efforts to achieve effective arms control.
- And it would weaken, rather than strengthen, the Atlantic alliance which is the cornerstone of our own security.

Implications for Our Relations With the Soviet Union

The effective management of our relations with the Soviet Union is essential to the preservation of peace and stability in the world. Toward that end, our policy toward the Soviet Union must be based on consistency, resolve, and national and allied unity. We cannot successfully manage this vital relation-

out the most intensive conventional nuclear military buildup in peacetime history.

The changes in the military balance—or as the Soviets would say, correlation of forces—which result from our respective policies during 1970s mean that even a mutual freeze under present circumstances would legitimize the existing Soviet nuclear vantage with uncertain and potentially dangerous political and military consequences.

The Soviet Union has itself freely advanced proposals for freezing forces, so as to conserve the military advantages it has acquired and avoiding to undertake significant reductions in arms control negotiations.

A freeze would undermine the relative capability of our nuclear deterrent vis-a-vis the Soviet Union and, as a result, the credibility of our strategic deterrence, which has successfully preserved the peace for over three decades. Moreover, as you know, it would not be verifiable.

The Soviet leadership's assessment of our resolve is every bit as important to the effectiveness of deterrence as the Soviet calculation of our military capability. But even a nonbinding resolution would raise the most fundamental questions about our will to aggression and, if necessary, repel with force.

Implications for Arms Control

Many proponents of a freeze maintain that it could be an effective first step toward arms control. In fact, I fear it would have just the opposite effect. As you know, we are engaged in a variety of arms control endeavors.

In START [strategic arms limitation talks], we are seeking deep cuts in strategic nuclear weapons, whose existence inspires such justified concern, and we are focusing our efforts on most destabilizing systems, namely based intercontinental ballistic missiles.

In INF [intermediate-range nuclear forces], we have proposed the elimination of an entire class of U.S. and Soviet nuclear weapons—an unprecedented offer in the history of nuclear arms control. The President has at the same time made clear that this is not a take-it-or-leave-it offer. Ambassador Nitze [H. H. Nitze, head of the INF negotiations] has been authorized to explore any possible solutions which would take fundamental principles into account

A freeze would undermine the relative capability of our nuclear deterrent vis-a-vis the Soviet Union and, as a result, the credibility of our strategy of deterrence, which has successfully preserved the peace for over three decades.

danger of nuclear war; we fully share that concern. We also know that these proposals are supported by many who are deeply committed to rapid and significant progress in arms control. We, too, share that commitment.

The debate here is not over ends; it is about means. It is not a debate between those with good and those with

ship—we cannot moderate Soviet international conduct—on the basis of gestures which would only be interpreted as signs of weakness and division.

Unilateral U.S. restraint during the 1970s, which was tantamount to a freeze on our part, did not produce Soviet restraint. On the contrary, the Soviet Union implemented expansionist policies in far regions of the world and carried

• Any agreement must provide for all levels between the United States and the Soviet Union.

• As a corollary, no agreement should include the independent national interests of France and Great Britain.

• An agreement should not have the effect of transferring the threat from Europe to Asia.

• And any agreement must provide for effective verification.

These are not only eminently fair and reasonable conditions. They are also vitally to serious and effective arms control. It remains for the Soviet Union to decide whether it will negotiate on a basis of them.

We are also seeking significant reductions of military manpower in Europe in the MBFR [mutual and balanced force reductions] negotiations, as well as a total verifiable ban on chemical weapons, which we are pursuing in the Committee on Disarmament in Geneva.

All of these negotiations we are negotiating the same goal: arms control measures which will enhance peace and stability not by just placing a ceiling on arms race but by actually producing verifiable, militarily significant reductions in armaments.

The principal obstacle to progress in these arms control endeavors so far is the Soviet reluctance to agree to substantial reductions and/or to a permanent regime which would insure compliance.

Whether the Soviet Union will change its position in this regard is difficult to predict. But it is certain that it will if it has no incentive to do so. A major incentive, in effect, would be the Soviet Union for its arms buildup.

The Soviets have agreed to real arms control only when it has been in their interest to do so. You will recall the major debate over the ABM [anti-ballistic missile] system. Only when the Soviet Union—by one vote—authorized the President to proceed with the ABM system did the Soviet Union have the incentive to enter into negotiations on and eventually agree to the ABM Treaty.

As for NATO's 1979 dual-track decision, the Soviet Union was unwilling to consider control on the SS-20 missiles. It was only after that decision was announced and after the Soviets were convinced, on the basis of U.S. disarmament preparations, that we were committed to implementing the decision did they agree to negotia-

tion. We must ask ourselves whether the Soviet Union would be in Geneva today

negotiating over these systems if we had not moved ahead with preparations for counterdeployments of U.S. longer range INF missiles. Similarly, the prospect of U.S. strategic modernization continues to be a vital element in ensuring serious START negotiations.

With your permission I would like to briefly read to you the views of Ambassadors Nitze and Rowny [Edward L. Rowny, special representative for arms control and disarmament negotiations] on the freeze question:

• Ambassador Nitze reports that, "... the passage [of a freeze resolution] would seriously undermine our ability to negotiate an equitable agreement. . . . Continuation of NATO preparations for deployment of U.S. longer-range INF missiles in Europe and the prospect of that deployment are the strongest incentives the Soviets have to negotiate seriously. . . . Were the development and deployment of U.S. longer-range INF missiles to be deferred, we would have virtually no bargaining leverage with the Soviets. They would have every reason to draw out the negotiations indefinitely without results."

• Ambassador Rowny, for his part, advises that "negotiations on reducing strategic arms would be made immensely more difficult, if not impossible, by passage of a freeze resolution. . . . The Soviets would have no incentive to negotiate. . . ."

We should not delude ourselves. A mutual freeze would be every bit as difficult to negotiate as arms reductions themselves—indeed, such a complete ban on production, development, and deployment of new systems could prove even more complicated than our current complex and difficult arms talks.

Moreover, a freeze would be a step backward. In START both sides have accepted the concept of reductions; in INF the Soviets have moved away from rigid insistence on the maintenance of current SS-20 force levels. Why should we throw away the opportunity to achieve real reductions in the talks which are now under way in exchange for the uncertain and potentially dangerous alternative of a freeze?

Implications for Relations With Our Allies

The U.S. strategic deterrent is fundamental to the effectiveness—even the survival—of NATO.

• Militarily, our nuclear forces are the capstone of NATO's deterrent and the linchpin of our strategy of flexible response. They are the ultimate link between European security and our own, as the only forces which ultimately can deter the Soviets from using, or threatening to use, their own nuclear potential or massive conventional forces.

• Politically and psychologically, our strategic deterrent and the presence of U.S. troops in Europe symbolize our commitment to the defense of Europe and our conviction that the security of Western Europe and our own security are, indeed, indivisible.

A freeze would undermine our capacity to defend Europe, and it would inspire doubts among European leaders and publics about our resolve to do so. As such, it would have the most deleterious effect on the underpinnings of the alliance.

It is significant that no major allied government, all of which support arms control in principle but are deeply concerned about Soviet nuclear modernization and the current nuclear balance, has spoken out in favor of a freeze. Indeed, they have all repeatedly rejected Europe-wide freeze proposals offered by the Soviet Union. By destroying the deployment track of the NATO two-track decision, a freeze would cut the ground out from under these European leaders who have steadfastly held to implementation of that decision.

In short, a freeze resolution would call into question the will and ability of the United States to exercise its leadership in a manner which protects the interests of all.

Conclusion

To sum up, I believe that the consequences of a freeze resolution would be the opposite of those its proponents hope to achieve.

• It would encourage irresponsible, rather than restrained, Soviet conduct.

• It would threaten stability by preventing reestablishment of the strategic balance, rather than strengthening that balance.

- It would cripple, rather than advance, our arms control initiatives.
- It would weaken, not strengthen, the Atlantic alliance upon which our own security so heavily depends.
- It would heighten the risk of war, rather than strengthen the peace.

I ask you to bear these concerns in mind in the course of your deliberations. We share with you the same objectives of preventing war and securing the peace and the same commitment to ef-

fective arms control as an essential means to that end. We believe that the President's program—the most comprehensive arms control program ever set out by any American administration—is the best way of fully achieving this objective.

¹The 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. ■

50 Years of U.S.-Soviet Dialogue

by Arthur A. Hartman

The following article was submitted to the Soviet newspaper Pravda in April 1983, which did not publish it. On April 11, the U.S. Embassy in Moscow released the text to U.S. and West European correspondents. Mr. Hartman is U.S. Ambassador to the Soviet Union.

This November the United States and the Soviet Union will pass a significant milestone—the 50th anniversary of the establishment of diplomatic relations between our two governments.

The anniversary will mean different things to different people. But if it stands for anything, it will stand for 50 years of dialogue. For half a century, my government and the Government of the Soviet Union have recognized the importance of communications between our two peoples.

In recent months, it has become clear to me that the Soviet Union—or at least certain of its more influential spokesmen—continues to appreciate the value of setting its view before the American people.

In the U.S. press and over our radio and television, a veritable period of some of the U.S.S.R.'s best known commentators, academics, and other spokesmen have done an admirable job of presenting Soviet positions on major bilateral and international issues.

We in the United States have long felt that a well-informed public is a precondition for effective democracy and a wise foreign policy. That Soviet representatives have such free access to the U.S. media is proof of the continuing vitality of America's commitment to the ideal of a free exchange of ideas.

In a genuine dialogue, of course, both sides are talking, not just one. With this in mind, I hope you will permit me, through the pages of your newspaper, to address some of the major issues facing our two countries and to provide an American point of view for your Soviet readers, just as our media have welcomed the exposition of a Soviet point of view to American audiences.

What do we Americans hear when we listen to Soviet spokesmen? Many things, many of them critical and on a range of issues too broad to address in one article. I will, therefore, focus on three major concerns we hear being voiced by the Soviet side.

First, that the United States not only has abandoned its commitment to peace but is actively preparing for war;

Second, that, to justify its military preparations, the United States is artificially exacerbating U.S.-Soviet tensions by raising extraneous issues; and

Third, that U.S. arms control proposals are not only not serious, but designed unilaterally to disarm the Soviet Union.

When we hear such views expressed, I confess it is hard to avoid the conclusions that those expressing them are not really listening to us. Let us look at the facts.

U.S. Commitment to Peace

First, as to our commitment to preserving the peace. As inconvenient as it may be to some, the historical record shows that the United States has been in the forefront of international efforts to reduce the risk of war for over 30 years.

As early as 1946, when the United States possessed not the fanciful military superiority we are today accused of seeking but an absolute monopoly on nuclear weapons and technology, we proposed in the Baruch Plan that all aspects of atomic development be placed under international auspices. The Soviet Union rejected the proposal, and a great opportunity to the nuclear arms race in the bud was lost.

But our approach has not changed in the intervening years. In Geneva in Vienna, the Reagan Administration proposed a range of initiatives aimed at bringing to a halt senseless competition in nuclear weapons and sharply reducing the possibility of a conflict, nuclear conventional.

History has taught us, however, we cannot rely solely on negotiation to preserve the peace. We, like the Soviet Union, learned in 1941 that military weakness, or perceptions of it, can be the shortest path to war.

Thus, throughout the postwar period, we have taken the steps we believed necessary to deter any attack on ourselves or our allies. The current modernization of our armed forces, which seems to trouble Soviet spokesmen so, is an outgrowth of that approach and, I might add, follows a decade of U.S. restraint in developing new weapons systems.

Our goal, as in the past, is deterrence. We do not, as President Reagan has made clear, seek military superiority over the Soviet Union or any other nation. But neither can we afford to be second best.

Human Rights and Regional Conflicts

Next, as to charges that the United States is artificially aggravating tensions with the Soviet Union. There is no doubt that bilateral tensions exist and in recent years have grown more serious. This is partially a function of the fact that the United States and U.S.S.R. and for the foreseeable future are likely to remain, international rivals.

This is not a choice we have made; it is largely a reflection of the diverse basic principles on which our two societies were founded. But it does have implications for how we interrelate one another in the world.

For our part, we do not expect the U.S.S.R., in its approach to the United States, to compromise its principles.

U.S. Ambassador to the Soviet Union



(Department of State photo)

Arthur A. Hartman was sworn in as U.S. Ambassador to the Soviet Union on October 14, 1981. He is a career Foreign Service officer holding the rank of Career Minister.

Ambassador Hartman was born on March 12, 1926, in New York City. He received his B.A. degree from Harvard (1947) and attended Harvard Law School during 1947-48. He served in the U.S. Army from 1944 to 1946.

Entering government service in 1948, he was assigned as economic officer at the

Economic Cooperation Administration (Marshall Plan) in Paris under its first chief, Ambassador David K.E. Bruce. In 1952 he was a member of the U.S. delegation to the European Army Conference in Paris, and in 1954 he joined the U.S. Mission to NATO in Paris, where he remained until 1956, when he was assigned to Saigon in a joint U.S. Embassy/AID mission function. From 1958 to 1961, Ambassador Hartman worked on European integration affairs in the Bureau of European Affairs. During 1961-63 he served as staff assistant and then special assistant to Under Secretary of State George Ball. In 1963 he was assigned to London where he was chief of the economic section, a position he held until 1967.

From 1967 to 1972, he served in the Department of State, first as special assistant to Under Secretary of State Nicholas Katzenbach and staff director of the Senior Interdepartmental Group (1967-69), and then as Deputy Director for Coordination, reporting to Under Secretary of State Elliott Richardson.

In 1972 Ambassador Hartman was appointed Deputy Chief of Mission and Minister-Counselor at the U.S. Mission to the European Communities in Brussels. From 1974 to 1977 he served as Assistant Secretary for European Affairs. He was sworn in as U.S. Ambassador to France on June 13, 1977, and served in Paris until his appointment to the U.S.S.R.

He received the Presidential Management Improvement Award in 1970 and the Distinguished Honor Award in 1972. ■

for unilateral disarmament of the Soviet Union may be an effective debater's technique, but it does not take one very far in getting at the roots of the problem.

President Reagan's proposals in Geneva, on the other hand, represent straightforward and sensible approaches designed to achieve two basic goals:

- To decrease the likelihood that either side will ever be tempted to use nuclear weapons first and
- To reduce the levels of nuclear arsenals.

We would do this in three ways.

First, we have proposed that both sides reduce the number of their nuclear warheads on ballistic missiles by one-third. The United States and the Soviet Union both have approximately 7,000 such warheads now (the Soviet Union

actually has several hundred more). Thus, the new ceiling would be 5,000 warheads. We concentrate on ballistic missiles because their rapid flight time makes them well suited for surprise attacks.

Second, we have proposed that no more than half of the 5,000 warheads remaining under our plan be placed on land-based intercontinental ballistic missiles (ICBMs). Again the rationale is to reduce the temptation for one side to strike first.

ICBMs, because of their fixed locations, are vulnerable to destruction in a surprise attack. Thus, the temptation to use them in the event of warning of an attack would be strong, and the risk of an accidental launch is increased. At the same time, their accuracy and heavy payloads make them ideal weapons for a first-strike. By reducing both sides'

sts. But neither do we expect or
l to compromise our own.
ith respect to principles, one area
there should be no doubt as to
mmitment is on the question of
rights.
e often hear that our human
policy represents interference in
internal affairs. We cannot accept
characterization, which betrays
ignorance of what motivates the
States as a people.
ecause of the importance to us of
sic rights of man—on which our
epublic was founded in 1776—we
lly sympathize with and support
n the Soviet Union and elsewhere
rights are being denied. We shall
do so.

t there is an equally fundamen-
d perhaps more pragmatic—
t issue. When a country
tically denies its citizens their
under international agreements to
it is a party, it raises in our minds
questions as to that country's
ity as an international partner.
ask only that the U.S.S.R. live
s international obligations in the
human rights.

e situation is similar with respect
perception of interests. We are
old that we should not allow
regional conflicts to interfere with
l efforts in such vital areas as
ontrol. Again, we cannot accept
argument.

modern history has taught us
g, it is that security encompasses
ble world situation.

en we see Soviet forces occupy-
hanistan to support a govern-
hich apparently cannot sustain
hen we see Vietnamese playing
r role in Kampuchea with Soviet
r, when we see Polish workers
rights previously agreed to by
vn government, when a large
democracy is threatened by the
Union with nuclear retaliation for
to assure its own security, we
help but draw conclusions as to
lications of such actions for our
urity and take appropriate ac-
response.

only natural that we should
make such questions a part of
-Soviet dialogue.

Path to Arms Control

as to the question of the sincere-
or approach to arms control. For-
the U.S. approach as a scheme

reliance on such systems, our proposal would significantly reduce the possibility of an outbreak of war.

Finally, we have proposed the elimination of an entire class of weapons—land-based intermediate-range ballistic missiles. At present, only the Soviet Union has such systems, the sole purpose of which, despite Soviet claims to the contrary, is to pose a nuclear threat to a whole series of nations along the Soviet Union's borders and beyond. Since many of these states are U.S. allies or friends, these systems create a serious threat of escalation to a strategic level.

The United States and its NATO allies have made clear their intention to redress the balance of such forces in Europe. If necessary, we are prepared to do so by deploying analogous forces of our own. But we would prefer, as we have made clear, that the problem be resolved by a bilateral agreement to

eliminate these systems from the face of the earth.

A Soviet commentator in an article published not too long ago in an American publication observed that, while he would like to be proved wrong, he saw little hope of doing business with the United States at this time. As I noted earlier, I cannot help but think that he has not been listening to what we are saying.

We are ready to respond quickly and favorably to positive moves by the Soviet Union. This does not mean, as is sometimes suggested, that we seek unilateral concessions. It does mean that we seek evidence that the Soviet Union is prepared to join with us in the search for just, mutually acceptable solutions to the problems before us.

Given that evidence, those inclined to conclude that there is no possibility for bilateral progress may be surprised how quickly they are proved wrong. ■

The Human Side of German-American Relations

by Arthur F. Burns

Address before the Overseas Club, Hamburg, Federal Republic of Germany, on March 14, 1983. Mr. Burns is U.S. Ambassador to the Federal Republic of Germany.

As the Ambassador of the United States in the Federal Republic of Germany, I have often spoken about the political, economic, and security relationships between our two countries. This evening I would like to address a more fundamental theme—the human relationship between your country and mine.

We are commemorating this year the 300th anniversary of the arrival in North America of the first permanent immigrants from Germany. The 13 Menonite and Quaker families who in 1683 settled in Germantown, now a part of the city of Philadelphia, came in search of freedom—the freedom to pursue their religious beliefs and the freedom to seek economic betterment for themselves and their children. They found both. I dare say that a great majority of the forebears of the approximately 68 million Americans who today claim German

ancestry came in search of these same objectives—personal freedom and economic opportunity.

Across the centuries, America has been identified with these basic human strivings. Our Declaration of Independence and our Constitution eloquently express these ideals, and they have served in all parts of the world as a beacon for people seeking a new life for themselves—a life that would enable them to speak or write freely, to worship God as they saw fit, and to pursue economic opportunities without being encumbered by rigid customs or authoritarian rule.

The human significance of the centuries-old stream of immigration to America—at first from Western Europe; later from eastern and southern Europe; still later from Latin America, Asia, and other parts of the world—can hardly be exaggerated. Americans may justly note with pride that their country has remained a land of hope and welcome for uprooted people—that it accepts even at present many more immigrants than does the rest of the world. Most of them still come in search of personal freedom and economic opportunity for themselves and their children.

The United States, in turn, has continued to benefit from the unceasing flow of immigrants to its shores. If they

caused social problems at times, they also ultimately enriched our industrial, political, and cultural life. My country could not have developed the way it has nor become the society that it is today without the moral courage and the intellectual and technical skills that have continually been brought to us from Old World and particularly from your country.

The names of many of the German immigrants to America are well known on both sides of the Atlantic; and I mention some tonight, they serve as examples of those who have enriched American life and culture. There is—as the first of these—Franz Danz, the founder of Germantown, a prophetic figure who projected a vision of the kind of country that the United States was to become. In advocating the separation of church and state, tolerance of religious and ethnic diversity, and the abolition of slavery, he was well ahead of his time. Another, William Rittenhouse, a minister and papermaker from Muehlheim on the Ruhr, whose great grandson, Davy Rittenhouse, served as the first director of the U.S. mint and achieved lasting fame as a mathematician, astronomer, and inventor. Thomas Jefferson was most fond of him: "He has not, indeed, made the world, but he has intimately approached nearer its maker than any man who lived." There was the printer, journalist, and publisher, Christopher Sauer, who was the first to print the Bible in the European language in America. A famous immigrant was John Peter Zenger, who is still known in the United States as the "patron saint" of freedom of the press. And there was Hans Nikolaus Eisenhauer, an immigrant from Eiterbach, in what is now southern Hesse, who arrived in America in the middle of the 18th century, achieved neither wealth nor fame, but became an ancestor of Dwight David Eisenhower, the 34th President of the United States.

And, if I may continue, there have also been the heroes of the Revolutionary War—Johann de Kalb and Friedrich Wilhelm von Steuben; the political thinkers and reformers—Friedrich Hecker, Carl Schurz, John Altgeld, Robert Wagner; the bridge builder—John Augustus Roebling; the organ builder—Henry Steingway; the businessmen—John Jacob Astor and Levi Strauss; the artists—Emanuel Leutze, and Albert Bierstadt; the political cartoonist—Thomas Nast; the musician

composers—Leopold Damosch, Ar-
 schoenberg, Bruno Walter, Kurt
 the linguist—Maximilian Berlitz;
 nker and philanthropist—Paul
 Warburg; the theologian—Paul
 ; the architects—Ludwig Mies van
 bre and Walter Gropius; the scien-
 tist—Albert Einstein; the writers—
 as Mann and Hannah Arendt;
 o found out this illustrative
 our friend and mine, Henry Kiss-
 Where would America be, or for
 atter where would the world be,
 if the momentous contributions of
 German immigrants!

German-American Partnership

people, their children, and their
 n's children—the 68 million
 ans who claim German ante-
 s—forged the chain that linked
 o societies. These links had
 to do with political treaties,
 v arrangements, or trade agree-
 eements. Indeed, they survived severe
 in the political relationship be-
 tween countries—even two terrible
 erhaps the best example of the
 h and durability of these human
 he speed and commitment with
 the people of my country devoted
 ves to assisting the German peo-
 ple World War II.

as primarily the interaction be-
 tween two peoples that brought
 icy and physical reconstruction
 federal Republic and established
 nership between our two
 s that exists today. To be sure,
 shall plan was a critical instru-
 rebuilding West Germany's shat-
 onomy. The North Atlantic
 provided the essential guarantee
 ity against aggression. Other ac-
 us as the Berlin airlift—further
 the resolve of the United States
 in the protection of the young
 icy that had risen from the ashes
 of World War II.

is the driving force of all these
 political developments was the
 network created by the millions
 icans of German descent, by the
 us German refugees who reached
 us in the 1930s, by the hundreds
 ands of German prisoners of
 who lived for years in the United
 States by the tens of thousands of
 us and Germans who cooperated
 in building the democratic society
 of the Federal Republic is today, and
 the generation of Fulbright scholars and
 students. It was their inter-
 action that formed the foundation of the

partnership between our two coun-
 tries—a partnership that has proved
 strong enough to withstand all sorts of
 temporary economic irritations and
 political differences.

These Americans and Germans, who
 lived and worked together, came to
 understand and appreciate one another.
 They knew or soon learned that they
 were bound together by shared values
 and convictions—by respect for human
 rights, by faith in democracy, by devo-
 tion to the rule of law. And they trans-
 mitted these insights to those of their
 countrymen who had no direct involve-
 ment with people of the other nation.
 But by the late 1960s and early 1970s
 this creative generation of Germans and
 Americans gradually moved out of posi-
 tions of leadership and influence. The
 network of human relationships that had
 so closely linked our societies thus be-
 came looser. The generation taking their
 places had no similar formative experi-
 ences, and as a result it had a less per-
 sonal commitment to the German-Ameri-
 can relationship.

The Need To Strengthen Shared Values

In recent years the tight net of shared
 values between our two peoples has
 been sagging, in part, because we are
 now less intimately involved with each
 other. At the same time, other develop-
 ments began to cloud the optimistic
 mood, especially of young people, in our
 countries. Among these was the
 diminished luster of the noble dream of
 a united Europe, the persisting hunger
 and despair in many of the less de-
 veloped parts of the world, the Vietnam
 war in which the United States had un-
 fortunately become entangled, the civil
 rights turmoil in my country, the enor-
 mous Soviet military buildup during the
 1970s in the face of a proclaimed
 detente, the political adventures of the
 Soviets in Asia and Africa and their in-
 vasion of Afghanistan, the suppression
 of the newly achieved freedom of speech
 and assembly in Poland, the rampant in-
 flation and rising unemployment in the
 Western world, and—not least impor-
 tant—the growing feeling in the Federal
 Republic that its *wirtschaftsWunder* had
 come to an end.

All these factors, while not directly
 involving the German-American relation-
 ship, have cast their shadow upon it. It
 is an inescapable fact that the relation-
 ship between our two peoples has be-
 come less close. The educational system,

which could have partially replaced the
 loss of direct personal experience be-
 tween Germans and Americans, has
 failed us. The new generation has not
 been well served by the slight attention
 of our schools to the teaching of history,
 ethics, and the principles of our Western
 civilization.

Human understanding is always im-
 perfect. That is man's lot on Earth. We
 know this from our daily lives. Parents
 do not always understand their children
 or children their parents. So it is also
 between husbands and wives, between
 employers and their workers, between
 landlords and tenants, between bankers
 and borrowers, between professors and
 students. But, if misunderstandings ex-
 ist within our families, schools, and
 workshops, they have much greater op-
 portunity to arise—and even flourish—
 among nations, since differences of
 history and language conspire with
 limited direct contacts between peoples
 to breed misunderstanding and at times,
 unfortunately even mistrust. Foreign
 service is no longer an entirely new
 career for me; I am now well into the
 second year of my ambassadorship to
 your country. But I must confess that I
 still continue to be astounded by the
 strange opinions that highly placed
 Europeans now and then express about
 the United States and, I should add, vice
 versa. Is there any wonder, then, why
 many of the young people in your coun-
 try and mine have so little understand-
 ing of one another's society?

I have spent many hours with young
 people in your country, as I previously
 did in mine. I admire their intelligence,
 their idealism, their horror of arma-
 ments, and their sympathy for the
 downtrodden. But I am also appalled by
 the ignorance that so many of them ex-
 hibit of the history even of their own
 country, to say nothing about their
 ignorance of the United States. And I
 am especially troubled by their apparent
 lack of appreciation of what it means to
 live in a democracy.

It is a puzzling and saddening
 feature of our times that many of our
 young people, perhaps even more so in
 your country than mine, seem unable to
 differentiate between the moral and
 political order of the West and the op-
 pressive totalitarianism of the Soviet
 bloc. After all, the values of Western
 democracies are not abstract or elusive
 concepts. The liberty of the individual to
 speak, write, worship, and assemble
 with others; the equality of all in-
 dividuals under the law; the protection

of every citizen against arbitrary acts of government; the freedom to choose among economic, social, and cultural alternatives—these basic values of Western democracies are practical realities that every intelligent person should be able to grasp. They certainly are thoroughly understood and appreciated by those who live under communist rule and are not able to enjoy them.

The reason that many young people in Europe and America take basic Western values for granted must be that they have never been without them. They do not seem to realize that their right to demonstrate for a nuclear freeze, their freedom to press publicly for unilateral disarmament, their right to march against what they consider to be wrong American policies in Central America—that these privileges are theirs under a democratic system that they themselves must help protect against those who would take them away, as they have been taken away from both the young and old in Poland, Czechoslovakia, Hungary, Afghanistan, and many other places. Young people of average intelligence ought to be able to see the difference between the impulses animating America and those governing the Soviet Union. They ought to be able to recognize that the invited presence of American troops in Europe has the express purpose of helping to protect the

***The reason that
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Europe and America
take basic Western
values for granted must
be that they have never
been without them.***

values of our Western civilization, whereas the Soviet armies that have willfully occupied Eastern Europe for 35 years are there to ensure the suppression of the freedoms for which their citizens yearn to this day.

The reality and the attraction of our Western values, it appears to me, should be clear to anyone contemplating the lives of the unhappy people under Soviet

domination who, whenever possible, have taken to voting with their feet because they cannot vote any other way. There are millions of individuals who have escaped from East Germany, Poland, Vietnam, Kampuchea, Afghanistan, Cuba, and other communist countries. But is anyone aware of a flood—or even of a trickle—of refugees migrating to any of these countries?

The misguided views of young people—and even of some who are not so young—are often attributed to the persistence and power of Soviet propaganda. I hear this repeatedly from my business friends. That explanation, however, is an escape from realities. The Soviets, to be sure, use every opportunity to defame our Western societies and to disguise the truth about their own. But their ability to do so with success derives fundamentally from the fact that both parents and teachers in our countries have failed to impart to children a sufficiently sound moral and historical education, so that they can appreciate the democratic institutions that they have been fortunate enough to inherit.

To be sure, the democratic systems that prevail in Western Europe and in the United States have their shortcomings and abuses. But what is noteworthy about a democracy is its capacity for improvement and renewal. Open criticism, evolution of institutions, and orderly change in the laws governing society are inherent elements of the democratic system. The Soviet system, in contrast, stifles through terror and repression any attempt of its citizens to change it significantly.

The young people of Western Europe must realize that if they wish to preserve their liberties, if they wish to enjoy the basic rights of a democratic society, they must feel part of that system, and they, therefore, must be prepared—if it ever becomes necessary—even to fight for it. As parents, teachers, and politicians, we have the responsibility on both sides of the Atlantic to make sure that the democratic values that bind us in the North Atlantic alliance are understood and appreciated by those who follow in our footsteps.

How can we do that? I come from a background of teaching, and I naturally value the benefits of a good education. It is clear to me that we must do a far better job of educating our young people in ethics, history, languages, and political science. This requires, among other

things, that we be more alert as parents and teachers to the inadequacies of formal educational apparatus, particularly the *Gymnasia* in your country and high schools in mine. The textbook in both German and American schools are often obsolete, and for that reason alone tend to convey serious misinformation about our respective countries. Teachers of history and political science have a special obligation to be objective and up to date. They can be aided in fulfilling this responsibility by an educational system that encourages and rewards those teachers who diligently continue their own education.

I also have a background in international finance. It is for me a familiarity of relative order and predictability. International politics and diplomacy on the other hand, are a new discipline for me. I find it a universe inordinantly filled with gossip, emotion, and evasiveness—a world in which perception of facts often obscures the facts themselves. This, I readily admit, is the situation in my country as it is in yours. I recognize that an ambassador must do what he can to clear out this undercurrent of emotion and faulty perception that so often disturbs the relationship between his government and the government to which he is accredited.

The achievement, however, of understanding between any two governments depends fundamentally on the kind of relationship that exists between their peoples, rather than on foreign ministers or ambassadors. Governments in democratic countries are inevitably influenced by, and to a considerable degree they even echo, the thinking of their citizens. It is, therefore, highly important that improvements in our respective educational systems be supplemented by a vastly greater amount of personal contacts between the peoples of our two countries. Bringing about better understanding of our respective institutions of work and public life in our homes and communities is one of the aspirations and fears of our peoples should be our mutual goal. We know of no other way of reestablishing the camaraderie and understanding that once existed between Americans and Germans after World War II—a camaraderie that forged the partnership between our governments in furthering peace and protecting freedom.

A dramatic expansion is now under way of programs under which America

each, or work for some time in another country, while Germans become increasingly involved in my country. To accomplish this, both our countries have to devote larger resources—in private and in public—through human contacts and exchanges. I am told that the U.S. Government spends about \$115 million per year on its human exchanges with other countries and that only a small part of this is devoted to West Germany. Spending on exchange activities is much larger, but I am convinced that private nor public financing of such effort is nearly large enough. I hope that 5 years from now the American ambassador will be able to tell you that the moneys devoted to exchange programs in other nations, and particularly with the Federal Republic of Germany, have increased at least tenfold. That is how I consider these exchanges to be a sign of freedom, security, and prosperity of the Western world.

International Exchange Activities

Now turn more specifically to the exchange activities between our two countries that I have in mind. At previous academic exchanges under auspices are being supplemented by a new academic exchange program jointly by the Governments of the United States and the Federal Republic. This program had its origin many years ago in an American of vision,

J. William Fulbright of Arkansas, who was concerned about an intellectual gap and proceeded to deal with it by sponsoring an educational exchange program between the United States and other countries. Its purpose was cogently expressed by the Senator when he spoke some years later:

One of the greatest powers of education is the power to convert national prejudices and to translate ideologies into human aspirations. I do not think education is certain to produce affection between peoples, nor indeed is that one of its essential purposes; it is quite enough if it contributes to the feeling of a common humanity, to an emotional awareness that all countries are populated not by docile sheep but by individual people—each with the same capacity for pleasure and for cruelty and kindness as the people we are brought up with in our own

country. At its inception, the Fulbright exchange program has enabled about 100,000 Americans and citizens of other

countries to study, teach, or do research abroad, and thereby improve understanding between and among peoples of different countries. The highly successful American-German educational exchange program is a good example. At the outset it was entirely financed by the United States, but in time the German Government became so convinced of its utility that it now contributes nearly three-fourths of the total annual cost. This enlightened program deserves increased support from my government as well, and I am pleased to report that this view is widely shared in Washington today.

There is also a vital need for a greatly expanded youth exchange program. Looking to the quality of the future leadership of our societies, it is obviously important to foster sensible dialogue among young people at an early

stage. The parliaments of both our countries—your *Bundestag* and the American Congress—have lost no time in endorsing the principle of expanding youth exchanges, and both our governments are already involved in translating their parliamentary resolutions into practice. For instance, a plan is being developed under which every Member of the *Bundestag* and every Member of the American Congress will have the opportunity to nominate a teenager from his or her electoral district to spend a school year in the partner country. This project, incidentally, would encourage our elected political leaders to become personally involved in exchange activities, and it would thus establish procedures that should benefit our two democracies in the next generation. Not only that, it has been observed time and again that exchange youngsters reinforce the bonds

The misguided views of young people—and even of some who are not so young—are often attributed to the persistence and power of Soviet propaganda . . . the Soviets . . . use every opportunity to defame our Western societies and to disguise the truth about their own.

state of their intellectual development. Attitudes in both our societies are often formed before youngsters reach the university level or embark on working careers. In view of that, it would be especially useful to provide larger opportunities for teenagers—say, those between 16 and 19—to spend some time in the partner country. I am thinking of stays that would be of sufficient duration to enable youngsters to go to school, live in a private home, and participate in the community life of the other land. A young person who has spent a school year or so in the partner country will have a real opportunity to learn to understand its society. That experience and knowledge will stay with him or her over a lifetime. I would hardly expect all young persons to become enamored of their partner country, but their doubts or criticisms will at least have been disciplined by some firsthand knowledge.

President Reagan recently announced an international youth initiative that focuses on this particular need with the vision and commitment that characterized Senator Fulbright's proposal

of friendship they had formed with their host families through their own parents, other relatives, and fellow students. We need precisely such a matrix of human contacts to rebuild the warm spirit of partnership that existed between our two peoples during the late 1940s and 1950s.

Still another exchange activity that can yield rich dividends of understanding would involve young Germans and Americans who have already embarked on their life's work in business or farming, as journalists or churchmen, as teachers or government officials or trade unionists. They, too, will eventually have a role, perhaps even a major role of leadership, in our respective societies; and some of them should have the opportunity to improve their perspective on life by working for a time in another country. In response to a wise suggestion by the German Government, I am glad to report that we in the United States have begun to explore ways of cooperating with your country by including working youth in the enlarged

exchange activity between our peoples that is now being designed—an activity that should involve our homes, schools, universities, churches, trades, and professions. It is only by strengthening the human relationships between our peoples that we can sustain our shared values.

Conclusion

In concluding this discourse, allow me now to summarize my message to you. Effective political, economic, and security interaction between the United States and the Federal Republic of Germany rests on a foundation of human relationships between the people of your country and mine. Our citizens share a set of values that center on personal liberty, freedom of choice, and the rule of law—values that they have developed over a period of three centuries. These

values must be understood and accepted by our citizenry if our political, economic, and security ties are to be preserved. In order to understand and appreciate these values, our citizens must understand each other and each other's societies. To accomplish this we need to improve our schools and increase exchanges among our young people. Our two countries are fully capable of providing the resources to increase youth exchanges manifold, thereby avoiding doing too little too late. We owe this to ourselves, and we owe this to those who will follow in our footsteps.

President Reagan recently remarked that the best way—in fact, the only way—to international peace “is through understanding among nations and peoples.” I daresay that much the same is true of the preservation of our Western civilization. ■

and of fair trade relations between United States and Europe, of compromises instead of harming each other the need, also, of monetary and budgetary policies which lower interest rates.

As NATO allies, we discussed security problems; the important adequate contribution of the Dutch defense posture sufficient to deter courage aggression. Of course, we discussed also INF. Preparations for deployment of these weapons as a political and a military answer to the Soviet threat—the SS-20s threat—underway as scheduled. The Soviets have to understand that the Geneva talks have to become now Geneva negotiations. President Reagan states a deep, personal commitment: achieving an arms reduction agreement. In that endeavor, the alliance is united.

And then we discussed also our responsibilities in connection with Third World countries, the strengthening, especially of international institutions.

Respect for every individual wherever she or he lives—responsibility, freedom, freedom and responsibility—that's our common ground.

Visit of Dutch Prime Minister

Prime Minister Rudolphus Lubbers of the Kingdom of the Netherlands made an official working visit to Washington, D.C., March 14-16, 1983, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Lubbers after their meeting on March 15.¹

President Reagan

It's been a pleasure for me to meet and confer with Prime Minister Lubbers. This is his first visit to this country since becoming Prime Minister, head of the Dutch Government, and we've used the opportunity to discuss a wide range of issues.

One of the subjects discussed was, as you could well imagine, INF—the intermediate nuclear force discussions. We agreed that Western unity behind modernizing NATO's defensive capabilities and serious arms negotiations are essential to maintaining peace and security. Throughout the discussions this morning in the Oval Office and during a working lunch, it was evident the

Netherlands and the United States continue to share a common outlook and a unity of purpose.

As the Dutch-American bicentennial reminded us last year, our bonds are tied by 200 years of friendship. We believe in the Atlantic partnership, which has not only kept peace for 30 years or more but which has also improved the quality of life on both sides of the Atlantic. I have no doubt that we in America and the Netherlands, cemented by shared values and common interests, will continue to work closely together, seeking a world that is free from war, in which liberty and freedom of choice are respected.

Mr. Prime Minister, it's been a great pleasure to welcome you here, you and your associates.

Prime Minister Lubbers

It was a real pleasure for me to talk with President Reagan as allies in the Atlantic partnership. How different in scale our countries are. We share a common task—prosperity and freedom for our people, respect for the individual, and responsibility among nations.

We discussed the road to economic recovery, the importance of free trade

¹Text from Weekly Compilation of Presidential Documents of Mar. 21, 1983.



(White House photo by Jack Kightlinger)

it of West German Chancellor Kohl

Chancellor Helmut Kohl of West Germany made an official visit to Washington, D.C., April 14-15, 1983, to meet President Reagan. Following are his remarks made by President Reagan and Chancellor Kohl after their meeting on April 15.

President Reagan

It is my pleasure today to host a President and an extensive meetings with Chancellor Kohl and other representatives of his government. Our discussions have touched on a number of bilateral issues as well as those general problems facing our two powerful democracies.

Chancellor Kohl is one who has just won an impressive election victory. Chancellor Kohl is very positive about the opportunity ahead. I share his optimism and look forward to continuing our close relationship.

Chancellor Kohl and I have many things in common, not the least of which is our faith in the strength of our democratic values. We were able to appear at our discussions with a shared appreciation for these values and with an understanding of the many traditions and common interests that link our two nations. The special ties between the German and American people will be especially evident this year in the celebration of the centennial of German emigration to America. And I'm especially pleased that President [Karl] Carstens is making this event—or marking it—public, with a state visit to our country in the fall.

Our discussion today we will focus on issues likely to emerge during the Williamsburg summit. And the President and I agree that we should continue free and open exchange of views with Williamsburg, with our primary goal being the closest possible cooperation in the problems facing the world. Both of us welcome the significant upturn in our countries and we want to assure that recovery is continuing and lasting.

We agree that it is vital that we seek a resolution of the trade tensions between the United States and West Germany and that that protectionism be avoided. We're happy with the steps we've taken toward a common understanding concerning East-West relations.

Another subject of discussion today was the arms reduction negotiations between the United States and the Soviet Union. I reiterated the United States' determination to achieve success in the START [strategic arms reduction talks] and INF [intermediate-range nuclear forces] talks in Geneva, and the Chancellor confirmed his strong endorsement of our negotiating strategy.

As leaders of our respective countries, we call on the Soviet Union to respond seriously to our proposals, proposals which, if given a chance, will strengthen peace and make all mankind a little safer.

We remain united in our commitment to continue on both tracks of the NATO decision of December 12th, 1979, including deployment of new weapons if continued Soviet intransigence makes this unavoidable. I'm pleased, again, to have with us Chancellor Kohl.

Chancellor Kohl

First of all, I'd like to thank you for your invitation and the kindness and hospitality extended to us.

Our talk, in which Foreign Minister [Hans-Dietrich] Genscher and our closest advisers participated, gave the President and myself an opportunity to continue our intensive and friendly dialogue which we began when I became Chancellor of the Federal Republic of Germany last October. And I would like to take this opportunity once again, here in public, to express the gratitude for the very intensive and friendly consultations that have taken place since that time between our two governments.

We had a good, cordial, and open conversation among friends, about which I am highly pleased. This exchange has shown that beyond our personal understanding, German-American partnership rests on the broad basis of shared values and interests.

We discussed, in depth and in great earnest, the essential aspects of our joint peace and disarmament policy. In the course of this year, important issues are pending. We are profoundly interested in finding solutions to the issues at hand, if possible, in agreement with the East. And this includes the Geneva negotiations on U.S. and Soviet intermediate-range missiles. We are agreed that the recent Western proposal offers the basis for flexible and dynamic

negotiations. Given goodwill on both sides, it will be possible soon to achieve a balanced result. It is our belief that we have not heard yet the last word from the Soviet Union.

We discussed in detail the CSCE follow-up meeting in Madrid. We continue to strive for an early and substantial result, which would include an agreement on a conference on disarmament in Europe and make important gains in the area of human rights.

We also discussed the Vienna negotiations about mutual and balanced force reductions. We had extensive discussions about the whole field of East-West relations. And we are agreed that personal contacts with the leaders of the Soviet Union continue to be important.

We want to carry on our common efforts to arrive at constructive relations between East and West through dialogue and cooperation wherever the Soviet Union makes this possible. We agreed on the need for continued efforts toward a common approach on East-West economic relations.

Another important subject we discussed was the preparation of the economic summit meeting to be held in Williamsburg at the end of May. In this context, we exchanged views about the economic developments in our two countries and about measures to promote economic recovery.

The summit meeting will provide us with an opportunity to intensify the emerging recovery of the international economy through close coordination. In this way we will be able, immediately prior to the continuation of the North-South dialogue of the UNCTAD [UN Conference on Trade and Development] Conference in Belgrade, to make a contribution toward solving the economic and social problems of the developing countries. Thus, we want to promote genuine independence and genuine nonalignment.

I came to Washington also in my capacity as President in the Office of the European Community. The President and I are agreed that the European Community and the United States together bear a great share of responsibility for the international economy. We are aware that the future development of relations between the United States and the European Community must, and will, live up to this responsibility.

I am leaving Washington firmly con-

vinced that the quality of our relations will also include—should determine—our policy of safeguarding peace and, in particular, our common efforts to achieve progress in the Geneva negotiations. I am leaving Washington with a certain feeling that I have been a guest among friends.

¹Text from Weekly Compilation of Presidential Documents of Apr. 18, 1983. ■

13th Report on Cyprus

MESSAGE TO THE CONGRESS, APR. 6, 1983

In accordance with Public Law 95-384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement in Cyprus.

There was little progress in the intercommunal negotiations between the Greek Cypriots and the Turkish Cypriots during the period. The talks were delayed due to the presidential elections held by the Government of Cyprus in February. In those elections President Kyprianou was returned to office for a second five-year term.

Following the elections the Special Representative of the UN Secretary General, Ambassador Hugo Gobbli, reconvened the talks on March 8. That meeting was described as cordial by the participants.

Following these discussions there was an additional recess for the meeting of the Nonaligned Movement in New Delhi. The UN General Assembly is likely to take up the Cyprus problem in late April or early May. After that meeting the talks can proceed to address the substantive issues separating the two communities.

President Kyprianou and Turkish leader Denktash remain supportive of the intercommunal talks as the best vehicle for progress toward eventual solution of the Cyprus problem. Ambassador Gobbli is positive about the Secretary General's good offices role in the talks and will attempt to move the discussions forward as soon as possible.

Our Embassy in Nicosia as well as our officers in the State Department remain in close contact with both parties to the intercommunal talks and continue to urge efforts for progress. Visits to the island by our diplomatic officers and by Congressmen emphasize the interest residing both in this Administration and in the Congress in seeing a fair and lasting settlement to the problem.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Apr. 11, 1983). ■

Economics and Security: The Case of East-West Relations

by W. Allen Wallis

Address before the U.S. German Industrialists' Group, New York, on March 7, 1983. Mr. Wallis is Under Secretary for Economic Affairs.

In the 6 months since I took the oath of my present office, one of the real pleasures has been coming to know and to work with members of the German Government. You have some very able and very fine people serving you. I must admit that I am biased by the fact that we tend to think alike. By that, I do not mean that we always agree. I mean that our disagreements lead to constructive and friendly discussions that shed light, not heat, and result at least in understanding one another and usually in a reduction of the degree of disagreement. So, as I say, I am genuinely pleased to be with you.

I want to talk with you about a subject which goes to the heart of relations between the United States and Germany, indeed, the heart of relations between the United States and Europe. I want to talk about the West's commercial and financial relations with the Soviet Union and Eastern Europe. This is an area where there is agreement between us on basic principles but not on applications of those principles.

There are two distinct points of view on East-West trade. The first, I will call the "trade" viewpoint. It emphasizes the lucrative market in the East for Western goods. Most goods that the Soviets want to buy are available from a number of sources, are not sensitive, and are not "high technology" items with military applications. Those who hold this view favor almost unrestricted trade with the East.

The second viewpoint, which I will call the "security," stresses the fact that the Soviets seek to use Western goods and technology to further their military, strategic, and economic goals to the detriment of Western interests. This view emphasizes that the Soviet economy and its political-military apparatus are an integrated whole. In the

most extreme form, it argues that Soviet economic gains can readily be transformed into strategic benefit groups that takes this position that favors severe limits on East-West

I have described these two viewpoints in extreme terms. Scarcely anyone holds either view as stark have expressed it. The question for Western policymakers, both American and European, is where to go between these two extremes. No one wants total cessation of trade; no one advocates selling advanced military ware to the U.S.S.R. My impression is that Europeans have generally been closer to the first, or "trade," view whereas Americans, especially in Administration, are closer to the "security" view.

President Reagan made his comments on these issues clear at the Ottawa economic summit in 1981. He urged the alliance take a hard look at the policies which had governed economic relations with the Soviet Union since late 1960s. He asked whether the expected moderation of Soviet behavior had occurred. He encouraged his colleagues to study the problems of vulnerability to interruptions by the Soviets of supplies on which the West might become dependent. After closing the issue, the leaders at Ottawa adopted a historic statement on the question: "We . . . reviewed the significance of East-West economic relations for our political and security interests," the leaders said at Ottawa recognized that there is a complex balance of political and economic interests and risks in these relations concluded that consultations and, appropriate, coordination are necessary to ensure that, in the field of East-West relations, our economic policies be to be compatible with our political and security objectives."

In response to similar concerns, alliance leaders made the following statement at the Versailles summit following year:

We agree to pursue a prudent and diversified economic approach to the U.S.S.R. and Eastern Europe, consistent with our political and security interests. This includes action in three key areas. First, . . . our representatives will work together to improve the international system for controlling exports

goods to these countries and arrangements for the enforcement of controls. Second, we will exchange information in the OECD on all aspects of economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial considerations, we intend to handle cautiously financial relations with the U.S.S.R. and other Eastern European countries in such a way as to ensure that they are conducted on a sound economic basis, including also the need for prudent prudence in limiting exports. The development of economic and financial relations will be subject to periodic review.

We Stand

The Reagan Administration supports free trade between the West and the nations—as between any two nations—where that trade is conducted at free market prices and terms, and where there is a mutual balance of advantages, and where the specific transactions—or category of transactions—do not contribute directly to the economic advantage of the Soviets. In the case of consumers and producers, both in the agricultural and industrial, can benefit from free trade. The President stated on November 13 that we favor mutual economic freedom and that it is not our policy to engage in economic warfare with the Soviet bloc.

At the same time, it is clear that the Reagan Administration has profound concerns about the security implications of East-West trade as we have seen it develop in the last decade. Let me try to express these concerns.

The Soviets have used their trade with the West to improve productivity and to avoid bottlenecks in their stagnant economy. A major reason for their poor economic performance and their consequent dependence for Western equipment is the diversion of resources to a huge military buildup—equivalent to about 20 percent of their gross national product. The level of armament is far beyond what might reasonably be expected for defensive purposes. It can be viewed as an ominous threat to the stability of the world, especially the free and democratic governments. It is a huge cost to the Western nations to protect themselves.

In a few instances, the Soviets have even used Western manufacturing equipment to produce military goods. The Na River plant built by American trucks that now are in

Afghanistan with Soviet troops. The Bryant ball-bearing grinders have improved the accuracy of Soviet missiles beyond what they could have attained with other grinders. By acquiring Western technology the Soviets have been able to produce greater quantities of weapons than would have been possible with their own technology.

• Soviet purchases of high technology equipment for extracting and transmitting energy will increase their production and exports of oil and gas in the late 1980s and 1990s. This has two unfortunate consequences.

First, it involves increased risk to Western consumers that the Soviets could interrupt supply as a political instrument. Even if overall energy dependence on the Soviets seems not to be excessive, specific regions or industries may be quite vulnerable since the immediate availability of reserve stocks or substitute fuels is small.

Second, it provides significant additional Soviet hard currency earnings to the Soviet Union, thus contributing to their ability to engage in expensive overseas adventures. As a result, we tend to view Western sales to the Soviets of energy-related equipment—equipment that for the most part they cannot produce for themselves—as seriously detrimental to Western security.

As a consequence of these and similar concerns, President Reagan has laid down a number of principles to govern our trade with the East.

• We will not provide subsidies or preferential treatment to the Soviets beyond that which we would provide to any nation on an ordinary commercial basis. We believe that we should not subsidize Soviet pursuit of goals that are inimical to Western interests.

• We will not sell any equipment or information to the Soviets that they can divert to military uses, or that they can use to support military uses. If we did provide such goods, we would be trading away, at one stroke, the West's most important strategic advantage—its superior technology and productive efficiency.

• As I stated earlier, we do not believe it is wise to provide the Soviets

with technologically advanced oil and gas extraction equipment, the use of which would increase their foreign exchange resources and allow them to expand their overseas adventures.

• We will, however, continue to sell the Soviets goods that cannot be used for military or strategic purposes; such sales reduce the foreign exchange that they have available for other uses.

• We will endeavor to avoid, and we will urge our friends to avoid, situations where we are overly dependent on the Soviets to supply a critical resource.

Action in the Alliance

Western security is not uniquely a U.S. concern. It must rally the entire alliance. While there has long been a consensus that the West should avoid transferring equipment of direct military relevance, only recently have Europeans begun to think about East-West economic relations in a broad strategic context. As you no doubt know, the seven summit countries are currently engaged in a major effort to convert the agreements at Ottawa and Versailles—which I quoted a moment ago—into concrete policies. These efforts, which took on new life on November 13 when the pipeline sanctions were lifted, include:

• A study within NATO that will highlight the security implications of East-West trade and develop a stronger overall rationale for distinguishing between trade which the Soviets might exploit to the detriment of our security and trade that has no significant strategic implications.

• An effort within the OECD to monitor more closely the magnitude of East-West credit and trade and to identify major imbalances resulting from trade between market and nonmarket economies. Also in the OECD, we are working within the Arrangement on Export Credits to bring export credit practices closer to market terms for trade among all developed countries, including the U.S.S.R.

• In conjunction with the OECD, the International Energy Agency will study Western requirements for energy, and attempt to identify major vulnerabilities in Western supplies of energy and means of reducing these vulnerabilities.

• In COCOM—the informal group that oversees strategic trade controls—we want to enhance Western security by initiating multilateral controls on other high technology equipment, including oil and gas equipment not now under control. At the same time, we are joining with our COCOM allies to harmonize and strengthen the mechanisms that we use to enforce COCOM controls, as was agreed in January 1982.

We recognize that we all have important trading relations with the East and that those are perhaps more deeply established in Europe than in the United States. We also understand the particular geopolitical circumstances involved in much of this trade. We believe, however, that the joint studies now going on will produce a strong rationale for assuring that such trade is at least as much to our advantage as to the Soviets'.

We are not looking for a formal treaty. The first phase of the process now underway will provide the information necessary for each participating nation, acting on the basis of its own national judgments and decisions, to weigh the security implications of trade and draw the conclusions it considers appropriate.

Allow me to recall for a moment a painful period in U.S.-European relations that is relevant to the issue at

hand. In December 1981, President Reagan reacted to Soviet adventurism in Poland. Among other actions, he restricted exports of certain U.S.-made equipment for the production and transmission of oil and gas. In June, he widened the restrictions to foreign subsidiaries and licensees. European suppliers of equipment for the Yamal pipeline were caught up in those restrictions. U.S. companies also were seriously affected and lost substantial business.

We do not want—we did not want in June 1982 and do not want now—the friction, tension, and bickering associated with those export restrictions. But we do want a consensus within the alliance that economic relations must "be compatible with our political and security interests." The President lifted the export controls because he believed that such a consensus had been hammered out and that it would lead to concrete policy actions. The efforts in NATO, OECD, COCOM, and in national capitals must, in our view, head in that direction.

Conclusion

To conclude, I want to cite a few statistics.

- The United States spent \$18 billion (outlays) on defense in FY 1987 (6.6% of gross domestic product—GDP); we are spending nearly \$1.4 trillion over the next 5 years (FY 1983–87).

- We estimate that Germany about \$23.1 billion on defense in 1987 about 3.4% of its GDP.¹

- We estimate that Japan spent about \$11 billion on defense in 1987 about 0.9% of its GDP.¹

This money is not being spent to defend ourselves from each other or, Herb Stein has pointed out, from the Sioux Indians. It is being spent because we see what the Soviet Union is doing, what it is building, and what it is doing, at home and around the world.

Our question is: To what extent are our economic relations with the Soviet Union forcing us to spend even more on defense? The results are not all in, but we are going to urge a careful evaluation when they are.

¹ German and Japanese data are estimated 1982 expenditures computed at 1981 prices and exchange rates. Aggregating 1982 overall NATO dollar expenditure not available but percent of GDP is about 4.9%. ■

Country Reports on Human Rights Practices for 1982

Following is the introduction from the Country Reports on Human Rights Practices for 1982, which was prepared by the Department of State and submitted to the House Foreign Affairs Committee and the Senate Foreign Relations Committee in February 1983.

The report is submitted to the Congress by the Department of State in compliance with Section 116(d)(1) and 502(B)(b) of the Foreign Assistance Act 1961, as amended.¹

The report draws on information received by United States Missions abroad, Congressional studies, non-governmental organizations, and human rights bodies of international organizations. Conditions in most countries are reported up to the end of 1982; for a few countries, significant developments are reported during the first weeks of 1983. The report includes a list of twelve internal human rights covenants and agreements is included as an Appendix to the report, along with a listing of the countries to those agreements. Human rights can be grouped into two broad categories:

First, the right to be free from internal violations of the integrity of the person—violations such as kidnapping, torture, cruel, inhuman, or degrading treatment or punishment; arbitrary arrest or imprisonment; denial of fair trial; and invasion of the home; and second, the right to enjoy civil and political liberties, including freedom of expression, religion, and assembly; the right of citizens to participate in governing themselves; the right to travel within and outside one's own country; the right to be free from discrimination based on race or sex.

The organization of the report follows these two basic categories. After the introduction, the description of conditions in each country is divided into two sections which correspond to these two categories of rights. A third section describes the government's attitude toward investigations of internal human rights conditions, while a fourth section discusses general economic and social conditions in the country.² Each report is followed by statistical tables, where relevant, listing the amounts of

United States bilateral assistance and multilateral development assistance for fiscal years 1980, 1981 and 1982.

The country reports are generally based upon the guidelines and format used in preparing earlier reports. Some new questions were asked this year, and some old questions asked in new ways, in order to fulfill more adequately the task mandated by Congress. The changes which have been made include the addition, in Section 1, of a new, separate, and specific category covering killings, and a sharper focus, in Section 2, on civil and political liberties. Killing for political motives, whether by governments or oppositionist political organizations, is obviously the most serious human rights violation, and deserves particular attention. In the past, political killings usually appeared in the sections on Cruel Treatment and Disappearances.

Political participation is not only an important right in itself, but also the best guarantee that other rights will be observed. This year's report therefore attempts to treat political participation in a fuller and more precise fashion than earlier years' reports. Political participation means the traditional right of citizens to choose the officials and make the laws that will govern them. It does not mean the passive membership of people in organizations or processes managed from above by a government the people did not choose. Accordingly, an effort has been made this year to be more precise about the real meanings of "elections" and "parliaments"—to say, for example, whether there was any choice in elections. Political participation in the true sense can exist only in a democracy, although there are cases where countries are partially democratic. It is thus difficult to get a clear impression of political rights from listing various limitations of the right to self-government. What one needs to know is "who rules?"—the people at large, a small group, a single leader? This year's reports have tried to move toward answering this question, within the constraints of available information.

Greater emphasis has also been placed in the 1982 country reports on the right of labor unions to organize. This right is extremely important not only as a function of the right to freedom of assembly and association, but

also within the context of participation in the political system.

Finally, it is important for the comprehensiveness of these reports that they include significant violations not only by the government but also by opposition or insurgent groups, including terrorists. An attempt has been made to portray the wider context of the human rights situation, including threats from hostile powers or guerrilla insurgencies. Such pressures on a government or society do not excuse human rights violations, but an awareness of them is vital to a full understanding of the human rights situation.

The Problems of Human Rights

The moral principles we call human rights incorporate maxims of justice of every epoch and every culture. The specific concern for human rights as we understand them, however, has not existed throughout human history. It originated as a set of demands in seventeenth-century England, and was first embodied in political institutions in the United States, after 1776. Older moral codes and philosophies laid primary emphasis not on rights, but duties. These codes characteristically took the form of a series of prohibitions, rather than a list of freedoms—such as freedom of religion and freedom of assembly—which the individual was justified in demanding from government.

The original understanding of the meaning of human rights was clearly expressed in the American Declaration of Independence. The Declaration asserted that human rights could not be created or abrogated by any human enactment, whether of one government or of an international body, because they were based on "the laws of nature and of nature's God," on truths which are "self-evident." Thus it was confidently stated that "all men are created equal, that they are endowed by their creator with certain inalienable rights."

When the authors of the Declaration called these rights "inalienable," they implied that rights should not depend upon the prior performance of certain duties by the citizen or be postponed until any other group of "rights" was achieved. The original enumeration of human rights in the Declaration of Independence thus did not include anything that could only be gained gradually, such as economic development.

The rights the Declaration asserted covered only part of justice as it was understood in earlier moral codes, and supplied only some of the goods men

normally desired. As examples of inalienable rights, the Declaration gave "life, liberty, and the pursuit of happiness." Rights were considered to enable individuals to pursue happiness freely, but not to supply happiness itself. The human rights activists of the eighteenth century would thus have said there was a right of individuals to develop, but no right to development. For a government to insist it could define and supply happiness itself would take away men's right to liberty.

The intentions of the originators of human rights, then, seems to have been to select from the vast range of things that men need or want, certain crucial things that they are entitled to by their very nature—human rights—which, when fulfilled, will create the preconditions for the satisfaction of other needs. These preconditions are created, in this understanding, by a political system of choosing the laws and the officials that govern men, and by an economic system that enables individuals to engage freely in various approaches to the "pursuit of happiness." A democratic system was understood as the likeliest source of the other rights, and the Declaration of Independence asserts:

That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.

The original demand for human rights seems utopian in the face of conditions experienced by many nations today. But when this demand arose—in a world where there was not even one state under wholly democratic government, and the few republics existing did not recognize the principles of inalienable rights—it appeared infinitely more visionary and unrealistic.

Yet the human rights movement in world politics proved to be unbelievably successful after 1776. It is to this historical movement that democratic countries owe their possession of rights, and because of it that other peoples express their yearnings for justice as a demand for rights. It created the contemporary situation, in which nearly every regime, no matter how narrowly based or despotic, refers to the people as the source of its legitimacy and has a constitution that provides for a representative assembly and for elections, no matter how meaningless.

Unfortunately, the widespread longing for rights in the contemporary world confronts a real lack of consensus on

these rights. Many governments fear individual liberty; many others do not accept the original and distinctive intellectual foundations of the belief in human rights. Those opposing the human rights movement find themselves in a world already shaped by it, and they are compelled to fight on its ground, using the terminology of democracy. Thus there arise the many "peoples' democracies" of today that are not democratic in any normal sense. In 1776 those who practiced slavery or absolute monarchy admitted it openly; now they draw around themselves the names of freedom. A nominal consensus on human rights thus hides the reservations of leaders who remain more comfortable with the ancient priority of duties over rights, and of rulers who simply find it inconvenient or threatening to respect their subjects' rights. For such people there is a great temptation to legitimize their own interests by broadening the basic concept of rights to include these interests—thus allowing some to claim, for example, that duty to authority is a special kind of right and others to claim that certain theoretically desirable rights cannot be afforded at their country's stage of development.

This leads to increasing uncertainty as to what desirable things really are rights. This uncertainty has been encouraged by some new interpretations of social and economic rights, such as the newly minted concept of the "right to development." The urgency and moral seriousness of the need to eliminate starvation and poverty from the world are unquestionable, and continue to motivate large American foreign aid efforts. However, the idea of economic and social rights is easily abused by repressive governments which claim that they promote human rights even though they deny their citizens the basic rights to the integrity of the person, as well as civil and political rights. This justification for repression has in fact been extensively used. No category of rights should be allowed to become an excuse for the denial of other rights. For this reason, the term economic and social rights is not used in this year's reports.

There exists, however, a profound and necessary connection between human rights and economic development. The engine of economic growth is personal liberty. Societies which protect civil and political rights are far more

likely to experience economic development than societies which do not. Conversely, programs which seek to create poverty provide a crucial foundation for democratic political institutions. For these reasons, a section on Economic and Social Circumstances has been included in the reports.

Human Rights in International Relations

How to embody the fundamental principles of democratic societies—human rights—in foreign policy has become especially pressing question for the United States. Because Americans of many faiths and ethnic heritage national identity of the United States more constituted by its political principles than is that of any other nation. The United States fought bloodiest war not for territory but free the slaves. In fact the United States, protected from the harsh necessities of foreign policy by two oceans only entered world politics serious way when impelled to do so in its sense that freedom was threatened. The three times when the United States recommitted itself to active involvement with the outside world—whether for the liberty of Europe or the Marshall Plan—it has done so because called to the defense of human rights.

The attempt to make foreign policy serve human rights confronts several specific problems that must be faced in developing a policy.

A continuing problem for human rights policy is the fact that it traditionally aims at affecting the domestic behavior of other countries, while governments are reluctant to alter their national political system for foreign policy reasons. The leverage that the United States does have is strong in friendly countries, where we have access and more influence. Such influence is an important resource in pursuing human rights, but its concentration in friendly countries creates a danger: human rights policy might punish and punish human rights violators in friendly countries, while giving friendly countries immunity. If that place it would blind men to the consequences of human rights abuse in the world. Moreover, a nation that displays a general pattern of underestimating or estranging friendly governments would obviously limit its future influence over them, including its influence over their human rights behavior. This is another problem of human rights—

to avoid pressing only where our
ence is greatest rather than where
abuses are greatest.

There is a danger that human rights
will become like the labor of
plus because it deals only with ef-
and not with their causes. To take
example, it is important not only to
political prisoners, but also to en-
age conditions in which new political
ners are not taken. Many, although
all, of the things we consider rights
difficult to implant in adverse condi-
. This fact creates the danger that
ming at too much we will not get
is really possible. The founders of
Veimar Republic, by aiming at a
ocracy stripped of all the authori-
features of imperial Germany,
ed a system so fragile that it was
whelmed by something wholly bar-
in only fourteen years. On the
hand, there still exist in many
of the world indigenous traditions
cency that coincide in part with the
in rights tradition. The best hope
reating the preconditions of effect-
human rights observance may some-
lie in working on the basis of
traditions.

For all these reasons, a human
policy, unless it is very carefully
ucted, runs the danger of being in-
jive. And if it is ineffective it can
e counterproductive, creating addi-
resistance to improvement in
n rights. It can embitter bilateral
ons with other countries, increasing
national tension.

Efforts for human rights in the
before 1914 had the advantage
ll of the major powers respected,
est in principle, the same conception
an rights. If their practice often
to live up to their principles, there
perceived legitimacy to the prin-
that caused each of these coun-
so develop in the direction of
er equality before the law and
and more scrupulous adherence to
n rights. Because of the funda-
l consensus on human rights
the great powers that diverged
in practice from the international
sus, such as imperial Russia, did
to export an alternative ideology.
The fundamental consensus on

rights was broken after World
by the successive emergence—in
s, Italy, and Germany—of totali-
regimes among the major powers.
political systems were visibly
nd in opposition to the way of life
increasingly democratic Western

world. They rejected in principle the
ideas upon which were based the great
movement for human rights after the
American and French revolutions.

The world after 1945 has been char-
acterized by competition between two
nations that embody principles—the
United States and the Soviet Union. The
United States is the nation that has
most vigorously undertaken the effort to
make human rights a specific part of its
foreign policy. The Soviet Union, on the
other hand, is ruled by a very small elite
through a massive bureaucratic and
policy apparatus. Its regime inherits in a
modified form the Marxist tradition that
reacted against the philosophic ideas on
which the original human rights concept
was based, and superimposes this on a
heritage of absolute monarchy. In con-
trast to the Western democracies, whose
original human rights principles gradu-
ally radicalized themselves, producing a
greater and greater transformation of
social life, the alternative Marxist con-
ception of justice in the U.S.S.R. was
soon withered by tactical compromises
with the necessities of absolute rule.

The effect of Soviet foreign policy
has not been to encourage human rights.
The Soviet Union dominates, without
their consent, not only the non-Russian
peoples of the former Czarist empire,
but also the nations of Eastern Europe.
The efforts of the people of East Ger-
many, Hungary, Czechoslovakia, and
Poland to create freer and more open
systems have all been frustrated by
Soviet intervention or pressure. In 1979
the Soviet army invaded Afghanistan to
impose a government unacceptable to
the overwhelming majority of the
Afghan people. In the developing coun-
tries, the Soviet Union has a tendency to
use its influence to move governments
toward political structures of the Soviet
type where possible. For example, in
Ethiopia, whose current government is
already a friend of the Soviet Union in
its foreign policy, there has been persist-
ent Soviet pressure to create a com-
munist party on the Soviet model. Thus
a world in which several major powers
were in theoretical agreement over
human rights has given way to a world
in which the two greatest powers are
fundamentally divided over this issue.

United States Human Rights Policy

Human rights is at the core of American
foreign policy because it is central to
America's conception of itself. This na-
tion did not "develop." It was *created* in

order to make real a specific political vi-
sion. It follows that "human rights" is
not something added on to our foreign
policy, but its ultimate purpose: the
preservation and promotion of liberty in
the world. Freedom is the issue that
separates us from the Soviet bloc and
embodies America's claim on the im-
agination of people all over the world.

Our human rights policy has two
goals. First, we seek to improve human
rights practices in numerous countries—
to eliminate torture or brutality, to
secure religious freedom, to promote
free elections, and the like. A foreign
policy indifferent to these issues would
not appeal to the idealism of Americans,
would be amoral, and would lack public
support. Moreover, these are pragmatic,
not utopian, actions for the United
States. Our most stable, reliable allies
are democracies. Our reputation among
the people in important countries that
are dictatorships will suffer if we come
to be associated not with liberty, but
with despotism. Often the people whose
rights we are defending are the national
leaders of future years.

As to the question of tactics, the
Reagan Administration's test is effec-
tiveness. With friendly countries, we
prefer to use diplomacy, not public pro-
nouncements. We seek not to isolate
them for their injustices and thereby
render ourselves ineffective, but to use
our influence to effect desirable change.
Our aim is to achieve results, not to
make self-satisfying but ineffective
gestures.

But the second goal of our human
rights policy sometimes can conflict with
this search for effectiveness: we seek
also a public association of the United
States with the cause of liberty. This is
an eminently practical goal: our ability
to win international cooperation and
defeat anti-American propaganda will be
harmed if we seem indifferent to the
fate of liberty. Friendly governments
are often susceptible to quiet diplomacy,
and we therefore use it rather than
public denunciations. But if we never ap-
pear seriously concerned about human
rights in friendly countries, our policy
will seem one-sided and cynical. Thus,
while the Soviet bloc presents the most
serious long-term human rights problem,
we cannot let it falsely appear that this
is our only human rights concern. So a
human rights policy does inescapably
mean trouble—for example, from friend-
ly governments if the United States
Government places pressure upon them,
or from the American people if their

government appears not to be doing so. Yet a human rights policy embodies our deepest convictions about political life, and our interests: the defense and expansion of liberty.

Our human rights policy also has two sides, the negative and the positive. The negative side is embodied in the way we oppose (through act or word) specific human rights violations in the short term. The positive side is strongly emphasized by the Reagan Administration in which we seek over the long term to help democracy, the surest safeguard of human rights. It is a fact that most democracies have excellent human rights records; nothing is as likely as democracy to produce this result.

President Reagan has made the long-term development of democracy throughout the world a central goal of our foreign policy. Too often our human rights policy has been reactive or negative, responding to events by punishing people for bad behavior. The President wishes to go beyond this to an active, positive human rights policy. He outlined his conception in a speech to Parliament in London last June where he announced plans for two conferences that have since been held in Washington: a conference of scholars and experts on the democratization of communist countries, and a conference on free elections which included political leaders and elections officials from countries throughout the world. In addition, there is now underway a bipartisan study of how the United States can do more to promote democracy, and whether the growth of democratic institutions such as free elections, a free press, free labor unions, or an independent judiciary can be promoted through an appropriate combination of public and private effort. Recommendations for programs are expected this spring. Such programs would by their very nature need to be insulated from United States Government control, and would have to be responsive to the needs and desires of men and women who seek democracy for their own countries.

At the same time, the United States Government has assembled proposals for programs in support of democracy. The Executive branch will soon be submitting these proposals for the consideration of Congress. They contain such items as support for free labor movements abroad; working with the AFL-CIO; expanded visitor exchanges of individuals in all age groups; proposed monetary support for publishing and distributing literature and teaching

materials on democracy. Also suggested are support for the free press in the form of increased journalists' exchange and training; and support for organizations whose goal is protecting proponents of democracy, whether through observing trials, strengthening judicial procedures, or building intellectual and popular support for democratic institutions and procedures.

Obviously, the positive course of human rights policy is not a substitute for an immediate and active response, including sanctions, for human rights violations when they occur. But the Administration believes that we should treat not only the symptoms but the disease—that we should not only respond to human rights violations but also should work to establish democratic systems in which human rights violations are less likely to occur.

Positive policy of this kind will be aided by the genuine echo that the concept of human rights evokes around much of the world, and by the fact that no other conception of political justice has been able to win as much legitimacy over the last two hundred years. In aiding this movement, we will not be struggling alone, but assisting the most powerful current of history during the last 200 years. This Administration is committed to such a positive effort in support of human rights.

The Congress has already established one human rights program on the positive side. Section 116(e) of the Foreign Assistance Act provides Agency for International Development (AID) funding for programs and activities which will encourage or promote increased adherence to civil and political rights in countries eligible for United States bilateral assistance. In Fiscal Year 1982 AID funded activities of \$1,645,250 in 22 countries. Activities included the education and research program of the Inter-American Institute of Human Rights in Costa Rica; support for international observers for the March 1982 elections in El Salvador; strengthening the institutional base of the Indonesian legal system; legal education programs in the Philippines; research on human rights and a public education campaign on civil and political rights by the Liberian Constitution Commission; and publication of the newly revised Zairian penal code.

Present United States human rights policy gives special attention to encouraging major improvements in the observance of human rights over the long term. But it does not neglect the

simple imperative of responding to fact of suffering. The United States major haven for refugees and the major contributor to the work of the United Nations High Commissioner for Refugees, giving \$121.9 million in FY 1982. In FY 1982 the United States tributed over \$14 million to the International Committee of the Red Cross its programs on behalf of prisoners, missing persons, and civilians in war time.

In the pursuit of its human rights policy the United States uses a wide range of means. Decisions on foreign assistance provided by the United States take human rights conditions into account. The transfer of police and military equipment is carefully reviewed in order to avoid identifying the United States with violations of human rights. In addition, human rights policy uses a varied mix of diplomatic tools: free discussions with foreign officials; meeting with victims of human rights abuses; and, where private diplomacy is unavailing or unavailable, public statements of concern. These instruments are applied in a manner that takes into account a country's history, culture, and current political environment, and recognizes that human rights concerns must be balanced with other fundamental interests. This Administration has used these instruments at one time or another.

Regional and International Institutions for the Protection of Human Rights

During the past year the United States has pursued in international organizations the theme established early in the Reagan Administration: to oppose international fora the double standard applied to human rights violations and to work toward a more regional approach to solving international human rights concerns.

The 38th (1982) session of the United Nations Human Rights Commission (HRC) met in Geneva as the Polish Government, urged on by the Soviet Union, acted to suppress the human rights of the Polish people. The Commission adopted a resolution expressing deep concern over the widespread violations of human rights and fundamental freedoms in Poland, and affirmed the rights of the Polish people to pursue their political and economic development.

from outside interference. Specifically, the resolution called upon the Secretary-General to undertake a thorough study of the human rights situation in Poland and to present a comprehensive report to the 1983 session of the Commission.

This action represented the first in its 38-year history that the Commission has spoken out on human rights violations in an Eastern European country. It demonstrated that Poland was in an East/West issue, but a matter of worldwide concern. The resolution, which was sponsored by European nations, received support from all regions. The passage of the Polish resolution, as well as its adoption of resolutions condemning foreign intervention in Afghanistan, Kampuchea, and the flagrant violation of the human rights of the Khmer Rouge, reflect a movement, albeit slow, and honest assessment of human rights violations throughout the world. The success of these efforts reflected the Western cohesion, and a commitment to reaching out to less-developed countries through three difficult resolutions and a final substantive agenda for the 38th session of the Commission included a broad range of issues, most of which were carry-overs from previous sessions. These included resolutions relating to human rights in the occupied Middle East territories, human rights in Chile, El Salvador, Guatemala, and Guatemala, human rights in Africa, and a general item relating to the realization of "economic rights" and a "right to develop-ment."

The United States Government has been troubled by the Commission's treatment of the right to development, which the United States is opposed to recognize as a basic human right, questions dealing with apartheid, and the Middle East.

In general, the Commission rejected critical of human rights conditions in Latin America, criticizing Chile, Guatemala, and Bolivia in the public session in addition to the resolution on El Salvador.

In the thin days of passage of the resolution on El Salvador, which the United States considered was intended to define the electoral process in that country, Venezuela called for a special session of the Organization of American States (OAS) Permanent Council to combat UN interference in a national matter. The United States Government hopes that this move is a sign of greater willingness by

regional bodies, such as the OAS, to undertake responsibility for significant issues which now primarily confront the United Nations.

Many of these problems appeared during the 37th session of the United Nations General Assembly: a double standard which focuses solely on certain countries, and a partisan treatment of human rights questions.

The General Assembly's Third Committee (Social and Humanitarian Affairs) voted on issues regarding, among others, racial discrimination, human rights in El Salvador, Chile, and Guatemala, Middle East issues, human rights and mass exoduses, and self-determination. United States efforts served primarily to limit damage and to provide a forum for articulating the beliefs of the Administration, including emphasis on the hypocrisy of current double standards, discrimination against Latin America countries, and general indifference to violations by the Soviet Union and its Communist allies.

United States efforts in the coming year in international and regional bodies will focus on a heightened international consciousness of human rights concerns in which there is implicit recognition of equity and consistency as underlying themes.

The Madrid follow-up meeting of the Conference on Security and Cooperation in Europe (CSCE)—the 35 states that signed the 1975 Helsinki Final Act—was scheduled to resume in early February 1983 after a six-week holiday recess. The Madrid meeting has been in session (with periodic breaks) since November 1980, longer than the original meeting which produced the Helsinki Final Act.

The principal obstacle to progress has been the continuing pattern of Eastern violations of the human rights provisions of the Final Act. After the increase in repression in Poland in 1981, the Western allies broke off all negotiation of the new CSCE document until November 1982. When the meeting reconvened, the United States joined in sponsoring a Western package of proposals centering on trade union rights, religious freedoms, jamming of radio broadcasts, activities of Helsinki monitoring groups, and an experts' meeting on human contacts and family reunification. The Soviet Union and its allies have attempted to deflect attention from human rights issues, concentrating instead on the security aspects of the Helsinki Final Act. The United States has repeatedly emphasized that the further development of the CSCE process

must be balanced between progress on human rights issues and security interests.

In 1982, the European Commission on Human Rights and the European Court of Human Rights continued to hear and decide on cases involving violations of human rights in the 21 countries which are members of the Council of Europe. The Commission registered more than 400 individual cases for examination during the year. Spain and France joined the list of more than a dozen member countries which permit their citizens to appeal directly to the Commission when they believe their basic rights have been infringed. Council of Europe member states regard European Court of Human Rights judgments as binding and generally seek to make amends in accordance with the Court's rulings. While neither the Court nor the Council of Europe is empowered to enforce the Court's rulings, member countries' voluntary acceptance of its findings demonstrates that the Court exerts a positive influence on human rights issues in Europe.

The Inter-American Commission on Human Rights (IAHRC) was established in 1960 to promote the observance and protection of human rights and to serve as a consultative organ for the OAS. The Commission considers individual complaints and conducts on-site examinations of alleged human rights violations. It approves definitive reports on the human rights situation in various Latin American countries and prepares an annual report for presentation to the OAS General Assembly.

The Organization of African Unity Assembly of Heads of State and Government approved an African Charter of Human and People's Rights at a meeting in Nairobi in June, 1981. The Charter will come into force upon ratification by a simple majority of the member states. By the end of 1982, 16 states had signed the Charter and six of those had formally deposited the instruments of ratification.

The legitimacy of human rights as an issue for public discussion gained wider acceptance in Africa in 1982. In late October the Government of Togo, jointly with the Paris-based Young African Lawyers Association and UNESCO organized a five-day human rights conference in Lome. The focus of concern was human rights in the context of the traditional African values of community, harmony, and solidarity. The sessions were devoted to discussion of the rights of women and the aged,

cultural rights of minorities, and human rights and the push for economic development. During his 1982 trip to Africa, Vice President Bush engaged in discussions of human rights issues in several countries, including a human rights colloquy on human rights policy in Dakar, Senegal.

Preparing a Human Rights Report

We believe it will be useful to the Congress and to other readers of this report to include here a brief summary of the preparation process, of certain limitations imposed by circumstances upon that process, and of the assumptions we have made regarding the inclusion or treatment of material in the individual country reports.

Legislation requires the submission of the annual report by January 31. To meet this requirement, the Department has found it necessary to begin the annual exercise in late summer. A message is distributed to all United States embassies and to the offices within the Department which are involved in the preparation of the report. This message incorporates guidance concerning the schedule under which the individual country reports are to be drafted by each embassy and submitted to the Department, and detailed instructions on format, drafting style, and coverage. It does not attempt, however, to dictate the actual content of any country report. The original drafts are normally prepared by United States diplomatic posts in the field, unless we have no representation in the country considered.

When received in the Department, the individual country reports are reviewed and revised by the appropriate country "desk", by the geographic bureau concerned, by several bureaus and staffs which have responsibility for specific areas or functions covered in the reports, and by the Bureau of Human Rights and Humanitarian Affairs which has overall responsibility for the preparation of the reports. The completed reports are then sent to the Congress.

The information in the individual reports, and the judgements rendered, are drawn from all sources available to the United States embassy concerned and are supplemented by the information and knowledge available in the various bureaus and staffs which review the reports in the Department. Sources include officials of foreign governments, private citizens, personal observations of US officials, victims of human rights violations, intelligence information, press reports, non-governmental organizations, and human rights bodies of inter-

national organizations. Much of the information is already public.

There are various problems associated with preparation of these country reports. The same problems, addressed in different ways, affect other human rights reporting efforts, such as those of Freedom House and Amnesty International. A better understanding of the problems involved in preparing any report about worldwide human rights conditions should be helpful to the Congress and the community concerned about human rights.

Problems, Procedures, and Assumptions

To meet the legislative requirement of submission of the report by January 31, the reports must be initially drafted in the preceding October and November, with the review process extending into January. It is possible that developments in the latter part of the year under review may not be reflected; every effort is made, however, to include reference to major events or significant changes in trends which occur up to, or even beyond, the end of the year.

In preparing this report, we are fully conscious of the information gathered and reported by the human rights bodies of international organizations and by the major non-governmental human rights organizations. Two of the major reports, however, those of Amnesty International and Freedom House, were not available until late in 1982 when much of our work had been, perforce, completed. In addition, Amnesty International's report for 1982 reported only the situation in 1981, and Freedom House drew upon material relating to the period up to mid-1982 only.

The United States Government's report differs in its coverage from reporting by some non-governmental organizations. Thus, whereas Amnesty International intentionally concentrates exclusively on human rights violations by governments, we believe that it is necessary to treat violations such as torture, murder, interference with a free press, and intimidation of the judiciary whether they are committed by governments or by opposition movements. This course is particularly essential in a period when many opposition and guerrilla movements maintain to a greater or lesser degree a state apparatus (e.g., control and administration of territory, flags, organized military units.)

Amnesty International also omits almost all discussion of the status of civil and political rights from its annual

reports, in order to avoid political entanglement, and to concentrate upon violations against individuals, while regard political rights as fundamental and endeavor to discuss them in detail. Many private human rights organizations consider the use of capital punishment a human rights violation *per se*. Neither the United States Government nor the United States Supreme Court takes the position that the death penalty, imposed after due process in a legitimate judicial system, constitutes a violation of internationally recognized human rights or that it constitutes cruel and unusual punishment.

Although efforts have been made to ensure the comprehensiveness of this report, certain problems appear to be inherent in any efforts to prepare a report on international human rights conditions. Some have to do with our lack of knowledge or access, some are local, some reflect trends in world opinion, and some arise from the mechanics of the reporting process itself. While attempts have been made to resolve these problems, they have not always succeeded.

The Problem of Consistency

The problem of consistency is one which necessarily affects every effort to report on world human rights conditions. If we do not attempt to make explicit comparisons, the country reports will obviously be seriously misleading if, for want of consistent reporting standards, some countries are implicitly held to different (either higher or lower) human rights standards than others. Unfortunately, there is literally no one who has the close and detailed information circumstances in the 162 countries covered in the 1982 submission to compare knowledgeably on all of them. Thus, such a submission would either have to be drafted by a single person who could not be familiar with all of the countries, or by many hands, as this volume is. Neither approach, unfortunately, resolves the problem of consistency; to recognize, therefore, that inevitable differences in perspective, judgment, and emphasis may appear in the various reports, despite our most determined efforts to avoid these faults.

The Problem of Information

By the nature of the subject, governments which violate human rights will not admit to such violations, nor do we welcome foreign governmental or international governmental interest in what they

as their internal affairs. It is that our most detailed, careful, and complete reporting is in open societies where access and evaluation are easy and facilitated by governments concerned for human rights equality, while we may have virtually no access to many closed societies where the worst human rights abuses occur. Thus the quality of the information differs markedly in terms of the information presented. In some cases we are unable to draw upon evidence sufficient to meet highly critical standards in others we must rely heavily on the evaluation of very limited information.

The problem of uneven access to information has also proved troublesome in other respects. Because we often do not have very much information about human rights abuses in closed societies, these societies may appear to have a better human rights record than more open societies, where greater knowledge and information is available. Indeed, the parameters to emerge that while closed societies have a structural tendency to report worst abusers of human rights, they may receive less criticism than relatively open societies simply because we know so much less about them. Depending on the one hand, to elicit information about closed societies is possible, and by underscore the other hand, the limited amount of information we possess, and that we have tried to overcome the bias in favor of closed societies. Related to the problem of lack of access to information about closed societies is our lack of knowledge about traditional societies, and societies which, either in whole or in part, have not undergone the effects of scientific and industrial revolutions. In these societies, traditional institutions and structures often have a very important human rights impact, yet their work is not fully understood by those standing outside of the society. We tend, therefore, to focus on the objectiveness of such modern, scientific institutions as trial by jury, a free press, parliaments, and elections and to ignore non-scientific traditional institutions. The reports will note that there is more informative about legal systems of the Western type than about the administration of Islamic law, and more informative about Islamic legal systems than tribal and customary legal systems. Moreover, even if we knew far more about the inner workings of traditional societies, we would still be faced with a major conceptual difficulty: how

to evaluate the positive and negative consequences of indigenous conceptions of decency, such as the Sharia, which developed independently of the Enlightenment human rights tradition. In specific cases, it is not easy to decide whether adherence to such an indigenous tradition is a violation of human rights or an affirmation of them.

Preparing A Comprehensive Report

Other problems in compiling a comprehensive human rights report derive from the fact that the drafters cannot work in complete isolation from world public opinion on human rights. World attention to human rights violations is limited, and necessarily focuses on a few cases. Also, because human rights is used as a political weapon, public concerns about human rights violations can assume a somewhat arbitrary character, focusing on relatively minor human rights violators while ignoring others that are equally bad or worse. Moreover, while the human rights situation in a given country can change drastically, either for good or for ill, during a comparatively short period of time, world public opinion responds much more slowly to changes in the human rights environment. Once a nation acquires a human rights profile, as it were, whether favorable or unfavorable, that profile tends to remain with it regardless of the objective human rights situation. At times, the position a country enjoys in world public opinion can influence the perceptions of the human rights reporter. The only way to deal with these problems is to try to adhere to rigorous standards in each of the country reports.

Unfortunately, it has become evident that many readers have assumed that the length of a report is in itself a judgment upon the seriousness of the human rights situation in a country. This assumption is completely unwarranted. The length of a country report is influenced by a number of factors, including the availability of information, the openness of the society under scrutiny, the degree of development of the information media, the size of the country, the degree of international and United States interest in a country situation and, not least, the energy and skill of a particular reporting officer.

It appears that academic research based upon the annual report has begun, with some scholars attempting to draw statistical comparisons of practices between countries, etc. While we are

pleased to note this interest and its promise for further understanding of the elements of human rights practices in the world, we caution researchers that the reports are not prepared with this purpose in mind, and that the data are not fully standardized.

The legislation requires reports on all countries which receive aid from the United States, and all countries which are members of the United Nations. In the belief that the information would still be useful to the Congress and to other readers, we have determined to include countries which are not technically included in the Congressional requirement, such as Switzerland. On the other hand, we have omitted several very small or very new states for which we have virtually no data, such as Kiribati. We have also attempted to provide enough background information in each report to place the human rights situation in context, under the assumption that those who need to delve more deeply will consult other sources.

¹Section 116(d)(1) provides as follows:

"The Secretary of State shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, by January 31 of each year, a full and complete report regarding—

(1) the status of internationally recognized human rights, within the meaning of subsection (a)—

(A) in countries that received assistance under this part, and

(B) in all other foreign countries which are members of the United Nations and which are not otherwise the subject of a human rights report under this Act."

Section 503(B)(b) provides as follows:

"The Secretary of State shall transmit to Congress, as part of the presentation materials for security assistance programs proposed for each fiscal year, a full and complete report, prepared with the assistance of the Assistant Secretary for Human Rights and Humanitarian Affairs, with respect to practices regarding the observance of and respect for internationally recognized human rights in each country proposed as a recipient of security assistance."

²It should be noted that statistical data on economic and social conditions in Section 4 of each country report is drawn from World Bank figures which we believe to be the most reliable available. For many countries the Bank data may be two or more years old, but we have used it because it provides the best single, reasonably reliable set of data, compiled under consistent methods for all countries. There are of course many other sources of data, many of which conflict, particularly when estimates are necessary. We have used the World Bank data as a rule; only when it is clear that this data is significantly out-of-date or that a particular estimate is seriously questionable, have we substituted data from other sources. ■

Extraterritoriality and Conflicts of Jurisdiction

by *Kenneth W. Dam*

Address before the American Society of International Law, Washington, D.C., on April 15, 1983. Mr. Dam is Deputy Secretary of State.

On December 13, 1981, the regime of General Jaruzelski imposed martial law in Poland. The Solidarity labor union was suppressed; its leaders interned. A ruling Military Council began mass arrests and set up detention camps. President Reagan denounced the Polish regime for "tramp[ing] underfoot its solemn commitments to the UN Charter and the Helsinki accords." He denounced the Soviet Union for its threats and pressures which bore a major share of the blame for the repression in Poland. On December 29, he unveiled a series of economic sanctions against the Soviet and Polish Governments. The steps included the suspension of licenses for the export or reexport to the Soviet Union of equipment and technology for transmission and refining of petroleum and natural gas. On June 18, 1982, the sanctions were further extended to prohibit any such exports by U.S. subsidiaries or licensees abroad.

There followed, through the rest of 1982, a major dispute between the United States and its most important allies over the effect and legality of the sanctions we had imposed. The usually dry and esoteric issues of international law suddenly became dramatic issues of political conflict, grand strategy, and global diplomacy. International law, instead of mitigating conflict, became a battleground until the underlying dispute was eased by diplomacy.

The legal dispute was over what is sometimes called extraterritoriality. I prefer the term "conflicts of jurisdiction," which describes the issue more neutrally and analytically. In a wide variety of situations, the United States and other countries attempt to apply their laws or regulations to conduct or property beyond their national boundaries. The resulting international disputes can become particularly serious when the legal arguments embody major disagreements over foreign policy, as in

the Polish sanctions case. Thus conflicts of jurisdiction are at the intersection of law and diplomacy, making the topic especially appropriate for a Deputy Secretary of State to discuss before this learned society.

One of the aims of the American Society of International Law has been "to promote the establishment and maintenance of international relations on the basis of law and justice." That is a good statement of one of our principal national objectives in both international law and foreign policy.

Let me give you a brief survey of the conflicts problem, and then I shall outline the program of concrete steps that the U.S. Government is taking to show its willingness to resolve, or ease, the kinds of difficulties that have arisen.

Roots of the Problem

The international problem of conflicts of jurisdiction has an ancient history. The concept of extraterritoriality antedated the nation-state as we now know it. Through Roman and medieval times, a citizen was subject to the jurisdiction of his sovereign wherever he traveled. More recently, for centuries, consuls of some powerful states were able to exercise criminal and civil jurisdiction over their nationals in foreign countries. As early as the 15th century, Venetians traveling in the Ottoman Empire gained exemption from Ottoman jurisdiction. Soon Sardinians, Tuscans, Austrians, Russians, and others carved out similar privileges in Ottoman domains. The other most famous case is China in the 19th century. Many European colonial powers gained the right to apply their own laws to their nationals in China through diplomatic or consular courts.

The United States engaged in the practice as well. We gained extraterritorial rights in regions of the Ottoman Empire by the 1830 Treaty of Commerce and Navigation with Turkey. These rights lasted until 1949. In China, the United States obtained extraterritorial jurisdiction through the 1844 Treaty of Peace, Amity and Commerce and did not terminate it until 1943.

When the treaty to relinquish extraterritorial rights in China was before the

U.S. Senate in 1943, the Foreign Relations Committee somewhat nostalgically observed that the practice of extraterritoriality had had a benign purpose that had been intended, the committee "to diminish friction, minimize conflict, and contribute to the maintenance of conditions of law and order. As we now know, the practice had an opposite effect. The Chinese took it as a symbol of the humiliations imposed on them by the colonial powers during the period of their nationalness. The issue had quite literally tony implications.

In this modern age of nations every nation is extraordinarily sensitive to other countries' assertions of jurisdiction that seem to impinge on the domain of national sovereignty. The irony is that the modern world also generates its own, almost unavailing conditions of jurisdictional conflict.

We live in a world of increasing economic interdependence. The growing scale of international trade investment in the postwar period brought with it a vast expansion, regulation, and legal complexity. The result is that even among the close allies, claims of jurisdiction are frequently to collide. Consider the almost expansion of world trade: the decade of the 1970s was a period of shocks and recessions; nevertheless, between 1970 and 1980 world exports increased from \$328 billion to over a trillion. American exports alone increased from \$43 billion to over \$100 billion. Foreign direct investment in the United States increased almost 50 percent.

In this modern environment of commercial expansion and interaction between the United States and other nations, the jurisdictional boundaries must reach conduct abroad that has substantial and direct effects on the economies, their interests, and their citizens. Needless to say, one nation's assessment of its legal necessity to run up against another nation's violation of its national sovereignty.

Problems of conflicting jurisdiction can take many forms. Some conflicts arise from relatively routine application of domestic law and regulation that do not mesh with other countries' policies. Other conflicts arise from basic questions of national policy—deeply held convictions, expressed in either domestic or foreign policy, which conflict with the views of other countries. Let me give you both kinds of cases.

Tests of Procedure

countries, expanding bodies of law and regulatory law may impel courts or courts to attempt to go beyond the confines of the territory. Our Internal Revenue Service, for example, may seek documents to enforce the proper allocation of taxable income among companies. Our Securities and Exchange Commission may seek the records of Swiss bank depositors and of insider trading in U.S. securities markets. Our courts may attempt to serve process overseas or to act in defiance to the failure of foreign courts to testify. Our laws prohibit liability with foreign economic activity against friendly countries apportioned to overseas subsidiaries of American companies.

Companies in the United States have a long experience with the differing laws of 50 states. Perhaps for that reason, we seem to be more comfortable with multiple claims of jurisdiction and are deferential to the idea of abridgment of territorial sovereignty. But the United States is not alone in applying its laws to foreign entities or transactions. The Commission of the European Communities (EC) is now developing a series of regulations which would affect the activities of transnational corporations. One such regulation—the so-called "Brussels" proposal—would require subsidiaries in the EC to disclose to their employees certain decisions and actions of the corporate parent abroad which have direct effects on those employees. This regulation would apply, for example, to investment and plant location decisions. In another area, the EC Commission's antitrust regulations are considering remedies in a suit against IBM that would require IBM to disclose what it considers its secrets.

The Vredeling and the IBM cases present a large potential international conflict between the United States and the EC. The U.S. Government is watching them closely. Some, of course, may savor the prospect of a victory over the EC. Others may be disappointed at other attempts to exert an extraterritorial reach. The larger lesson, however, is the conditions impelling countries to act in this direction are universal, and troublesome for all.

Perhaps the classic modern area of conflict of jurisdiction is antitrust law.

The United Kingdom, Australia, and some other important friendly countries simply do not accept the "effects test" as a legitimate basis of jurisdiction to regulate economic conduct under international law. The effects test was initially enunciated in Judge Learned Hand's 1945 *Alcoa* decision and is the first step in the jurisdictional analysis performed by Federal courts today. It applies U.S. antitrust law to conduct abroad having substantial, direct, and foreseeable effects on U.S. domestic or foreign commerce.

The United States is not alone in its adherence to the effects test. In the *Philp Morris* case, the Federal Republic of Germany has claimed jurisdiction over a multinational merger on the basis of

antitrust litigation have no such responsibility. They may even have an incentive to maximize the detrimental effect on our foreign relations in order to promote a favorable settlement. This has led some foreign governments to criticize private treble-damage actions as "rogue elephants."

Conflicts of Policy

The problem of conflicts of jurisdiction is heightened where there is a conflict of substantive doctrine as well as competing procedural claims. Indeed, antitrust law provides several examples of significant disputes over broad public and international policy.

Some conflicts arise from relatively routine applications of domestic law and regulation which do not mesh with other countries' practice. Other conflicts arise from basic clashes of national policy—deeply held convictions, expressed in either domestic or foreign policy, which conflict with the views of other countries.

effects—albeit indirect—on the West German market. The EC Commission has claimed jurisdiction to investigate alleged conspiratorial conduct in the wood-pulp industry—conduct occurring outside the EC—on the basis of effects within the EC. Ironically, this growing parallel use of the effects test only increases the inherent potential for conflict; it raises the prospect of proliferating challenges to multinational enterprises by both the United States and the European Community.

Particularly acute conflicts have arisen from private treble-damage actions brought against foreign companies in American courts. The treble-damage remedy was designed in American law to bring about more effective antitrust enforcement, encouraging "private attorneys general" by use of a financial incentive. Our public enforcement authorities—the Antitrust Division of the Justice Department and the Federal Trade Commission—can balance a broad range of public interests when they make enforcement decisions (though foreign governments may still be unhappy with the outcome). Private parties

With only limited exceptions, U.S. law and policy reflect our belief that the marketplace should decide what price to set for goods and services and which competitors will survive the cycles of economic fortune. As the Supreme Court said in the *Brown Shoe* and *Brunswick* cases, antitrust regulation of the marketplace is meant "to protect competition, not competitors." By contrast, many of our trading partners favor—indeed, often encourage—the creation of cartels, particularly for export of products and natural resources. These differing views over the role of the marketplace were manifested in the *Swiss Watchmakers* case.

The Swiss Government, starting at least in 1951, authorized and encouraged the formation of a watch export cartel involving both Swiss and U.S. companies. In 1962, the U.S. Department of Justice challenged the cartel under the Sherman Act because it had anticompetitive effects in the U.S. market. The U.S. District Court subsequently entered a consent decree barring the challenged conduct.

The *Swiss Watchmakers* case demonstrates that where an activity has

an impact on two or more jurisdictions, conflict will arise if they are pursuing contrary policies. And the mechanical application of the principle of territoriality will not either satisfactorily or permanently resolve that conflict.

These differing conceptions of the international order bring us to the realm of foreign policy, where some of the most dramatic cases of conflicts of jurisdiction have occurred. The United States has resorted to economic controls in several instances as an instrument of foreign or national security policy. In the case of our export controls over trade with communist countries, there have been many instances of disagreement with our trading partners. In a famous example in the mid-1960s, French President de Gaulle reopened trade relations with China at a time when U.S.-China relations were still locked in bitter hostility. This action quickly found its way into court in the *Freuhauf* case.

In 1965, the United States attempted to prevent the French subsidiary of *Freuhauf*, an American manufacturer of tractor trailers, from selling trailers to China. The subsidiary sought relief from a French court, which took over operation of the subsidiary and appointed a receiver who required delivery of the trailers to China. In the end, the territorial sovereign—in this case, France—was allowed to control the enterprise at issue. But the underlying policy conflict endured, at least until 1971, when one of the jurisdictions involved—that is, the United States—began to harmonize its China policy with that of the other.

The dispute over Polish sanctions was an even more vivid example of a legal dispute that was in its essence a dispute over policy. We and our allies condemned the Soviet-backed declaration of martial law in Poland and the suppression of human rights. To signify that "business as usual" could not continue with those who oppressed the Polish people, the President imposed economic sanctions against the Soviet and Polish Governments. These sanctions included, *inter alia*, controls over exports of oil and gas equipment and technology to the U.S.S.R.

The President imposed the sanctions under the Export Administration Act of 1979. That act authorizes controls over goods or technology "subject to the jurisdiction of the United States or exported by any person subject to the jurisdiction of the United States" where necessary to further our national security or

foreign policy objectives. Where "national security" controls are involved, fewer disputes arise between the United States and its allies. Goods and technology which make a direct and significant contribution to Soviet military potential are prohibited by all allied countries. When the controls are imposed on "foreign policy" grounds, however—such as in the Polish case—different perspectives are more likely to exist.

The legal dispute with our allies over Polish sanctions focused on the American effort to reach conduct abroad and on the issue of sanctity of contracts. The sanctions announced on December 29, 1981, prohibited exports and reexports of oil and gas equipment and technology to the Soviet Union regardless of pre-existing contractual obligations; the sanctions extended to goods of U.S. origin already in foreign hands. On June 18, 1982, the controls were extended to prohibit the export by foreign subsidiaries of wholly foreign-made goods, and the export by licensees of foreign products incorporating previously obtained U.S. technology. Our allies objected to the interruption of contracts already signed. They further objected to the so-called "extraterritorial" reach of the sanctions.

American parents of the foreign subsidiaries, such as Dresser Industries, and licensees of American technology brought numerous administrative proceedings and lawsuits against the U.S. Department of Commerce. In response, this government took the same position that administration after administration and Congress after Congress have taken—namely, that the relationship between a parent and a subsidiary, or the use of American technology by a licensee, justifies the assertion of American jurisdiction when substantial American interests are involved.

But the issue was not resolved in the courts. It was settled by diplomacy. The underlying dispute was on the broader question of economic relations with the Soviet Union. Events in Poland demonstrated that East-West trade has not had a moderating effect on Soviet behavior as some—in the United States and elsewhere in the alliance—had thought it would.

The original theory of East-West trade was that the Soviet Union would be restrained in its international behavior for fear of jeopardizing its trade with the West. However, dependence on East-West trade may have

added to the inhibitions on Westward responses to Soviet misconduct.

It has also become clear since the late 1970s that the Soviet Union is enjoying considerable benefit from access to Western high technology, both for military application and for upgrading the economic base which supports Soviet military establishment.

For these reasons, the United States, since at least the Ottawa summit of 1981, had questioned the wisdom of providing the Soviets with advanced equipment—and particularly with subsidized credits—to construct the gas pipeline from Siberia to Western Europe. Such a project would provide the Soviets with foreign exchange to enhance their technological capabilities and create what we viewed as an unfortunate degree of dependence on trade with the Soviet Union.

The dispute over the Polish sanctions highlighted the need for a consensus within the alliance on East-West economic relations. Our sanctions on oil and gas equipment, as you know, were lifted on November 13, 1982. On that day the President also announced the major industrial nations of the world recognized "the necessity of condoning their relations with the U.S.S.R. in Eastern Europe on the basis of a fair and comprehensive policy designed to serve their common fundamental interests." As a result, a consensus was reached with our allies:

First, not to engage in trade arrangements which contribute to the military or strategic advantage of the Soviet Union;

Second, not to give preference to the heavily militarized Soviet economy; and

Third, not to sign any new major gas contracts with the Soviet Union pending a new alliance study on alternatives.

We also agreed to strengthening controls on the transfer of sensitive items to the U.S.S.R. and to evaluate whether our collective security requirements control on certain kinds of technology not currently controlled, including oil and gas equipment. We agreed to work toward harmonizing export credit policies.

There is an important lesson here, and, indeed, it is the main theme to put before you tonight. When disputes over jurisdiction turn out to be grounded in disputes over policy, the most effective solution is a major effort to harmonize our policies. This is

the legal disputes go away, but it merely make them less divisive. The major nations have an even deeper stake in resolving these policy conflicts not only to make lawyers' lives easier but to preserve the political unity of the Western alliance. And that is, without exaggeration, the foundation of the legal, economic, and political system of the democratic West. In the coming decades, the problem of maintaining allied cohesion over policy will not necessarily be easier. In the early years of the Cold War period, American power was so dominant within the alliance that descriptions often received ready acceptance from allies weakened by their dependence on American economic aid and military protection. Our allies are strong, self-reliant, and independent minded. Unity will hardly be automatic. The United States still has the responsibility to convince its convicts, and act on them, in matters of vital importance to free world security. Harmonizing policies will require determined effort on the part of

Goals for the Future

The United States is prepared to do its part in finding cooperative solutions to problems I have discussed. We are determined to be responsive to the concerns of others. If our allies join with us in the same spirit, much can be done.

In the first place, the United States will continue to seek to resolve the policy differences that underlie many of these conflicts of jurisdiction. Thus, for example, we will work with our allies toward the achievement of a new consensus on the important strategic issue of East-West

relations. In the United States can seek to resolve conflicts by shaping and applying appropriate guidelines to govern the exercise of authority over conduct where those assertions conflict with foreign law. The American Law Institute is now considering a third draft of the *Restatement of Foreign Relations Law*. This Restatement now gives a prominent place to the balancing of competing state interests in determining the existence of jurisdiction over foreign conduct. The Department of State are not altogether satisfied with making a balancing test a prerequisite to the existence of jurisdiction. As a practical matter, however, careful weighing of the interests

of the states concerned is obviously a useful procedure and a deterrent to unwarranted conflicts. We welcome the Federal courts' use of a general balancing analysis in private cases like *Timberlane*, *Mannington Mills*, and *Mitsui*. Balancing can certainly help to ensure that decisions affecting significant foreign concerns are not taken lightly.

Third, the United States is making clear its intention to avoid further problems of retroactive application of economic controls. We know that the reliability of contracts is essential to the health and growth of commerce. Last week the President transmitted to Congress legislation to amend and extend the Export Administration Act of 1979. The Administration bill strengthens the national security export controls and their enforcement while at the same time easing some of the problems we have had in the past over foreign policy controls.

- The bill declares explicitly that "it is the policy of the United States, when imposing new foreign policy controls, to minimize the impact on pre-existing contracts and on business activities in allied or other friendly countries to the extent consistent with the underlying purpose of the controls."

- The bill also explicitly recognizes the sanctity of contracts as a limitation which will insulate many existing contracts from disruption by new foreign policy export controls. Specifically, the bill protects existing sales contracts that require delivery within 270 days from the imposition of controls, unless the President determines that a prohibition of such exports is required by the "overriding national interest" of the United States.

- To strengthen enforcement of the national security export controls, the bill authorizes restrictions on future imports into the United States of goods or technology from persons abroad who violate these controls. Controls on imports into the United States by particular foreign violators are obviously territorial and, therefore, are clearly within our jurisdiction under international law.

Fourth, the Administration is seeking other legislative changes that will indirectly, but we hope effectively, reduce the significance of conflicts of jurisdiction. The Justice Department, for example, has recently proposed amendments to the Clayton Antitrust Act to allow treble damages only in cases of

per se violations. While these amendments would continue to permit treble-damage suits in cases of cartelization, they would reduce friction concerning U.S. policy in such areas as regulation of vertical relationships, including supplier/purchaser relationships.

Fifth, the Departments of State and Justice are considering further statutory proposals to address problems arising in the international context from private treble-damage actions. I do not mean to criticize any particular past cases or to suggest any outcome for any cases now before the courts. Nevertheless, we are exploring ways of ensuring that private antitrust cases posing conflicts of jurisdiction are, indeed, consonant with the overall public interest. The Attorney General's actions in this area are informed by considerations of international comity and balancing. When private attorneys general act, similar considerations should be applied.

Sixth, we are seeking to expand the practice of prior notice, consultation, and cooperation with foreign governments wherever regulatory, enforcement, or investigative actions raise a danger of conflicts. The Antitrust Division and the Federal Trade Commission have pioneered in the practice of routinely providing advance notice to other governments of their actions affecting foreign parties. We are eager to conclude agreements to expedite the exchange of investigatory information, particularly to combat tax evasion. We believe that some international disputes can be avoided or eased by this means.

Seventh, in a related vein, we will be seeking procedures whereby regulatory, investigatory, or enforcement actions that substantially involve other countries' interests will be coordinated with the Department of State. The State Department can advise about foreign concerns, suggest procedures for notice to and consultation with foreign governments, and otherwise help agencies do their job without unnecessary collisions with other governments.

In some cases, as in our relations with the Securities and Exchange Commission, this kind of arrangement is working well. In other situations, improvement is needed. We, therefore, will

be calling on the agencies concerned to work with us and give us prior notice of actions which pose a potential problem of conflicts of jurisdiction.

The Need for Cooperation

These measures will not eliminate the problem of conflicts of jurisdiction. But the United States is eager to do what it can to minimize such problems in the future. We value our relations with our partners.

Any one of our countries may, on some occasion in the future, feel that its national interest or public policy cannot be served without an assertion of jurisdiction which leads to a disagreement with its partners. The complexity of the modern interdependent world, and the

reality of greater equality among the major industrial nations, make these occurrences almost inevitable.

The problem is ripe for creative legal thinking. It also calls for statesmanship to ensure that the fundamental political and moral unity of the democracies is not torn by disputes over policy. All of the industrial democracies face the same larger responsibility: How do we reconcile our sovereign independence as nations with the imperative of our unity as allies? How do we balance our interest in expanding trade and jobs and prosperity with our interest in not contributing to the growth of Soviet power? Once again the great enterprise of the law touches upon some of the most profound questions of our national and international life. ■

U.S. Foreign Relations Law and Expropriation

Davis R. Robinson, the Legal Advisor, wrote the following letter to Professor Louis Henkin, the Reporter for the American Law Institute's (ALI) draft Restatement (Revised) of the Foreign Relations Law of the United States. The letter comments upon the text and commentary to Section 712 of tentative draft no. 3 of the proposed revision of the Restatement. That section deals with the standards of compensation for the expropriation of property owned by aliens.¹

April 14, 1983

Professor Louis Henkin
Columbia University Law School
435 West 116th Street
New York, New York 10027

Dear Professor Henkin:

After the ALI annual meeting last year, I agreed to provide you with a detailed statement of our position with regard to the draft *Restatement* language on expropriation. The first attachment to this letter sets forth a paragraph-by-paragraph discussion of the comments to draft section 712, together with an alternative text which, in my view, would better restate both the foreign relations law of the United States and the applicable rules of international law. Portions of that attachment also address related questions. I have not attempted to provide a detailed alternative draft of the Reporters' Notes, but the information supplied here and in the attachments may be of assistance in that regard.

Although the underlying issues are discussed in detail in the attached critique, I

believe that it would be useful briefly to review the basis upon which we suggest alternative language and our reasons for concluding that the current draft does not fully reflect international law. *Restatement (2d)* maintained in its black-letter text that "just" compensation is required (§185) and defined this in terms equivalent to "prompt, adequate, and effective" (§187). The new draft retains the first portion of the formulation, but relegates its definition to a Comment, where it is described, not as a rule of law, but as a United States position. While the draft does not reject the existing rule, and suggests no alternative to replace it, it creates uncertainty about the tenor of the applicable law, especially in the formulation of its comments and notes. To the contrary, in our view, events since the adoption of *Restatement (2d)* have reinforced the definition of required compensation set forth there, both as a rule of the foreign relations law of this country and as a generally applicable rule of international law.

The United States Government has consistently maintained that citizens whose property is expropriated by foreign governments are entitled to "prompt, adequate, and effective" compensation. There has been no deviation from this principal in United States practice in decades. Our adherence to it has continued regardless of the administration in power. All three branches of government—executive, legislative, and judicial—have taken a similar stand, to the extent that they have expressed themselves on the issue.

When Congress has approached this question, it has applied the traditional standard, not only in the so-called Hickenlooper Amendments to the Foreign Assistance Act of 1961 (22 U.S.C. §2370(e)(1) and (e)(2)), but in other legislation involving U.S. participation in

multilateral development banks, as well as, e.g., 22 U.S.C. §§283r, 284j, 290g-8, a U.S.C. §2462(b)(4)(D). The executive branch agencies responsible for the application of those statutes have consistently applied that principle in its presentation and enforcement of claims. To the extent that the court of the United States has adjudicated such claims when they come within an exception to the Act of State Doctrine, the results reached are likewise consistent with the traditional standard. On this basis, we conclude that United States law on this point is well established and unambiguous.

The continued validity of the traditional standard is equally clear as a matter of general international law. The rhetorical effect of non-binding resolutions of the United Nations General Assembly, adopted by a majority of newly emergent states, with the support of the countries which are hostile to most of the foreign investment and source for virtually all of it, in no way changes the general international law standard of "prompt, adequate, and effective" compensation required in case of expropriation.

No new standard has achieved the consensus necessary for the establishment of a new norm of international law or the displacement of an old rule. The present draft, like the *Restatement (2d)*, recognizes the historic status of the "prompt, adequate, and effective" standard as the traditional rule of international law. Applying the rule of recognition of new standards of international law of section 102(2) of your draft, none of the proffered alternatives has achieved that degree of widespread and consistent support by state practice necessary for its recognition as a new rule of general international law. Nor has such widespread and consistent support for the negative traditional rule been established. It seems to suggest that a few states, by agreeing to a recognized rule of international law, may displace it without meeting the standards for creation of a new rule. If this case, there can be no enduring international law, only temporary common interest.

The heavy reliance of the draft on non-binding declarations and resolutions of the United Nations General Assembly in this context is particularly troublesome. Article 2 addresses this question in many places. The General Assembly is not a legislative organ and its declarations are not international legislation in this context. The vast majority of the resolutions in question were adopted by the General Assembly without the dissent of a significant number of states. The substantial interests demonstrated by the absence of the necessary widespread and consistent practice. Even those resolutions were adopted without vote, which have received acceptance through state practice have little claim to credence as true obligations of international law. As the distinguished arbitrator in the *Topco* case has noted, these resolutions are essentially political declarations, lacking the judicial support necessary for them to be part of the body of international law.

of the same developing nations which these declarations as political ends have, in their actual practice, bilateral investment treaties reaffirm support for the traditional standard rule. (See Attachment 4.)

emphasis in the establishment of new law should be on actual state practice the rhetorical posturing of debate. Aspects of that practice illustrate the vitality of the traditional standard: treaty practice and arbitral

state practice establishing a network of international treaties is discussed in Attachments 3 and 4. As you are aware, provisions for controlling compensation in expropriation are contained in many bilateral Friendship, Commerce, and Navigation (FCN)

In the case of the United States, as with these are with developing nations, as with developed nations. These treaties provisions calling for compensation in equivalent to the traditional standard, there are slight drafting variations. Section 3 sets forth the relevant text. A survey of these agreements indicates that the parties recognized that they were making explicit in the treaty the customary rule of international law reaffirming its effect.

more recent significance is the emergence of a new type of treaty, the Investment Treaty (BIT). European in particular, have negotiated a series of these treaties with developing nations. Attachment 4 contains a summary of an 150 of these treaties and of their arbitration provisions. These treaties reflect actual state practice applying the appropriate international standard for compensation. They reinforce the traditional standard. The United States is itself a participant in the bilateral Investment Treaty process. The negotiation of such treaties, commenced only in late 1981; two have been signed, with Panama and Egypt. Each contains a rule for compensation consistent with the traditional standard. The draft *Restatement* questions, particularly, international arbitral awards

the application of the traditional standard as the governing rule of general international law. Distinguished international arbitrators have examined expropriation and compensation issues carefully. Although the

formulation varies, in result they reflect attempts to dilute the protection international law affords to all. In the absence of a clear reaffirmation of the standard in the new draft is also a broad international policy objective. There is now an increasing recognition of the importance of private equity flows to developing countries as an essential part of economic development. Private equity is particularly important at the present moment where there are severe limits on public and private funds to support such development. It is important to adhere to a clear standard will sti-

ple such investment by increasing the risk associated with it, with the result either of reducing its flow or of increasing the needed rate of earnings to cover the added risk. Neither is a desirable outcome.

The retreat from the recognized standards of international law in the draft *Restatement Revised* is thus inconsistent with the policy as well as with the law of the United States. I am writing on behalf of the Department of State to confirm that in our view a sufficient case has not been made to recognize such a change as a matter of law

nor would any such change be desirable as a matter of policy. Indeed, we believe that the experience of recent years generally supports the traditional standard rather than calling it into question.

Sincerely yours,

DAVIS R. ROBINSON

The attachments referred to in this letter are available from the Office of the Legal Adviser, Department of State, Washington, D.C. 20520. ■

Under Secretary Eagleburger's Interview on "Face the Nation"

Under Secretary for Political Affairs Lawrence S. Eagleburger was interviewed on CBS-TV's "Face the Nation" on May 1, 1983, by George Herman, CBS News and moderator; Henry Trewhitt, the Baltimore Sun; and Bill McLaughlin, CBS News.

Q. All of the reports that we see indicate more and more Soviet advisers not only in Syria but in the Syrian-occupied parts of Lebanon. What is this Soviet goal, do you think? What is their intention in putting so many of their people in these advanced areas where there is beginning to be a little danger; isn't there?

A. I think there is a great deal of danger involved in what the Soviets are doing now. It's much harder to give you a sensible explanation of what they are doing. I think probably the best explanation is that the Soviets realize that as a result of the Israeli attacks on the Syrians during the Lebanon war, the Syrians really took a clobbering and that this reflected very badly on Soviet supplies, Soviet military equipment, and, indeed, on the Syrians as a surrogate of the Soviets. I suspect that what has happened now is that, at least in part, the Soviets have decided that what they have to do is provide sufficient equipment to demonstrate to the Syrians and to the other Arab states, and particularly to the radical Arab states, that the Soviets still are players in the Middle East. So I suspect that that's the basic reason for it.

There may be something far more devious involved here, but whether there is another intention or not, I think the fact of the matter is, that with the Soviets putting all of these men and

equipment into the Middle East, and particularly into Syria, they create real dangers of an escalation which could become a serious confrontation between East and West. It's a very, very unwise step, in my view.

Q. In your first answer, talking about what the Russians are doing in arming the Syrians and so forth, I guess as Perry Mason would say, you opened the door. You said there may be something far more devious here. Since you opened this line of speculation, would you please dilate upon it?

A. My point, I guess, would be that whether the question, to some degree, has to be whether there is more to the Soviet deployment in Syria, particularly of the SAMs [surface-to-air missiles], than sort of the response I originally suggested. My own judgment is that it is basically as I suggested to you, but I suppose that you have to ask at the same time whether the Soviets intend some major increase in their presence in the Middle East; whether they intend this as an effort to block movement toward the peace settlement in the Middle East. It's that sort of thing that you have to at least consider. Don't get me wrong. I'm not saying that I think the Soviets are about to deploy in massive numbers. I think they have a sufficient number now that we have to be concerned, because obviously in that area conflict is always possible, and here are Soviet troops in the middle of an area where, in fact, there may be shooting. So we have to worry about that. Whether there is anything far more devious, some great strategic plan of

major Soviet involvement in the Middle East or not, I can't say. I, myself, doubt it.

Q. Doesn't it follow automatically, however, that the Soviets, in fact, have dealt themselves back into the decisionmaking process in the Middle East, whether it was by accident, design, or whatever? You must take them into consideration in a way you have not in the past.

A. They have always been a factor in the Middle East and in the Middle East settlement. Nobody argues that. The fact of the matter also has been, however, that the Soviets were in no position to deliver anybody to the peace table. The view has always been, and I think rightly, that it is the United States, and the United States alone, of the superpowers that has any ability to bring the various parties together at the table. I think that is still true.

I wouldn't argue with you at all that the Soviets, particularly with these latest deployments, become a greater factor in the Middle East. I'm afraid that the fact of the matter is though, to the degree they are a greater factor, it is a negative factor and not one that leads toward bringing about a peace settlement. With all of that said, I am still absolutely convinced that the United States, working with the moderate Arabs, and the Israelis, can bring about a peace settlement, with or without the degree of Soviet involvement that we now see in Syria.

Q. You went to Beirut shortly after the tragedy there, the terrific loss of life at our Embassy in Beirut. A senior Israeli Defense Ministry official has charged that the Syrians and the Soviet Union were behind the bombing of the embassy. What do you know about who did it?

A. What we know—and I emphasize the word "know"—is virtually nothing. We have a number of intelligence reports, but they tend to contradict each other. My own personal view is that probably it's almost certain that it was an extremist group. Whether it was linked with Iran, or with the Syrians, at this point we can't say, and I'm not at all sure that we'll ever really know, but the intelligence at this point is mixed, at best.

Q. What do we know, if anything, about the rockets fired at the building wherein Secretary Shultz was staying?

A. I hate to burst your balloon, but I talked to the party in Jerusalem this morning, and I gather that that is a

grossly exaggerated story, that, in fact, there were no rockets fired at the residence. The Secretary did hear some noise. There were apparently a couple of explosions. They were some distance away, and they were related to some battling that was going on between various Lebanese groups and were not aimed at the Secretary himself.

Q. So the Secretary is safe, but will we need tougher security for our diplomats in Lebanon?

A. I'm glad you asked me the question. I suppose the answer, in the abstract, is yes. Unfortunately, for example, events such as Beirut tend to be catching. It's sort of like the cyanide in pills in the United States. One group does this, and then somebody else thinks it's a good idea.

But the point I think must be remembered, with all of that recognition, that we've got to do the best we can in terms of security is that an American Embassy is in the country to do business with the people of the government of that country, and we cannot become a fortress. We can't hide behind steel doors. If we do, we might as well not be there. So under any circumstances, there are always going to be risks, and those are risks that the Foreign Service, the CIA, the military, all of the people who are in an embassy have long since decided we have to take.

Q. But we can minimize those risks.

A. We can reduce it.

Q. How will we do that?

A. It depends, again, very much on the physical circumstances of any particular embassy. In the Beirut case, my own judgment, after having seen the place, is that unless you were to stop egress virtually completely, there was no way to protect that building against the sort of attack that took place. We will hopefully now build a new embassy; I'm sure we will build a new embassy in Lebanon. We will try to build it in a position that there is more land and so forth around it so that it's harder to get at it, but at the same time, it's going to have to be an embassy that people can come into and go out of. It depends very much on the physical circumstances of each embassy, and there is no simple way to give you a general answer to the question.

Q. Shouldn't we move out of that one? I mean, it's right by the seashore. It's right by—

A. Move out of which one?

Q. The ruined embassy.

A. There is no question. I think again, myself, although I'm not an engineer, having looked at that but we can never use it again.

Q. Isn't there a danger that Secretary of State is going to go out of there, essentially, with nothing? Isn't that a terribly big undertaking for him? Isn't there danger that he's going to appear ghost of Henry Kissinger, wand through the Middle East forever?

A. Again, being Secretary of State, I suppose, partly a high-risk business, and I don't mean that facetiously, mean it in the sense that I can't guarantee that he's going to come with a settlement. I can tell you it was our judgment that now was the time for him to go to the Middle East that a failure to go now would have to a deterioration in the situation the negotiations between the part and that that was the time in which Secretary had to involve himself: United States directly, a step by Phil Habib [Ambassador Philip C. special representative of the President to the Middle East], in trying to bring about a settlement, but I can't say that a settlement will take place, only tell you that our judgment was the time to try, and if he can't, we'll try again.

Q. Are you saying there are costs involved in—

A. Oh, sure there are. There are costs in attempting and failing. There are costs in not attempting. That's life, and it's a situation that Secretary looked at carefully and decided he had to try.

Q. One other place where Secretary seem to think that the United States has put itself out on a limb, that the President and the Administration have put themselves out on a limb, with not too great a chance being able to climb back off it, that is, of course, Central America propping up the El Salvador Government. Are we risking a lot there, small chance of success, moderate chance of success?

A. If there is the will in the United States people and in the Congress, there is a chance—a real chance—of success. Not immediately—

Q. Not the question of whether the will is in the Salvadoran people.

A. Let me take a crack at that. I think there is not a choice, but a question of American will, and, clearly,

a question of Salvadoran will, in a sense, if I may, I think you've asked the question the wrong way. I think we have any choice, frankly, really, but to do what we can with El Salvador and Central America in general. It is strategically important to us to permit it to continue to deteriorate. My argument would be that, in fact, regard to the social, political, and economic situation in El Salvador, there are some major changes. We're satisfied that it has gone far enough, we've had major changes, and that those changes will continue, and they are for the better.

In question, I think, we fail to look fully into that we only have, I think, two choices. We have either to move to try to protect the Salvadorans, or to get sufficient military assistance, as the President said, as a shield to try to get about with our assistance and encouragement, trying to build a more democratic and economically viable society or you get another Nicaragua, which I think those are the only two

I think it's time we spent a good amount of time looking at Nicaragua, and that's the alternative. There is no middle ground. The Americans have made it clear that they are looking for in the export revolution, and in El Salvador we have only two choices, and I think that's the two.

gain, the question of risk. Is there a danger that in trying to shape a democratic movement in Nicaragua we will wind up with a return of the type of government? Are you putting an overwhelming emphasis on the return of Somocista forces?

I want to hasten to make the point that that is largely a choice for the American people to make. Let me say that I don't think anybody in the United States wants the return of the type of government. Nobody does. One of the matters is that a number of people who were with the Sandinistas in their revolution itself have now left the government and are in opposition to it. One of the matters is that to the extent there is upset, disquiet within the United States, it is because of the return of the type of government. We don't want to see a return to a type of government. As the President said in his speech this last week, we're seeking the overthrow of the type of government. What we are doing is to assure that the export of a revolution from Nicaragua to

its neighbors is prevented. That's our purpose: not to overthrow the government in Nicaragua itself.

Q. You began your career, or early on in your career you were an expert on Cuba. A Senate committee, down in Florida now, is hearing that Cuba used the 1980 Mariel boatlift to send in 7,000 spies to the United States, according to this testimony, plus Cuba, again, according to the testimony, is involved in drug trafficking in the United States. Does that square with anything you know?

A. I can't comment on the number of spies. I really, literally, don't know. Maybe there are others in the government that do; I don't. I think there is evidence that in that boatlift, they put some people into this country that we would rather not have here, for a number of different reasons. I think the evidence is really quite clear that there is major Cuban involvement in the drug traffic in this country.

Q. The Cuban Government?

A. My judgment of that is that the evidence is sufficient, in terms of the kinds of people who are involved, that I would find it very difficult to believe that the Cuban Government itself is not involved as well.

Q. How can we retaliate? How can we stop the Cuban Government from getting involved in this country with drugs?

A. Our alternatives are limited, and they basically run to doing everything we can to cut off the drug traffic into the United States, and that's a massive effort. It costs a great deal of money, and we're doing the best we can. But I don't think there is anything we can do in terms of some specific foreign policy initiative in Cuba. We're not trying to move drugs into Cuba, for example.

Q. Let me ask you a question which you raised earlier on, talking about El Salvador. We have the will and so forth, is what you said, in the United States to continue the struggle. I suspect that one of your jobs is to count noses in the Congress and to keep an eye on the passage of these bills for money and so forth. Do you have the votes? Do we have the will in that sense?

A. I think—and we will know more this week—it's important, first of all, to see the impact of the President's speech both on the Congress and on the body politic. As the President said, I don't think there is anybody in the Congress who wants to see a Marxist takeover in

Central America. There are differences, and legitimate differences, of view on how to approach it. I disagree with those who argue that there is this middle way somewhere or another. As I say, I think we are faced with two alternatives—doing what we're doing or seeing other Nicaraguans in Central America. This is a long answer to a short question, but, yes, I think we will, in the end, have the votes.

Q. I would like to take you to the arms control negotiations. Word is sort of beginning to get around that under some circumstances, the United States might be willing to forego the deployment in Western Europe of the Pershing rocket, which is, obviously, the most formidable, from the Soviet perspective, of those weapons that we propose to deploy in Western Europe. Would you be prepared to negotiate them away in Geneva in the context of those negotiations as they now stand, if the Soviet Union would cut back radically on its corresponding weapons?

A. I think the answer to that question has to be that our view is that if there are any deployments at all of our weapons into Western Europe, it has to be a mix of ground-launched cruise missiles and the Pershing II. It cannot be an either/or situation. If we're going to deploy at all, we will want to put in some of each.

As you know, the President's proposal and his continuing objective is that we don't deploy anything, any of those 572 warheads into Western Europe, and that what we want in return is that the Soviets withdraw their SS-20s, threes and fours, or fours and fives, excuse me. But if there are going to be deployments, I think we will want to see a mix of the two systems.

Q. But isn't there the possibility of cutting a deal at this point with the Soviet Union, or are we at a dead end on arms talks?

A. You're talking about in general now?

Q. In general.

A. On the INF [intermediate-range nuclear forces] talks, at this point the Soviets have shown absolutely no flexibility whatsoever. The President put forward a proposal more than a year ago. He modified that proposal about a month ago. We have seen nothing but negative response from the Soviets since then. The best I can tell you at this point is, we've got to keep working at it. We've got to keep banging at them and

hope that as we get closer to the point of deployment—which is late this year—the Soviets will decide that it is better for them to reach an agreement than to see those deployments go forward.

Q. Aren't the Soviets having troubles of their own? This is May Day, and there seem to be disappearances from the Soviet leadership. Is there a power struggle you see going on which may affect the whole range of Soviet foreign relations?

A. Understanding the internal dynamics of the Soviet Politburo is like reading the entrails of sheep, and you kind of cross your fingers and hope you know what you're talking about. My own judgment on it is that, contrary to the very early assumptions that Mr. Andropov had quickly seized power and all the way down, I think it is probably clear now that while he is in control, it is not total control; that he's got to balance off some other interests and that it will be a time yet before we're absolutely confident of his total control over the system. But having said that, I don't want to imply from that that we are on the verge of some major blow-up or upset within the system of the Soviet Union.

Q. But does that lack of control imply that they will be somewhat paralyzed on something so important?

A. I think what it does imply is that they will have to do a great deal of consensus building, if I may, before they can take any major steps in one direction or another. As long as they follow basically the path of the past, it probably will not require a great deal of consensus building. But if they wanted to make any major shifts, I think that would require some time and some real work within the system.

Having said that, again, I don't want to imply that Andropov is a total cipher. He is not. He's bright; he's fast; he's tough; and I think we've seen that he is more in charge than Brezhnev was in the last months of his time.

Q. What you're suggesting is that we shouldn't look in the near future for any sort of movement on the part of the Soviet leadership that would imply either a movement forward, more expansionism in the world, or the important compromise, *vis a vis* the United States?

A. Again, I want to be careful about this. I would argue with you that the general Soviet approach over the last

several years has tended to be expansionist to begin with, so that I would be arguing that if they are going to continue previous policy, some of that, I think, we have to expect. Afghanistan, and so forth, will go on. But I think there has been a basic mistake to begin with, which is an assumption that Mr. Andropov, when he came into power, was somewhat different than his predecessors and his antecedents. Let's not forget that he ran the KGB for 16 years, and that's not a well-known philanthropic organization.

Q. When you answered the question about nuclear negotiations, you talked about the INF, the intermediate-range nuclear forces. How about the START talks—the strategic arms reduction talks? In brief, have START talks stopped?

A. No, the START talks haven't stopped, but they haven't moved very far forward either.

Q. Are they stuck, is what I'm really getting at?

A. "Stuck" is too strong a term. But my basic point has to be, to unstuck them at this point, it seems to me, it's the Soviets that have got to move. The President has made a proposal for a major reduction in these very threatening systems, and at this point we have gotten no response whatsoever. There is a tendency in this country to say, "Well, if you haven't gotten a response from the Soviets, let's change our negotiating position." In fact, in one of the newspapers this morning on the INF talks, I noted that because the President made a proposal a month ago and the Soviets hadn't responded, it was time for us to change again. You can go through that for just so long, and in both cases, we have put proposals on the table, and the Soviets simply have not responded. At this point, I would have to say I am mildly pessimistic that there is any chance in the near future for any major move on START.

Q. The Soviets have been having a lot of bad luck recently with their spies—Italy, Great Britain, France, Australia, most recently Switzerland. What is going on here? Is there a deep throat, as in fact an Australian cabinet minister suggested?

A. First of all, it couldn't have happened to a better bunch. I don't know if there is a deep throat or not.

Q. If you did know, would you tell us?

A. If I did know, I wouldn't tell you, but I honestly don't know. There may be somebody in the system who's talking.

On the other hand, I think it's also important to remember that the Sov this in such massive proportions t after a while it isn't hard to find c to see that they have got—in Par people, at least, were kicked out. do it in such large numbers that I you can assume, over time, it's lik be found out.

Q. But why are we getting t now? I mean, "we," let's say the Western alliance seems to be ge tough.

A. I wouldn't say that all of a den we're getting tough. I think, : this is interesting in relation to yo question, it is clear that some of t things have been discovered as of don't think there is any political n that all of a sudden we're going b tough. It is that they have been f out and kicked out.

Q. Mr. Webster [Director of FBI] told us, sitting in that cha a week or two ago, that they ha been following these spies for a time but that the decision was t that this was a good time to k out. That implies political, diplo and other inputs.

A. You're talking about here United States?

Q. Yes.

A. I was talking much more a the major issue in Europe. With r to those in the United States, Mr. Webster is correct.

Q. We talked about the Sovi moving in with the Syrians, bein with Syrian forces in Lebanon. are also American Marines in Lebanon. Just as a hypothetical tion, what is the mission of the Marines if this shooting war sta again, involving the Syrians mo with their Russian advisers tow our lines? What do we do? How prevent unlimited war with the Americans facing Russians?

A. First of all, I'm not the Sec of Defense, and those questions at point have to be looked at by the military. The general point I would make is, first of all, let's not forge the Marine unit in Lebanon—and there a week or so ago and saw th and they are superb, but it's a sma unit, and their purposes are clear defined. They are not there to fig war, and I would have to assume they will carry out their mission. the hypothetical that you suggest, that I simply at this point couldn't answer. ■

Time for Reason and Realism in the Middle East

W. Dam

address before the World Affairs Council in St. Louis on April 11, 1983. He is Deputy Secretary of State.¹

over the weekend have demonstrated again that, as Secretary of State Schultz said this morning, obtaining peace in the Middle East is a "tough, difficult, painstaking process." As you know, King Hussein of Jordan and Yasir Arafat arrived at an understanding on the King's entry into the peace process. The elements within the Palestine Liberation Organization (PLO) then implemented that were not acceptable to King Hussein, not acceptable to the Kingdom of Saudi Arabia, and not acceptable to us. King Hussein rejected the arrangements because they provided no basis for Jordanian or Israeli participation in the negotiations. But King Hussein did not reject the President's first peace initiative. He re-committed to the search for peace in the Middle East. That is what he told me at Reagan in their phone conversation yesterday. The King asked us to continue with that initiative. We intend to do so precisely that.

The search for peace between Israel and Arab neighbors has been one of the most preoccupations of American policy since World War II. The debates over the partition of Palestine, through the tenuous early years of Israel's existence, to the first decades of peace nearly a decade ago. The Middle East conflict has absorbed the energies of 8 U.S. Presidents and Secretaries of State.

The reasons for this continuous involvement in a problem halfway around the world are both moral and strategic. The Americans have a moral commitment to the security and well-being of the State of Israel.

We have a parallel concern for the world with our many friends in the Middle East. We need to preserve free access to the strategic resources, oil, and waterways of the Persian Gulf.

We need to ensure that unchecked nuclear conflicts do not spread to surround the world and lead to a dangerous confrontation between the superpowers.

Resolution of the Arab-Israeli conflict will by no means guarantee our interests in the region or establish an era of tranquility and stability. The sources of conflict transcend the Arab-Israeli problem. The Soviet invasion of Afghanistan and the Iran-Iraq war are testimony to this fact. Nevertheless, the Arab-Israeli problem pits our friends against one another. Both sides look to the United States as the sole external power capable of helping them find an equitable solution.

After 35 years, peace still eludes the peoples of the Middle East. They have endured five major wars and numerous smaller conflicts. The wounds of the last conflict are still evident in Lebanon. With the exception of Egypt and Lebanon, the Arab states still have not come forward to negotiate their differences with Israel. Israel still must devote a higher percentage of its resources to defending its existence than any other country on Earth. And radicals in the PLO still retreat into the path of rejection and underscore this with violent acts: witness the weekend assassination of a PLO moderate in Portugal.

And yet the Middle East of today is vastly different from that of 1948 or 1967—or even of June 1982. Many

The search for peace between Israel and its Arab neighbors has been one of the foremost preoccupations of American foreign policy since World War II.

chances remain to be bridged. But Israel and its neighbors, thanks to unflinching American dedication, are closer to reconciliation today than at any time in Israel's history.

For the first two decades of Israel's existence, it was hemmed in on all sides. Its very existence was rejected by all its Arab neighbors. It had nothing with

which to bargain for peace. Then the 6-day war was forced on Israel by the imminent threat of unprovoked aggression. That war left Israel in occupation of Arab territory on three of its borders. It left the Arabs with a new reality to face. Seizing upon this new reality, the UN Security Council hammered out the formula of "territory for peace" enshrined in Resolution 242. That principle remains the basis for all our peacemaking efforts.

The euphoria of victory on one side, and the shame of defeat on the other, left a legacy of bitterness. That legacy produced not peace treaties but the three Arab "no's" of Khartoum: no negotiation, no recognition, no peace with Israel.

It was not until the fourth Arab-Israeli conflict in 1973 that the futility of war as a solution to the Middle East problem finally began to sink in. In Israel, the surprise attack and narrow brush with disaster demonstrated to many that in the absence of negotiated peace treaties, military superiority is no guarantee of peace and security. For Egypt, the lesson was that while Israel could be wounded, it could not be overcome by military force. Grievances would have to be resolved by negotiations. There followed a series of disengagement agreements, President Sadat's historic trip to Jerusalem, the Camp David accords, and finally the Egyptian-Israeli Peace Treaty.

Camp David offered a new approach to the Arab-Israeli problem. It combined resolution of bilateral problems between Egypt and Israel with a binding commitment to negotiate a comprehensive settlement. The first stage of the process has worked better than some expected. As long as Israel remains in conflict with the other Arab states, some tension between Egypt and Israel is inevitable. But the recent passage, almost without notice, of the Egyptian-Israeli treaty's fourth anniversary is a tribute to the extent to which peaceful relations are now taken for granted.

The second phase of the Camp David process—negotiations to establish transitional arrangements in the West Bank and Gaza prior to full peace—has not fared so well. The problems involved—legal, political, military, and emotional—are more complex than the bilateral issues worked out between Egypt and Israel. But even these problems could have been well on their way to resolution had the Palestinians taken

up the challenge of seeking a peaceful resolution of the conflict. We should remember that the failure to realize the early promise of Resolution 242 led ultimately to the 1973 war. Similarly, the inability to show substantial progress on the Palestinian problem since 1979 was a contributing factor to the buildup of tensions in Lebanon and the outbreak of war there last June.

The analogy is not an altogether

It was not until the fourth Arab-Israeli conflict in 1973 that the futility of war as a solution to the Middle East problem finally began to sink in.

unhappy one, however. The 1973 war led to a negotiating process that culminated in President Sadat's eloquent call from the rostrum of Israel's Knesset: "The October war should be the last war." In short order there were face-to-face negotiations, peace, and normalization of relations between Egypt and Israel. Likewise, the war in Lebanon has resulted in face-to-face negotiations between Israel and Lebanon. Those negotiations must lead ultimately to permanent peace along their frontier and can lend momentum to the search for a broader peace.

The Lebanon Negotiations

Lebanon poses a critical test for American diplomacy. It affects Arab, Israeli, and Palestinian interests alike. Our objective is straightforward. We seek to restore Lebanese sovereignty and ensure Israeli security. These are not separate objectives. A stable, sovereign Lebanon and a secure Israel are two sides of the same coin. The threat to Israel's northern border has come not from the Lebanese people but from foreign forces that temporarily imposed an alien regime on Lebanese soil. It follows that a peaceful Lebanon, free of all foreign forces and sovereign over all its territory, will benefit Israel and Lebanon alike.

To achieve our objective, we and the responsible international community support a four-part strategy:

First, prompt and complete withdrawal of all external forces from Lebanon;

Second, agreement on effective security arrangements to prevent future attacks against Israel from Lebanese territory;

Third, strengthening the Lebanese Government and the Lebanese Armed Forces; and

Fourth, reestablishment of a Lebanese national consensus and reconstruction of the Lebanese economy.

The United States is moving now in support of the Lebanese Government to implement all four parts of this strategy. Our special envoys, Ambassadors Habib and Draper, are negotiating continuously to secure the immediate and complete withdrawal from Lebanon of all outside forces—Israeli, Syrian, and PLO. Lebanon is negotiating with each of these parties separately. Since no outside forces are likely to be withdrawn from Lebanon without assurance of the withdrawal of each of the others, the future of all three negotiations is inextricably linked.

In order to move the Israel-Lebanon negotiations forward, the Foreign Ministers of Lebanon and Israel recently came to Washington for talks with Secretary Shultz. In those talks we provided Foreign Minister Shamir with a number of concrete ideas for assuring Israeli security. The Government of Israel has found these proposals thought provoking and worthy of serious study. The proposals were designed to strengthen Israel's confidence that the Lebanese Armed Forces are ready and able to secure the south of Lebanon. We have stated our belief that the Lebanese Armed Forces must operate under a unified command structure, meaning that local militias and irregular forces, in south Lebanon as well as further north, must be absorbed within it. We have also stated our belief that close liaison and cooperation between Lebanon and Israel will be necessary to ensure the security of south Lebanon. And we have made known our firm conviction that Lebanon can only regain control over the south in the context of the full withdrawal of the Israeli Defense Forces.

We believe that the security measures now being considered by Lebanese, Israeli, and U.S. negotiators incorporate

the safeguards necessary to provide peace of northern Israel the security which they are entitled. No security regime is perfect. But we will hold the goal that south Lebanon never again becomes a base for aggression against Israel or a state-within-a-state.

In the period between the withdrawal of foreign forces from Lebanon and the Lebanese Government's solidation of control over all its territory, agreed security arrangements will be necessary to supplement the capabilities of the Lebanese Armed Forces in the south. Our concern is stability in Lebanon, however, extends beyond the south. In this wider context while we and our allies are working to rebuild the Lebanese Armed Forces we have agreed to consider favorably Lebanese Government's request that United States join with Italy, France, Great Britain, and perhaps others in an expanded multinational force that appears necessary. The role, and areas of deployment of such an expanded force will have to be determined in the future.

To ensure that Lebanon will be able to take over full responsibility for its own security in the shortest possible time, the Administration has asked Congress for a supplemental appropriation of \$251 million. This figure includes a \$100 million loan to Lebanon for military equipment and \$1 million for military training. It is important that the Congress act promptly on this request.

A fully sovereign Lebanon and a secure Israel, however, cannot be achieved through political and military measures alone. The Lebanese people must have a chance to restore the once-dynamic economy. The Government of Lebanon must be able to rehabilitate and reconstruct public infrastructure vital to the national economy. The stability of the Lebanese Government must depend as much on its ability to provide normal government services as it does on its ability to ensure internal stability and secure its borders. To this end, our supplemental appropriation includes a request for \$150 million for economic assistance to Lebanon.

Military security and economic rehabilitation are short-term mechanisms for bringing the Lebanon conflict to an end. National reconciliation in Lebanon and normal relations between Lebanon and its neighbors present the only long-term guarantees that Lebanon will never again pose a threat to international peace. Reconciliation will be

and careful management. Its development is not served by undue caution, for it can only survive overwhelming support. President Genayel is engaged in a life-or-death struggle to force an international consensus that once made in a model of democracy. He has secured support.

Lebanon is also engaged, through its relations with Israel, in defining an approach to normal relations. This is a key element in the negotiations. Israel needs this guarantee for the Lebanon cannot give more than a promise for domestic reconciliation without a permit. The problem is difficult, concrete progress has been made. The parties have agreed that the state of their border must end. And both have agreed that the process of normalizing relations must continue. The agreement which secures the withdrawal of all foreign forces.

September 1 Initiative

Lebanon war and its aftermath highlighted again the unique and honorable role of the United States as a catalyst for peace in the Middle East. The United States has enough influence on all sides, the moral authority, and the material resources to mediate successfully between Israelis and Arabs.

America's success in negotiating an end to the active hostilities in Lebanon was the first step. The context for this was Reagan's historic peace initiative in September. The stage for this was initially set at Camp David. The Camp David agreement, a formal title clearly states, is only a "framework for peace," not a blueprint. It sets the basic principles and guidelines which a future solution to the problem could be built. But it is only a starting point as to where the United States stands on the basic issues in the negotiations. The hostilities greatly impeded our efforts in the negotiations to Jordanian and Palestinian representatives as enacted at Camp David. Without their agreement and endorsement, no agreement about the West Bank and Gaza is provisional or final, could have any moral or practical authority. It was the hope that ambiguity and encourage support for the peace process that the September 1 initiative was launched. The President's initiative is balanced. It rejects the extreme positions of the parties. It is designed to bring about a just and lasting peace that will recognize the legitimate rights of

the Palestinian people and, at the same time, assure the security of Israel. Those goals are not incompatible. Indeed, neither can be truly achieved in the absence of the other.

Let me review the seven essential points of the President's September 1 initiative.

First: "We base our approach squarely on the principle that the Arab-Israeli conflict should be resolved through negotiations involving an exchange of territory for peace. This exchange is enshrined in U.N. Security Council Resolution 242. . . ."

Second: ". . . the United States will oppose any proposal . . . that threatens the security of Israel. America's commitment to the security of Israel is ironclad."

Third: ". . . the United States will not support the establishment of an independent Palestinian state in the West Bank and Gaza, and we will not support annexation or permanent control by Israel."

Fourth: ". . . there must be a period of time during which the Palestinian inhabitants of the West Bank and Gaza will have full autonomy over their own affairs. . . . The purpose of this transition period is the peaceful . . . and orderly transfer of authority from Israel to the Palestinian inhabitants of the West Bank and Gaza."

The President's initiative is . . . designed to bring about a just and lasting peace that will both recognize the legitimate rights of the Palestinian people and, at the same time, assure the security of Israel. Those goals are not incompatible.

Fifth: "The United States will not support the use of any additional land for the purpose of settlements during the transition period. . . . Further settlement activity is in no way necessary for the security of Israel. . . ."

Sixth: ". . . self-government by the Palestinians of the West Bank and Gaza in association with Jordan offers the best chance for a durable, just, and lasting peace."

Seventh: ". . . Jerusalem must remain undivided, but its final status should be decided through negotiations" in the context of an overall Middle East settlement.

It is important to keep in mind that this initiative is not a "plan" to be imposed on the parties. Rather, the President has put forward a balanced set of positions that the United States is prepared to support in the course of negotiations. Let me underscore at this point something we have been making clear in all of our consultations. Because our positions are balanced, because they are fair, because they can point the way to a just solution, the President is committed to them as they are. They will not be changed. Those who seek a different solution must seek it at the negotiating table.

At the same time, we have pointed out to all parties that we cannot guarantee the outcome of the negotiating process on any specific issues. The negotiations, if they are to be successful, must be free to move in productive directions that cannot be foreseen in advance. Indeed, as the President said on September 1, once negotiations are joined we will support positions that seem to us fair and reasonable compromises and likely to promote a sound agreement. Both Israel and the Arab states thus have a major opportunity to shape the outcome of these negotiations, but the opportunity must be used creatively and soon.

We will not be sidetracked by the events of this weekend. We should not underestimate the importance of what has been achieved. A year ago significant elements in the Middle East still harbored the illusion that the Arab-Israeli dispute could be resolved by military means. Today Arab leaders are talking about *how*—not *whether*—to make peace with Israel.

We have witnessed in recent weeks the most intensive debate in Arab councils in 35 years as some Arab leaders seek a way out of the self-defeating cycle of violence which has brought so much misery to their peoples. We have lent our encouragement and vouchsafed our support for courageous decisions by Arab leaders.

King Hussein has already taken the lead in recognizing the opportunity afforded by the President's initiative for

revitalizing the peace process. The radicals have given one answer. But the President's initiative is still alive and on the table. We will not permit radical elements to exercise a veto over the peace process. Rather, we will encourage the Palestinians to recognize that this is a unique moment which must be seized before it is lost.

The Arab debate is not over. The opportunity still exists for reason and realism to prevail. It is only at the negotiating table that a solution to the Palestinian problem in all its aspects can be found. And in our view, the best means for accomplishing that goal is President Reagan's initiative, based as it is on UN Security Council Resolution 242, which in turn is the bedrock foundation of the Camp David framework.

Conclusion

We are living today in one of the truly critical moments in the history of the Middle East. A conflict which remained frozen for almost two decades has been yielding—slowly, painfully, but steadily over the last 15 years—to the forces of reason and realism. After five wars, the Arab world faces a challenge it has repeatedly evaded: to achieve Palestinian rights through negotiations now that those rights are clearly unattainable through violence. This opportunity may not come again.

The moment to decide is now. In the absence of a courageous Arab decision to join the peace process, expansion of Israeli settlements on the West Bank could in the not-too-distant future render any such decision virtually irrelevant.

Arab governments still have an opportunity today to put the Arab-Israeli conflict behind them. Only in this way will they be positioned to face the multiple threats in the region which challenge their very survival. Only a forthright commitment by Jordan and representatives of the Palestinians to face-to-face negotiations can achieve this end.

If the Arabs decide wisely and soon, then it will be Israel's turn to face a historic challenge. It can choose the semblance of security that comes with control over an increasingly embittered Palestinian population. Or it can choose the real security that can only come with peace. I have little doubt that, when faced for the first time with a genuine choice between territory and peace, the people of Israel will choose peace.

Bombing of U.S. Embassy in Beirut



A general view of the American Embassy in Beirut shows severe damage to the entire front portion of the 7-story building. In a preliminary survey, a Department survey team concluded that the building is no longer fit for use. On May 17, President Reagan forwarded to the Congress the Beirut emergency supplemental request which includes funds to obtain an interim office building and to complete construction of the building that was stopped during the 1976 civil war.

(Wide World photo)

On April 18, 1983, a bomb exploded in front of the U.S. Embassy in Beirut, killing 50 people (16 official U.S. personnel, 1 private U.S. citizen, and 33 Foreign Service national personnel) and injuring more than 100.

Following are remarks by President Reagan and Secretary Shultz (in Beirut City) on April 18, the President's remarks made at Andrews Air Force Base on April 23 at a ceremony honoring the victims, and Secretary Shultz's remarks in Cairo on April 26 at a memorial service for the victims.

PRESIDENT'S REMARKS, APRIL 18, 1983¹

As you know, our Embassy in Beirut was the target this morning of a terrorist bombing. And this cowardly act has claimed a number of killed and wounded. It appears that there are 49 American casualties, but we don't yet know the exact number or the extent of the injury.

¹Press release 103. ■

cooperation with the Lebanese
ies, we're still verifying the
and identifying the casualties. I
nd Ambassador Robert Dillon and
cated staff who are carrying on
hese traumatic circumstances in
st tradition of our military and
services.

a few minutes ago, President
l called me to convey, on behalf
ebanese people, his profound
nd sorrow with regard to this in-
nd asked me to relay the con-
on behalf of the people of
n to the families of those victims.
expressed his firm determina-
t we persevere in the search for
that region. And I told Presi-
mayel that I joined him in those
nts. This criminal attack on a
ic establishment will not deter
our goals of peace in the region.
do what we know to be right.
assadors Habib and Draper
. Habib, special representative
resident to the Middle East, and
raper, special negotiator for
], who are presently in Beirut,
inue to press in negotiations for
st possible total withdrawal of
al forces.

also remain committed to the
by the Lebanese Government
vereignty throughout all of its
The people of Lebanon must
the chance to resume their ef-
ead a normal life free from
without the presence of
lized foreign forces on their soil.
his noble end, I rededicate the
United States.

SECRETARY'S STATEMENT, APR. 23, 1983²

this morning of the terrible
tragedy at our Embassy in
day with the greatest shock
or.

is alone cannot adequately ex-
total revulsion at this senseless
nan terrorist act, directed
ur very dedicated and
is staff—Lebanese as well as
—in Beirut. Ambassador
o pulled himself out of the
his office, is directing rescue
his right now. He exemplifies the
coolness, and clearheadedness
ies the Foreign Service, and I
nely proud of him and his ex-
staff.

o not yet know the casualty toll
rible act. My prayers and grief

go out to all those who might be in-
volved and to their families. We are
grateful for the concern expressed by
President Gemayel and his government,
all of whom are working extremely hard
to help our people.

Let us rededicate ourselves to our
battle against terrorism and violence;
Lebanon has seen far too much of this
already and it is long past time for
peace and security to prevail.

PRESIDENT'S REMARKS, APR. 23, 1983³

There can be no sadder duty for one
who holds the office I hold than to pay
tribute to Americans who have given
their lives in the service of their coun-
try. I extend also the condolences of
ourselves and our people, through Am-
bassador Turk [Lebanese Government
representative], to the families of our
loyal Lebanese employees who perished
in this tragic event along with their
American colleagues.

You here today—the families of
these honored dead—I want you to
know I speak for all Americans when I
say that we share your sorrow and offer
you our heartfelt sympathy. We are in
your debt and theirs. Your loved ones
served their country with talent and
energy, courage and commitment. With
your sorrow you must feel at the same
time a pride—pride in their dedication.
And we, your fellow citizens, share in
that, also.

These gallant Americans understood
the danger they faced, and yet they
went willingly to Beirut. And the
dastardly deed, the act of unparalleled
cowardice that took their lives, was an
attack on all of us—on our way of life
and on the values we hold dear. We
would, indeed, fail them if we let that
act deter us from carrying on their mis-
sion of brotherhood and peace.

And it is written, "Blessed be the
peacemakers." And they truly were
peacemakers. They knew the road they
traveled was hard and fraught with
peril. They walked that road with cool
professionalism and a deep sense of pur-
pose. They knew it firsthand how an af-
flicted mankind looks to us for help—
with faith in our strength, our sense of
justice, and our decency. And that is the
America that your loved ones ex-
emplified. Let our monument to their
memory be a preservation of that
America.

Let us here in their presence serve
notice to the cowardly, skulking bar-

barians in the world that they will not
have their way. Let us dedicate
ourselves to the cause of those loved
ones, the cause they served so nobly and
for which they sacrificed their lives, a
cause of peace on earth and justice for
all mankind. We thank God for them,
and God bless you.

SECRETARY'S REMARKS, APR. 26, 1983⁴

One week ago, all too many of our
fellow workers—Lebanese and
American—gave their lives in the ser-
vice of the United States and the ideals
for which we stand.

On Saturday evening, at Andrews
Air Force Base just outside Washington,
I stood by President Reagan's side as
the caskets bearing the American dead
were returned to their families and their
hometown.

The tide of emotion is strong; anger
at this murderous violence against inno-
cent people, sorrow for the families
bereaved, determination that the noble
work in which our diplomats were
engaged will go forward. And yet,
beyond emotion in that Air Force
hangar at Andrews was a profound
reminder of our common humanity:

- Our deep feelings for the families
who shed their tears and will miss the
touch, the warmth, of loved ones;
- Our respect and appreciation for
the Foreign Service family, for people
who serve the United States around the
world, often at hazard, always in the
cause of peace and justice; and
- Our pride in our country that has
such men and women in its service—a
proud calling, a selfless calling.

As our representatives, our
diplomats tend to our relationships
around the world. They explain our
society to others and in return convey
the viewpoint of other governments and
peoples to our own. In so doing, they
foster America's goals of peace, well-
being, and freedom.

All of us here today, whatever our
nationality or religion, are bound by
common devotion to the cause of peace.
On behalf of those who fell in Beirut, we
offer our prayers. In their honor and
memory, we offer our pledge never to
flag in pursuit of peace.

¹Text from Weekly Compilation of
Presidential Documents of Apr. 25, 1983.

²Press release 110 of Apr. 19.

³Text from White House press release.

⁴Press release 129 of Apr. 27. ■

Secretary's Interview on the Middle East

On April 22, 1983, Secretary Shultz was interviewed by Meg Greenfield, editorial page editor of The Washington Post. The following text was published in the Post on April 24.

Q. First on the September 1 peace plan, is it dead as people keep writing and saying outside of government?

A. I don't think so. It seems to me that the desire, the need for peace is not dead. It's very much alive. There's a yearning for it. Every event that happens only emphasizes its importance, and, if that's your premise, then somewhere along the line you have to find your way to the parties in the region sitting down together and talking about it. That's the essence of the President's plan, the essence of the Camp David accords.

Within that framework you have to find your way to secure arrangements for Israel and some manner of recognizing the legitimate needs and aspirations of the Palestinian people. The President's plan does those things, and I think, therefore, that it must carry on. We expect to keep working on it.

Q. How do you get [Jordan's] King Hussein to join in the talks, after he has said he can't?

A. Obviously, it isn't easy, and there are plenty of problems. However, I think that we'll continue to work at all aspects of the problems. It does seem to me that there's a certain shock that has taken hold, as I read the cables from the various Arab capitals, in which people are saying to themselves, "Are we really going to pass this up? Maybe we can't afford to do that." I think it's well for them to talk among themselves and see if they aren't missing the boat.

Q. Do you think that Hussein would have made the statement he made if the Israelis and Lebanese had been able to work out a plan, an agreement, for the evacuation of Israeli troops? Do you think Lebanon is one of the principal problems for Hussein?

A. It's hard to say. It's something that's really impossible to make a categorical statement about. But I do have the distinct feeling that King

Hussein was ready to enter the peace process with the right kind of Palestinian delegation, and that at one point—the weekend before last I guess it was—he had the kind of arrangement with Mr. Arafat [Yasir Arafat, chairman, Palestine Liberation Organization (PLO) executive committee] that would have permitted him to do that—permitted him in the sense that he wouldn't have been undercut by Palestinians or his fellow Arabs.

If that's the case, then he was ready to go under the conditions that existed then, but the PLO wouldn't accept that agreement, and that's what brought about these statements.

Q. What agreement do you mean, between the—

A. It can't be called an agreement because it didn't finally hold, but, as I understand it, King Hussein and Mr. Arafat worked out an understanding of conditions that were acceptable to King Hussein and seemed to be reasonable, whereby King Hussein would enter the peace process or make a statement that he was ready to do that, and that he would have a Palestinian delegation that consisted of legitimate Palestinian people who could claim to be genuinely representative, but who were not members of the PLO.

Q. It was reported in the *Wall Street Journal*—Karen House's article—that President Reagan had assured the King that he wouldn't press him to join the talks until the Israelis had agreed to freeze the settlements. Is that the case, and is that still part of the problem, if it is?

A. I don't think it was part of the problem of the King's announcement, because in the President's September 1 speech, he said that it was his view that there should be a freeze on settlement activity. We have consistently continued to emphasize the importance of that because, after all, you're talking about a negotiation dealing with an area, and, if the area is being changed while you are in the process of negotiating or considering negotiating, it's tough to make that negotiation as meaningful as it otherwise might be.

The President has always had that position. What he said to King Hussein was that he would continue to advocate

that position, but if the King announced his readiness to enter the peace process then we would press harder on the settlement activity. We'd have some press with, so to speak, when you the Israelis, "Why don't you slow or freeze the settlement activity—we can have another Arab leader bargaining table?" They say, "We mean one."

If we were able to have this agreement, then it might be more reasonable to talk about this matter, and ineffective. The King was told that we wouldn't press him to enter negotiations until something had been obtained might have decided to enter and that his first point of discussion.

King Hussein was assured by that the President would continue to maintain the position in the Sept initiative, and we have told every man that continuously—every Arab government that has tried to change the King's position, and, for that matter, Israeli questions about it. The President has maintained a steadfast position there, and fundamentally that's assured King Hussein he would.

But I think there is a distinction here between a situation where there's no expressed willingness on the King Hussein or other Arab leader to enter the peace process while the settlement activity, and a situation where King Hussein is ready to sit down and negotiate these, and I've committed myself that, but before I actually sit down I think there ought to be some act of this." Those are two different situations.

What the President said was to enter the negotiation, say you're ready to enter the negotiation, I will meet you to actually sit down at the bargaining table unless we can find some way to freeze."

Of course, King Hussein might decide to sit down anyway and so I first thing I want to talk about is the settlement freeze." But we haven't gotten to that point.

Q. Is there anything that you expect you could get from the Israelis that King Hussein could in turn get the PLO back into this activity terms of either Lebanon or settlements?

A. I think the PLO people have to make up their own minds, and I think that we should be worrying

g of additional things to induce change their behavior. The nt has put a very forthcoming gative program on the table when read with the full Camp rds, the processes and coms in them, give, I should think, a sense of hope to Palestinian e particularly those living in the West d Gaza Strip. So that's enough ink that particularly people who o lead a group like Palestinian n the Middle East, and to pre- interests of those people as eings, have to come forward at age of the game and influence nking.

believe you said at some point press conference that the PLO feited its mandate to speak for Palestinians. Who would be the nians who could come forward place? Would they be West alestinians? How could that be about?

ve forgotten precisely what the ere that I used. I don't think I feited," but I did say if they are der ship of a group and there's untiny for something construc- they don't do it, it certainly question whether or not they ntinue to have that leadership. ik that that's true. I used the se it or lose it." What other 'alestinian representation there emains to be seen, but there rts of possibilities.

bring in possibly West Bank or some other Palestinians, and this be done or in what

ave some ideas, but I think ritical to find the ideas that the ll be comfortable with. Right nk it's up to them to find those o find a way into this peace

we could go back to Lebanon ment, what is possible in the ssuring or reassuring the hat the apparently ened Syrian forces will abide raeli-Lebanese agreement for ation of foreign troops from ? How do you see that playing

he Syrians have said consistent- ey will withdraw as Israel s, assuming that the Govern- ebanon asks them to do so.

I'm sure the government will ask them to do so.

They seem to have changed their pitch here in the last week or so. Maybe that represents a sense on their part that perhaps there will be an Israeli-Lebanese agreement, and they'll then have their commitment called. But I think basically we are engaged in a process there where we first have to find the conditions under which Israel will withdraw, and I think those have to be conditions that are consistent with the sovereignty and dignity of Lebanon and provide adequate security for Israel so that we get genuine full withdrawal by Israel.

Once a satisfactory agreement is reached—assuming that it will be reached, and I think that it's possible all right—then we have to say to the Syrians, "All right, the Israelis have agreed to withdraw, now it's up to you," and try to work out some sort of schedule.

Q. Do the Russians have to be brought back more into the diplomacy in the Middle East now, given that heavy involvement with the Syrians?

A. I think Syria is, I presume, a sovereign nation and can make up its mind what it is going to do. But, from our standpoint, I think the first thing is to work on an agreement between Israel and Lebanon, and then on the basis of that agreement, call upon Syria and the PLO and others who are there to withdraw from Lebanese territory and get on with the job of reconstruction of Lebanon and reconciliation of Lebanon. There are plenty of problems for Lebanon to face, and we want to be helpful to Lebanon in that regard.

Q. It is feasible to you, then, that the Israelis themselves would reach an agreement with the Lebanese without guarantees of the Syrians or, for that matter, the PLO abiding by its terms.

A. I think that the agreement between Lebanon and Israel will deal with the relationship between those countries and the security arrangements in southern Lebanon.

I am sure also that the Israelis will condition their withdrawal on the withdrawal of the other occupying forces. So there is that much of a connection there.

Q. How would you characterize the state of our relations with the Israelis on these questions now? Are we pushing; do we need more

leverage; are we in disagreement on, let us say, things beyond the settlements and in the evacuation talks themselves?

A. I think the basic fact that makes an agreement between Lebanon and Israel very likely and desirable for both parties is that they agree on the essential ingredients. That is, they both want a secure southern Lebanon. Neither wants to see PLO terrorist groups reenter that country, and particularly that area. So it isn't as though they're at cross purposes. They have the same objective. That being the case, the construction of security arrangements is not a matter, you might say, of high principle or strategy or something like that. It's a question of working out in a kind of tactical way what those arrangements are, consistent with Lebanese sovereignty, and give assurance of security in the area. Both parties want it.

I think in that environment, we—and particularly in the person of Phil Habib and Morris Draper [Ambassador Philip C. Habib, special representative of the President to the Middle East, and Ambassador Morris Draper, special negotiator for Lebanon]—have been very helpful in trying to develop the modalities for that. As I have been talking with them and reviewing the situation regularly and talking with the Israelis and the Lebanese when they were here a few weeks ago, I think you can see a tremendous amount of accomplishment.

It isn't as though they're just at a dead end and haven't gotten anywhere. They have gotten a long distance, but they haven't quite reached the end of the road.

Q. On the settlements, and the idea of the freeze on the settlements, there doesn't seem to be any progress from our point of view, does there, toward that?

A. I can't see any, no.

Q. What can we do to encourage progress, or what leverage do we have?

A. I continue to feel that the great leverage involved is the leverage of potential peace. I felt that all along, and I felt that for years as I visited around in the area. It was that magical possibility that turned people on so much when President Sadat made his bold move.

I think that is the basic ingredient

and at the same time it's hard to exercise that ingredient until there is a visible willingness on the part of the Arab world personified by somebody, some country, to say I am ready to sit down and discuss peace with Israel.

King Hussein wants to do that. He has told us that, and he said so publicly. But he needs to have support in the Arab world to do so and to do so effectively.

Q. How do you account for Mr. Arafat's apparent change of mind, the collapse of the arrangement between him and the King?

A. I read all sorts of things about the PLO, but I don't have an answer for that question. I could speculate about it, but it wouldn't be particularly useful.

The basic fact is that there was a very reasonable proposition in front of him that could and eventually will result in a better life for Palestinians. Somehow in the processes of the organization called the PLO, they were not able to affirm that proposition. It's too bad. Why, exactly, I don't know.

Q. Do you read the bombing of the embassy in Beirut as having had any impact on the larger policies in the area, in terms of this settlement?

A. If anything, it makes us more determined. I suppose it raises the consciousness of everybody about the genuine security concerns that you must have in that area, although I think the bombing of an embassy or a building somewhere is something that could happen anywhere in the world. We've had lots of bomb scares around buildings in San Francisco. Actual bombs go off in lots of buildings in this country. It's a tragic affair, and it highlights these concerns. When you talk about the President, I think it makes him even more determined to press on and try to bring about a more peaceful environment.

I do think that there will be a genuinely more peaceful environment in Lebanon when the foreign forces leave because there are elements in the forces in the Syrian sector, PLO and Iranian elements, that are actively disrupting. When they leave the country, there will be a better control over the situation.

Q. Is it your analysis or understanding that the Iranian group that claimed responsibility for this was, in fact, the one who did it?

A. I am not aware that there is a smoking gun, so to speak, that has been identified. A group has claimed the credit, and the fact that they would use a word like that for the event is a commentary on them. But, at any rate, there are various other bits and pieces of circumstantial evidence that point in that direction, but there is no real hard proof.

Q. Talk a bit, if you will, about how you hope to gin things up on your trip, get things going again on the September 1 peace plan; what you hope to do.

A. I've been involved in lots of negotiations over a period of time. I just sort of get into them and try to see what seems reasonable and talk to people. That is about what I will do.

First, our emphasis will be in the trip on the Israeli-Lebanon negotiations in trying to get that settled, or as close to settlement as possible. Following that, of course, to follow on, if we have the opportunity, to get the conditions for Syria and PLO and other withdrawals as well.

At the same time, we will be working on the peace process but starting with the Camp David partners, so my first stop will be in Cairo. We will talk with the Egyptians, and we plan to have a meeting there of the ambassadors from the key countries involved. We'll have a good amount of time with them.

They're an extremely able group, very well informed. I expect to learn something from the discussions, and perhaps they'll all learn something from the interaction involved. Phil Habib will be there and Morrie Draper as well. We will sort of make our initial plan and go on from there to Israel and Lebanon.

I hope that as the time goes on I'll have an opportunity to visit Amman and Riyadh, but I think we have to concentrate first on—

Q. On this trip?

A. We have to concentrate first on the Camp David partners and on the Israeli-Lebanon arena. Of course, that also leads to Syria. And if we have something to talk with Syria about, namely, an agreement between Israel and Lebanon for Israeli withdrawal—

Q. You would go to Syria?

A. Then, we naturally want to take the next step and arrange for Syrian withdrawal. I think the way for me to think about this now is that I'm going to go to Cairo, and I'm going to talk to the Lebanese and the Israelis, and we are

interested in the evacuation of Lebanon. And, of course, we're interested in peace process, but we'll start that and we'll see how it unfolds and try to do sensible things as we go along.

Q. Do you intend to go to Jordan or is that also contingent?

A. I would certainly hope very to have a chance to visit with King Hussein and King Fahd [of Saudi Arabia] as well as Mr. Assad [of Syria]. But I think the priority has to be opening the Lebanon situation straight out.

Q. Are there any Palestinians, official or unofficial, leaders that you expect to be talking with.

A. No, I certainly have no plan to meet with anyone from the PLO, it is what you're getting at.

Q. Informal meetings in the libraries of hotels?

A. No meetings.

Q. There is a view that the Israelis, by being difficult about withdrawing from Lebanon or to time and making more settlement the West Bank, can in fact, prevent a peace plan that they find uncomfortable from getting anywhere. Do you have a thought about that?

A. I've heard that said a lot and read it in the papers. Against that have to put the fact that a great deal of progress has been made in the negotiations with Lebanon. I personally doubt that the Israelis want to withdraw from Lebanon under the right circumstances. It's not that easy to find the right circumstances. It has certainly taken a lot longer than we expected would like. But, nevertheless, I think that it's possible and do-able. That's side of the equation.

On the settlements, I think it's very important issue. It cuts in both directions. I know that the Israelis strongly that there was a time, before they were the occupying force, but Jews were not welcomed to live in West Bank, and so the settlements a point.

I might note that in the President plan it's very explicit that if the settlers want to stay in their settlement, they stay, but they would live under the jurisdiction of whatever is the jurisdiction of that territory. In the President plan, it's perfectly consistent with living in the West Bank. ■

it of Sultan of Oman



(White House photo by Michael Evans)

His Majesty Qaboos bin Said, Sultan of Oman, made a state visit to the United States April 11-15, 1983. While in Washington, D.C., April 12-15, he met with President Reagan and other government officials.

Following are remarks made by President Reagan and the Sultan at the arrival ceremony on April 12.¹

ARRIVAL CEREMONY, APR. 12, 1983²

President Reagan

Your Majesty, it's always a pleasure for me to meet good friends on behalf of the American people. But welcoming you, a courageous and admirable leader, is, indeed, an honor. I've read of your many accomplishments, your commitment to your people, and your dedication to your ideals. And I've looked forward to this day when we could meet face to face.

The American people are deeply impressed by what you've achieved. Since you assumed leadership, your country's progress—economically, socially, and politically—has established your reputation as a compassionate leader who can get things done. In an inspiring commitment to the long-run interest of your people, you've built a modern education system of which any country would be proud. Similarly, the level of health care available to your people is testimony to the humane character and businesslike efficiency of your leadership, and your building the infrastructure of a modern economy, fulfilling the prerequisites for progress for your people.

We're pleased that as your friends we were able to make some small, but we hope significant, contribution to your bold endeavors. In your 1980 National Day address, you put forth a goal to your people. You said, "Self-reliance is to be the keystone of all our plans for the future." With this as a guidepost, you have moved forward to diversify your economy. Now the people of Oman are able to rely on agriculture, mining, industry, fishing, and other commercial endeavors, in addition to oil, to support an acceptable quality of life. We applaud this farsighted approach and hope that we can continue to play a helpful role.

But, as you're keenly aware, peace and security are irreplaceable ingredients for progress. It is no secret that vital national interests motivate the United States in the Middle East. We and our allies depend on oil originating there, much of it moving close to your shores through the Straits of Hormuz. Yet, unlike another world power which encourages and exploits conflict, the United States sees its interests fulfilled in regional peace and stability. We are thus committed to work with those in the Middle East who need our help to secure peace and to deter outside aggression. To this end, we've made rapid progress in recent years, developing the capability of coming to the assistance of our friends, wherever they may be.

I'd like to take this opportunity to thank you for your support of our efforts to deter aggression. The brutality we've witnessed in Afghanistan—the attempt to suppress an entire population, the debasement of its religion and the use of chemical weapons and other crimes against civilization—suggests that our concerns are well founded.

In recent years you've made many laudable contributions to peace. We appreciate, for example, your continued support for peaceful accommodation between Israel, Egypt, and its other Arab neighbors. The United States remains morally committed to further progress in the direction of peace and security for all the peoples of the Middle East.

The plan I outlined on September 1 last year is still on the table. While there may be bumps along the way, we will not be deterred from our long-term objective, which is a broadbased settlement firmly grounded on UN Security Council Resolutions 242 and 338 and consistent with the Camp David framework.

As we speak now, radical elements are seeking to prevent an agreement which would permit King Hussein of Jordan to join the peace process. The choices facing the Palestinian leaders are clear—either the status quo and the continued frustration of their people's aspirations or a bold and courageous move to break the deadlock. For our part, we will not permit the forces of violence and terror to exercise a veto over the peace process.

Commenting about the conflicts surrounding Israel, you recently observed, "People now want to see the problem solved once and for all in every respect." That is certainly our desire. And I can assure you, we will spare no effort to put an end to the killing and to bring

this dreadful chapter in Middle East history to a conclusion acceptable to all sides. I look forward to discussing this problem and other important matters relating to Middle East peace with you today.

Lasting peace will come when individuals of good will, though in disagreement at times, work together to prevent conflict. We have followed with interest your own efforts to foster regional cooperation, particularly the improvement in your relations with South Yemen. We wish you continued success in your attempts to eliminate the causes of tension and instability in the Gulf.

We're proud to be on your side in your quest for a better life for your people and your search for peace and stability. Relations between our two peoples have spanned a century and a half. I am confident that your visit today will serve to further strengthen the bonds between us. We're happy that you have come to visit. Welcome.

Sultan Qaboos

I greatly appreciate the warm and generous words with which you have welcomed me to your great country today. It gives me particular pleasure that this, my first state visit, should so happily coincide with the 150th anniversary of the establishment of those friendly relations which have remained constant between our two countries to the present day.

That these relations should have stood the test of time with constancy is hardly surprising, for our two peoples share common and deeply cherished traditions which lie at the very foundation of our national existence. Indeed, it was these profound beliefs in tolerance, justice, and determination to defend freedom and to uphold the sanctity of human rights which provided the great impulse which brought men from many parts of the world more than 200 years ago in a pilgrimage to this beautiful land to realize their dream of a new life and to found a nation which would enshrine those principles forever.

Over the years the United States of America has striven unceasingly to make this world a better place for humanity, but nothing you have achieved has surpassed the example of your steadfast championship of those principles often at great sacrifice and in the face of the most daunting obstacles. I and my people who have, ourselves, fought through many bitter years of struggle to maintain our country's

freedom—and will do so again should the need ever arise—are deeply conscious of this, for we know from our own experience that peace must go hand in hand with dignity and freedom of life, if it is to be worth living, can be founded on justice and respect for humanity and that these prizes are easily won or preserved.

I believe that the world has stood in greater need for these values than it does today. In recent years forces of aggression, intolerance, and lawless ambition have increasingly sought to impose their will on mankind. The world has had no respite from continuing threat of instability.

Nowhere has this threat been more acutely felt than in our own region of the Middle East, where we and our brother states of the Gulf Cooperation Council have pledged ourselves together in the closest accord to safeguard our peoples and our architecture.

I welcome the constructive understanding your country is showing in problems which confront our region. And I am convinced that the measures you have taken will greatly contribute to the maintenance of peace and stability there. I also warmly commend the endeavors you have made to help about an honorable solution to the strategic Middle East situation, endeavors which, as you know, our country has unwaveringly supported. It is imperative that efforts to achieve a solution continue not only in the cause of common humanity but because so long as the present situation persists, it will long will it present a continuing threat to world peace and provide the opportunity for those forces which exploit misery and dissension to perpetuate further their own ambitions.

I am sure that my visit will serve as a reaffirmation of the close relationship that has for so long existed between our two countries but will further strengthen the mutual confidence and understanding upon which the relationship rests.

¹Texts from Weekly Compilation of Presidential Documents of Apr. 18, 1975.

²Held on the South Lawn of the White House, where the Sultan was accorded a formal welcome with full military honors.

1984 Assistance Requests Narcotics Control

ominick L. DiCarlo

atement before the Senate Foreign
ns Committee on March 9, 1983.
DiCarlo is Assistant Secretary for
ational Narcotics Matters.¹

ureau of International Narcotics
s proposes an authorization of
illion for fiscal years 1984 and
The Administration has asked the
ess for an appropriation in that
it for fiscal year 1984. Most of the
sed increase of \$13 million over
Administration's 1983 request of \$40
a represents the estimated costs of
stantial expansion of crop eradic-
programs we hope to negotiate this
The 1984 request is \$16 million
he 1983 funding level established
gress through continuing resolu-

S AND OBJECTIVES

Administration's goals and objec-
i international narcotics control
eclared in the Federal strategy
resident Reagan endorsed Octo-

e Bureau's primary mission is to
the flow of illicit drugs from
ources to the United States. An
ted 90% of the illicit narcotics
ied in the United States are of
origin. The worldwide supply of
ana, cocaine, heroin, and other
s is so great and trafficking chan-
the United States so diverse that
interdictions and even crop
tions, when achieved in only one
producing areas, have caused
mporary declines in availability.
e Department's program strategy
efore, predicated on the ultimate
ve of controlling production
neously in all key geographic sec-
illicit drugs exported to the
States, so that significant and
reductions in availability are
d. We believe that preventing
ion and destroying illicit nar-
their source will ultimately
o be the most effective means of
g availability.
eeping with that ultimate objec-
e Bureau's first priority, in

negotiating bilateral agreements and in
discussions on multilateral projects with
international organizations which we
fund, is on crop control—government
bans on cultivation and production, en-
forced by manual or chemical crop
eradication. Our second priority is on in-
terdiction as close to the production
source as possible and supported by
other enforcement activities, and then
on interdiction of drugs as they move
from producing areas and through trans-
it countries to the United States.

The major drug-producing and traf-
ficking countries are parties to conven-
tions which obligate them to control the
production and distribution of illicit
drugs. Our international strategy is
based on encouraging and, where neces-
sary, assisting these countries in
meeting their responsibilities for reduc-
ing the cultivation, production, and traf-
ficking in illicit drugs within their
borders.

HIGHLIGHTS OF PROPOSED BUDGET

Our requested authorization supports a
proposed budget for FY 1984 of \$53
million, an increase of \$13 million over
the Administration's FY 1983 congressio-
nal request and \$16 million over the
FY 1983 budget established by continu-
ing resolution.

The increase consists primarily of
proposed additional expenditures for
crop eradication programs in South
America. We hope that we can suc-
cessfully negotiate agreements in FY
1983 to control coca production in
Bolivia and marijuana and coca produc-
tion in Colombia.

Proposed expenditures for Latin
America are \$30 million, an increase of
\$13 million over FY 1983 planned ex-
penditures. The budget for East Asia is
\$8.9 million, a proposed increase of \$1.3
million; the budget for Southwest Asia is
\$4.7 million, a proposed increase of
\$750,000.

These increases would raise expendi-
tures for country programs by \$15
million from \$28 million in 1983 to \$43.7
million in FY 1984. The budget also in-
cludes \$2.6 million for international
organizations; \$400,000 for demand

reduction; \$3.5 million for training; and
\$2.9 million for program development
and support.

Our responsibilities and programs in-
clude policy development; diplomatic in-
itiatives; bilateral and multilateral
assistance for crop control, interdiction,
and related enforcement activities in
producer and transit nations; develop-
ment assistance; technical assistance for
demand reduction; and training for
foreign personnel in narcotics enforce-
ment and related procedures.

LATIN AMERICAN REGIONAL STRATEGY

Latin America is the source of cocaine,
the major source of marijuana, and the
transshipment center for most of the il-
licit methaqualone entering the United
States. Our FY 1984 request is based on
our engaging in crop control programs
in Colombia—the key marijuana produc-
ing country in the area—and in Bolivia
and Peru—the two principal producers
of illicit coca—while continuing our
support of the successful Mexican eradic-
ation programs and selected interdiction
projects. Our budget request also allows
for support of an agreement to assist
the Colombians in an expanded coca con-
trol program.

Country Programs

Particular attention is being focused on
Colombia, which produces an estimated
86% of marijuana imports—79% of the
U.S. supply—exports up to 75% of the
cocaine consumed in the United States,
and has been the major transit point for
illicit methaqualone entering the United
States. Our concerns about this produc-
tion and trafficking in marijuana and co-
caine were expressed by President
Reagan during his Colombia trip in
December. Our budget is predicated on
Colombia undertaking a program for
marijuana eradication while continuing
and, hopefully, expanding its coca con-
trol program.

In 1981, the Colombian interdiction
program supported by the Bureau seized
3,310 metric tons of marijuana, a 345%
increase over 1980, and 66 million units
of illicit methaqualone, a 380% increase.
In 1982, Colombian officials seized
another 3,409 metric tons of marijuana,
41 million units of methaqualone, and
881 kilograms of cocaine. The manual
destruction program the Bureau sup-
ports resulted in the destruction of some
9 million marijuana plants and 29 million

coca plants during 1982. A new bilateral extradition treaty with Colombia is now in force, and a legal mutual assistance treaty is pending ratification by Colombia. Our request for FY 84 is \$8.9 million.

We are attempting to negotiate a plan for assisting Bolivia in a crop control program which could reduce its enormous coca cultivation to levels required for legitimate purposes. Our FY 1984 request is predicated on concluding and implementing such an agreement. Our funding, which was limited to \$240,000 in administrative support costs during FY 1982, was increased to \$900,000 in FY 1983 to start this program. We project that \$7.7 million is needed in FY 1984 for a major crop control and interdiction program.

We entered into an agreement with Peru on a coca control program in August 1981, concurrent with AID's [U.S. Agency for International Development] 5-year rural development program. We have expressed concern about delays in this project and were reassured by the Peruvian Government in January that the crop control program required by our agreement would be implemented in the Upper Hualлага Valley this year. The Bureau continues to support Peruvian narcotics enforcement agencies. Reports for 1982 indicate that seizures of cocaine and cocaine paste and base were down from 1981 levels but that the amount of dried coca leaf rose sharply from 26,781 kilograms to 85,454 kilograms, and that 178 jungle-based coca labs were captured compared to 53 in 1981. These reports indicate that the amount of leaf captured was equivalent to 850 kilograms of cocaine paste, a partial offset against the decline of 1,681 kilograms in cocaine paste seizures. We have budgeted \$4 million for Peru in FY 1984.

We are requesting \$8.5 million to support Mexican narcotic control programs. Mexico once supplied the bulk of the heroin imported into this country, but a U.S.-supported Mexican aerial eradication program substantially reduced heroin production from the high level of 6.5 tons in 1975 to an estimated 1.6 tons in 1981. From December 1981 to December 1982, the Mexican Government reported spraying 15,956 opium fields, totaling 943 hectares and 11,046 marijuana fields, totaling 788 hectares.

We have budgeted \$400,000 for support of Ecuador's interdiction program and \$650,000 for projects in the Latin American region.

The Department recently facilitated

cooperation between the Governments of Mexico and Belize which resulted in aerial eradication of marijuana in Belize. We also helped establish a new working relationship between the Government of Mexico and the U.S. Coast Guard.

The Secretary of State is a member of the South Florida task force and, while our primary assignment in task force directives is to pursue crop control agreements with Colombia, Bolivia, Peru, and Jamaica, the Department has undertaken a variety of programs in the Caribbean region. Our expenditures of approximately \$5 million in the 5 years ending in FY 1982 included funding for a project by Colombian Customs to interdict trafficking in the Caribbean, as well as a special project by the Colombian Navy for narcotics patrols in the Caribbean and Pacific.

We have provided small patrol vessels to the Government of the Bahamas to increase the mobility of its narcotics forces. We have also provided telex equipment and language instruction to facilitate cooperation by Bahamian police. We assisted the Haitian Navy in rejuvenating its fleet for narcotics patrols in the Windward Passage, a key route between Colombia and Florida. The Haitian Navy, which provides information on suspect ships to our Coast Guard, seized a boat carrying nine tons of marijuana in January. Our efforts in this region have also included cooperation with the Coast Guard on the establishment of a telex link between selected Caribbean and Central American countries and the Coast Guard for transmitting vessel tracking intelligence. We have provided a launch to the Turks and Caicos.

In Central America, we have provided some telecommunications equipment to Costa Rica; communications and laboratory equipment to the Panamanian National Guard; radios and vehicles to the Honduran police; and we will provide vehicles and other commodities to Belize to support future eradication programs.

We cooperate with governments on the development of local police and customs capabilities to enforce domestic narcotics laws by funding training of foreign enforcement personnel by the Drug Enforcement Agency and Customs. In just the past 2 years, 225 persons from Caribbean countries, as well as 233 persons from Central America and Mexico, received Bureau-funded training—20% of all foreign nationals receiving such training in these 2 fiscal years. In the past 5 years, a total

of 807 officials from this region have received Bureau-funded training, including 475 from the Caribbean area from Central America—among them officials from the Bahamas. Other officials in the State and Justice Departments are actively exploring with various Caribbean countries mutual legal assistance and extradition treaties to strengthen bilateral cooperation in criminal law enforcement matters, including the sharing of financial information that is critically needed to deter traffickers of their profits.

SOUTHWEST ASIAN NARCOTIC CONTROL STRATEGY

Afghanistan, Iran, and Pakistan are principal sources of the opium from which over half of the heroin entering the United States is processed. For reasons not related to narcotics, we have not executed agreements with Iran or Afghanistan. Our regional strategy therefore, centers on Pakistan as an opium producer, a heroin refiner and transshipment point for other Southwest Asian opium, and, on Turkey as a principal conduit of opiates moving from Southwest Asia to Western Europe and the United States.

Country Programs

In 1979, the Government of Pakistan banned the opium poppy. This ban forced in the "settled" areas, a ban which describes those areas effective under central government control. Government authority is being exercised in the "merged" areas of the North Frontier Province; the central government's authority is only partially operative in such areas at present. Merged areas account for about 80% of Pakistan opium production. How large "tribal" areas of the province where about 20% of the opium is cultivated, government authority has been exercised through agreements which allow tribal leaders much autonomy. The presence of over 2 million Afghan refugees adds to the difficulties in Pakistan.

Several actions by the Pakistani Government are important. In 1979, the Pakistani Government eradicated opium in the Buner area of the North West Frontier Province where a development project is operating. In early 1982 the Government set

laboratory in the tribal territory province—for the first time since overcoming armed tribal resistance. In December, tribal leaders decided the closing of another two heroin laboratories in the Khyber Pakhtunkhwa, after meetings with government officials.

During separate visits to the United States, President Zia and Governor Haq of Northwest Frontier Province reaffirmed Pakistan's commitment to its opium ban. Pakistan has agreed to lift its ban on opium cultivation in areas where it receives development assistance. The Bureau's rural development project in the Malakand Agency is designed to encourage farmers to grow crops and seek other income sources, and to provide infrastructure assistance.

A \$3.55 million requested for FY 1984 provides greater assistance for the reduction of poppy cultivation and for enforcement against processing and trafficking. The development project in the Malakand Agency has been funded for the final year in FY 1984. It is expected that by FY 1984 AID will be in the implementation stage of a similar project-related development project in Northwest Frontier Province covering an area which will enhance enforcement of the poppy ban; the control objectives of the AID project are supported with Bureau development assistance. Pakistan has also implemented restrictive "poppy clauses" which permit the government to keep general economic assistance projects free of opium poppy. These arrangements assure that opium production and/or heroin processing will not be enhanced by U.S. economic assistance.

The Bureau continues commodity interdiction assistance to Pakistani reinforcement agencies to upgrade capabilities. A seizure of 396 kilos of heroin in Peshawar in December 1982 was the world's largest seizure of heroin in a year, of over 1,500 kilos seized by Pakistani authorities in 1982.

The key has demonstrated the capability for effective opium crop control and narcotics interdiction. Since the early 1970s, Turkey has prevented illicit diversions from its opium cultivation. Our request for \$1 million provides funds for equipment and training for the Turkish National Police and the Jandarma to upgrade communications, and to enhance laboratory competence to combat drug trafficking—equipment and

training that cannot be fully supplied from Turkey's own resources. Both the Thai police, which is responsible for drug law enforcement in the urban areas, and the Jandarma, which has antimuggling responsibility throughout the country, have the skills and motivation to utilize effectively the assistance provided.

SOUTHEAST ASIAN REGIONAL STRATEGY

Southeast Asian heroin accounted for about 10% of the heroin entering the United States in 1981, according to the Drug Enforcement Administration. The Golden Triangle produced 600 tons of opium in the 1981 and 1982 crop years, after 2 years of drought. There is potential for Southeast Asian traffickers to attempt to recapture a greater share of the U.S. heroin market. The Department will, therefore, continue to emphasize its crop control objective in its discussions with these governments. However, for numerous reasons, our regional program must include interdiction and suppression of heroin laboratories as well as crop control. For example, we cannot operate a crop control program in Laos, most poppy growing areas of Burma are outside the government control, and location of heroin labs near the Thai-Burma border has made such interdiction operations successful.

We will continue enforcement assistance to help consolidate recent government, military, and police actions which have driven the major Golden Triangle heroin "warlord" from areas in Thailand along the Burma border and disrupted several of the heroin trafficking organizations. A sustained effort against the drug-supported warlords coupled with strict controls by governments in the area on chemicals used in heroin refining would advance the goal of disrupting and ultimately suppressing heroin production.

Country Programs

The Royal Thai Government has mounted sizeable military operations since January 1982 against the Shan United Army, the principal trafficking group on the Thai-Burmese border, and are continuing the pressure against it and other illicit drug trafficking groups with narcotics-targeted military companies permanently deployed in the area. These actions have disrupted trafficking and refining activities. The Government has also been effective in

reducing the availability of precursor chemicals used in converting opium to heroin, which contributed to reduced production of heroin and morphine base; however, these chemicals are increasingly available from other sources in the region. We will use diplomatic initiatives to encourage tighter controls on precursor chemicals throughout the region. We will continue to support crop control-related development assistance projects in Thailand when there is a concurrent Thai commitment to crop control. The \$680,000 in our budget will be available for ongoing and anticipated projects of this nature as well as to support the Thai crop assessment program. While the Thai Government has not enforced its opium poppy ban in areas which have received crop substitution assistance, it has promised to produce an opium poppy control strategy in early 1983. We have budgeted \$2.7 million for support of our projects in Thailand.

We will continue support for the Burmese Air Force's capability to airlift ground forces engaged in poppy eradication and interdiction operations and thereby contribute to Burma's goal of ultimate self-sufficiency in aviation maintenance. Our budget increase also provides for expanded training and for improved telecommunications. The Burmese Government reports increased crop destruction including areas where the Burmese Communist Party is involved in trafficking. We have budgeted \$5.8 million for support of Burmese projects.

DONOR COUNTRY INITIATIVE

The U.S. narcotics control strategy includes diplomatic initiatives to achieve greater participation by and program coordination with other governments. In recent months, the Bureau of International Narcotics Matters, with explicit support from Secretary Shultz, has been conducting discussions with Governments of Canada, Europe, and Japan to seek greater international narcotics control efforts from them, both bilaterally and through international organizations. We particularly want to coordinate U.S. narcotics control initiatives and our program assistance to producing and transit countries with those of European governments. For example, through the United Nations or bilaterally, the Federal Republic of Germany is participating in control programs in Pakistan and Turkey, the Norwegian Government is active in crop control in Burma, and Australia is active in

Thailand. Italy and Sweden have indicated interest in supporting development programs to achieve coca control.

U.S. drug enforcement agencies and our diplomatic missions maintain productive working relations with their European counterparts, which are improving as Europeans recognize the long-term implications of drug abuse on their societies. European governments are assigning greater numbers of narcotics enforcement advisers to their diplomatic missions in producing countries. Diplomatic and program assistance coordination with the Europeans continues to be conducted through international organizations, particularly organs of the United Nations. We are encouraged by increased attention being given the narcotics issue by some foreign ministries and political leaders.

INTERNATIONAL ORGANIZATIONS

Since its founding in 1971 with U.S. sponsorship, the UN Fund for Drug Abuse Control (UNFDAC) has been a vehicle for raising international consciousness about illicit drug issues and for implementation of crop control, enforcement, and demand reduction programs. The fund also brings the prestige of the United Nations to the issue of narcotics control. While UNFDAC projects complement U.S. programs in some countries, it has carried out projects in other areas when the United States could not because of political or other considerations. We have budgeted \$2.5 million as our contribution to UNFDAC in FY 1984. We are also budgeting \$75,000 for support of the Colombo Plan.

CONCLUSION

In sum, we are pursuing the Administration strategy of increasing crop control and interdiction in the source countries. The Bureau's requested authorization for FY 1984 and 1985 anticipated a continuation and expansion of crop control and interdiction efforts in major producing and transit countries. Our requested increase centers on the coca and marijuana threat from South America, while expanding our efforts to reduce the influx of heroin from Southwest and Southeast Asia.

¹The 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. Oceans Policy

PRESIDENT'S STATEMENT, MAR. 10, 1983¹

The United States has long been a leader in developing customary and conventional law of the sea. Our objectives have consistently been to provide a legal order that will, among other things, facilitate peaceful, international uses of the oceans and provide for equitable and effective management and conservation of marine resources. The United States also recognizes that all nations have an interest in these issues.

Last July I announced that the United States will not sign the UN Law of the Sea Convention that was opened for signature on December 10. We have taken this step because several major problems in the convention's deep seabed mining provisions are contrary to the interests and principles of industrialized nations and would not help attain the aspirations of developing countries.

The United States does not stand alone in those concerns. Some important allies and friends have not signed the convention. Even some signatory states have raised concerns about these problems.

However, the convention also contains provisions with respect to traditional uses of the oceans which generally confirm existing maritime law and practice and fairly balance the interests of all states.

Today I am announcing three decisions to promote and protect the oceans interests of the United States in a manner consistent with those fair and balanced results in the convention and international law.

First, the United States is prepared to accept and act in accordance with the balance of interests relating to traditional uses of the oceans—such as navigation and overflight. In this respect, the United States will recognize the rights of other states in the waters off their coasts, as reflected in the convention, so long as the rights and freedoms of the United States and others under international law are recognized by such coastal states.

Second, the United States will exercise and assert its navigation and overflight rights and freedoms on a worldwide basis in a manner that is consistent with the balance of interests

reflected in the convention. The United States will not, however, acquiesce in unilateral acts of other states designed to restrict the rights and freedoms of the international community in navigation and overflight and other related high seas uses.

Third, I am proclaiming today exclusive economic zone in which the United States will exercise sovereign rights in living and nonliving resources within 200 nautical miles of its coast. This will provide U.S. jurisdiction over mineral resources out to 200 nautical miles that are not on the Continental Shelf. Recently discovered deposits there could be an important future source of strategic minerals.

Within this zone all nations will continue to enjoy the high seas rights and freedoms that are not resource related, including the freedoms of navigation and overflight. My proclamation does not change existing U.S. policies concerning the Continental Shelf, marine mammals and fisheries, including highly migratory species of tuna which are not subject to U.S. jurisdiction. The United States continues efforts to achieve international agreements for the effective management of these species. The proclamation also reinforces this government's policy of promoting the U.S. fishing industry.

While international law provides a right of jurisdiction over marine scientific research within such a zone, the United States does not assert this right. We have elected not to do so because of U.S. interest in encouraging marine scientific research and avoiding any unnecessary burdens. The United States will, nevertheless, recognize the right of other coastal states to exercise jurisdiction over marine scientific research within 200 nautical miles of their coast, if that jurisdiction is exercised reasonably in a manner consistent with international law.

The exclusive economic zone established today will also enable the United States to take limited additional steps to protect the marine environment. In this connection, the United States will continue to work through the International Maritime Organization and other appropriate international organizations to develop uniform international measures for the protection of the marine environment while imposing no unreasonable burdens on commercial shipping.

The policy decisions I am announcing today will not affect the application of existing U.S. law concerning the seas or existing authorities of any Federal Government agency.

addition to the above policy steps, the United States will continue to work with other countries to develop a policy, free of unnecessary political and other restraints, for mining deep-sea minerals beyond national jurisdiction. Deep-sea mining remains a matter of exercise of the freedom of the seas open to all nations. The United States will continue to allow its firms to explore for and, when the market permits, to exploit these resources. The Administration looks forward to working with the Congress on legislation to implement these new policies.

PROCLAMATION 5030, MARCH 2, 1983¹

WHEREAS, the Government of the United States of America desires to facilitate the development and use of the oceans consistent with international law;

WHEREAS, international law recognizes a zone beyond its territory and adjacent territorial sea, known as the Exclusive Economic Zone, a coastal State may retain sovereign rights over natural resources and related jurisdiction; and WHEREAS, the establishment of an Exclusive Economic Zone by the United States promotes the development of oceans and promotes the protection of the environment, while not affecting peaceful uses of the zone, including the uses of navigation and overflight, by States;

THEREFORE, I, RONALD REAGAN, by authority vested in me as President by the Constitution and laws of the United States of America, do hereby proclaim the rights and jurisdiction of the United States of America and confirm also the rights and freedoms of all States within the Exclusive Economic Zone, as described

in the Exclusive Economic Zone of the United States is a zone contiguous to the territorial sea, including zones contiguous to the territorial sea of the United States, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands (to the extent consistent with the Covenant and the United Nations Trusteeship Agreement), and the United States overseas territories and possessions. The Exclusive Economic Zone extends to a distance 200 nautical miles from the line from which the breadth of the territorial sea is measured. In cases where the boundary with a neighboring State remains to be determined, the boundary of the Exclusive Economic Zone shall be determined in accordance with equitable principles.

Within the Exclusive Economic Zone, the United States has, to the extent permitted by international law, (a) sovereign rights for the purpose of exploring, exploiting, conserving and managing natural resources, both living

and non-living, of the seabed and subsoil and the superjacent waters and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds; and (b) jurisdiction with regard to the establishment and use of artificial islands, installations and structures having economic purposes, and the protection and preservation of the marine environment.

This Proclamation does not change existing United States policies concerning the continental shelf, marine mammals and fisheries, including highly migratory species of tuna which are not subject to United States jurisdiction and require international agreements for effective management.

The United States will exercise these sovereign rights and jurisdiction in accordance with the rules of international law.

Without prejudice to the sovereign rights and jurisdiction of the United States, the Exclusive Economic Zone remains an area beyond the territory and territorial sea of the United States in which all States enjoy the high seas freedoms of navigation, overflight, the laying of submarine cables and pipelines, and other internationally lawful uses of the sea.

IN WITNESS WHEREOF, I have hereunto set my hand this tenth day of March, in the year of our Lord nineteen hundred and eighty-three, and of the Independence of the United States of America the two hundred and seventh.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 14, 1983. ■

Export Control of High Technology

by William Schneider, Jr.

Statement before the subcommittee on International Finance and Monetary Policy of the Senate Committee on Banking, Housing, and Urban Affairs on March 2, 1983. Mr. Schneider is Under Secretary for Security Assistance, Science, and Technology.¹

As part of your Subcommittee's review of the Export Administration Act of 1979, you have asked me to outline the Department of State's responsibilities under this act. I shall also describe some of our negotiations with our allies to strengthen the coordinating committee for Multilateral Security Export Controls (COCOM). I am particularly pleased to have this opportunity since the Administration has undertaken vigorous efforts in working with our allies to reduce the transfer of militarily significant technology and equipment to the Soviet Union and the Warsaw Pact.

We know that the development of sophisticated weapons is based on a myriad of advanced supporting technologies that are not innately restricted to military versus civilian applications. Consequently, it becomes increasingly more difficult to identify and control commercial transactions that can support military production and that could constitute a threat to our national security. This underscores the need for increasing Western efforts to develop stronger and more effective controls on

the transfer of technology from the West to the East. The U.S.S.R., for example, has relied on Western high-technology exports in its military buildup, and we know that Western technology has been a significant factor in the Soviet development of advanced missiles as well as in the advancement of industry that supports the Soviet war-making capability.

Current controls are based on the importance of advanced technology in military forces and its supporting industrial sectors and the existence, partly due to government-sponsored research and development and partly due to differences in industrial capabilities, of a technology gap between the United States and the Soviet Union. A technological gap in our favor is also a means of reducing the risk of technological surprise. Technological breakthroughs, given the current rate of technological change, is a real possibility and a real danger to our security in that a particular technological development could give the discoverer a decisive advantage. Consequently, one of the major means of preventing war is to avoid technological surprise.

How the Soviets Obtain Western Technology

The Soviets obtain Western technology illegally through their intelligence services using classical espionage as illustrated by the recent spy cases in Germany and Italy. They also evade export

controls through diversion, retransfer, and dummy companies. One legal way technology is passed to the East is through a kind of buy-back project in which Western companies contract with Eastern states to export factory equipment and the plans for building the plant on credit. It is estimated that these projects involved an exchange of some \$10 billion between the East and the West in 1980. The West in return for its exports receives a share of the products as part payment. An example of this is the Siberian gas pipeline in which pipeline equipment is being bought from the West and the fuel is sold to Western Europe upon completion of the pipeline. The Kama River truck plant was built with the help of U.S. companies using Western technology and U.S. export licenses. The plant has been used to supply trucks for the transport of troops to Afghanistan and the support of Soviet conventional military needs.

Today, there continues to be a serious threat to our national security from Soviet technology piracy, in which an increasing one-way stream of U.S. technology is moving to the Soviet Union. Nearly all new technological developments have direct or indirect military application. The critical importance of our technology loss may be emphasized by the example of the Soviet intercontinental-range missiles achieving improved accuracy through better gyroscope systems. The Soviet gyroscopes were developed using precision bearings produced with advanced grinding machines obtained from the West in the 1970s. Other examples include: U.S.-developed laser optical mirrors with direct military application have been smuggled to the U.S.S.R.; advanced American computerized drafting equipment was diverted to the Soviets through a foreign corporation; the Soviets illegally acquired IBM 360 and 370 computers from the West in 1972. We have noted to our despair that the Soviet RYAD computer series uses the same repair manuals as the IBM computers.

The Soviet technological gains obtained through a carefully crafted acquisition program are providing them with:

- Significant savings in time and money in their military research and development programs;
- Rapid modernization of their defense industrial infrastructure;
- A closing of gaps between our weapons systems and theirs;

- The rapid development of neutralizing countermeasures to our own technological innovations; and

- A freezing of capital to be used in more direct military application.

Facts About COCOM

Before moving to our current negotiations with our allies, I would like to review a few facts about COCOM. The coordinating committee was established as a voluntary organization in 1950. Its present membership includes Japan and all the NATO countries, except Iceland and Spain, but it has no formal relationship to NATO or to any other organization. It is not based on any treaty or executive agreement. The members, therefore, have no legal obligation as such to participate in COCOM or to abide by commitments made there. On the other hand, over its more than three decades of existence, there have been only a few instances when a member nation has exercised its sovereign right to deviate from COCOM decisions. Many of the other member governments continue to make it clear to us that they attach considerable importance to maintaining COCOM's informal nature and the confidentiality of its proceedings.

All important COCOM decisions are made on the basis of unanimity, which is perhaps the basic reason for its durability. For example, no change in the COCOM list can be made, and no specific export of controlled items can be approved, if any member objects.

Traditionally, COCOM has had three major functions.

First is the establishment and updating of the lists of embargoed products and technologies. Although the COCOM lists are not published, they provide the basis for the national control lists administered by each of the member governments. There are three COCOM lists: a list of military items and technologies; an atomic energy list; and a list covering commodities and technologies which can have both military and civil applications. COCOM is now conducting a major review of these lists to insure that they reflect current strategic concerns. Such reviews are conducted about every 3 years.

Second, COCOM acts as the clearinghouse for individual requests submitted by the member governments to permit the shipment of specific embargoed items to the proscribed countries when the risk of diversion to military use is sufficiently small. The

proscribed countries for COCOM poses are the Soviet Union, the Warsaw Pact countries, Albania, People's Republic of China, and all other Communist countries in Asia. COCOM reviews on an annual basis between 1,200 and 1,500 of these export transactions, rejecting those ports which are too risky.

Third, the committee serves as a means of coordinating the administration and enforcement activities of member governments.

COCOM has a permanent secretariat which is located in Paris. Its staff is small—between 12 and 15 members—and its activities are generally confined to translation, transcription, interpretation, and the publication and distribution of documents.

The permanent U.S. delegate to COCOM is the State Department Economic Cooperation Administration (ECA) representative who, for administrative purposes, is attached to our delegation to the Organization for Economic Cooperation and Development (OECD). This position is augmented by scores of technical experts and other U.S.-based officials needed for the negotiations in COCOM.

As part of this Administration's review of the transfer of sensitive technologies to the Soviet Union and other Warsaw Pact countries, we have carefully examined the effectiveness of COCOM. We are confident that the national security controls coordinated through this organization have been useful in restricting exports of technology which license applications have been reviewed by COCOM government.

Without COCOM, competition among Western exporters would have escalated the quality and quantity of technology sales to the Soviet Union and other Communist countries. On the other hand, it became evident during the review that over the years, the Soviet Union and the Warsaw Pact have obtained some equipment and technology of strategic and military importance from the West. This has occurred through violations of the COCOM controls (i.e., illegal shipments of controlled items) or because such items have been multilaterally controlled by COCOM at the time of acquisition. Through diversions or time lags, the multilateral system of export controls coordinated through COCOM, has not always met the challenge posed by the extensive efforts of the Soviet Union and the Warsaw Pact to obtain militarily sensitive equipment and

gies. The Soviet efforts to obstruct Western technology continue to be evidenced by the recent German trade of a Soviet trade of technology is charged with trying to illicitly obtain Western, controlled electronic information.

Export Negotiations

The Administration has undertaken extensive efforts to deal with this serious problem. President Reagan raised the issue of Western technology transfer to the Soviet Union at the Ottawa summit in July 1981. These discussions resulted in a high-level meeting in January 1982, the first bilateral-level meeting in that category since the late 1950s. We were greatly encouraged by the results of this meeting. The member governments confirmed the importance of the issue and agreed on a number of steps for improving its effectiveness. They agreed to strengthen and expand the existing embargo lists, to harmonize the licensing practices of the member governments, and to improve their enforcement operations.

During the past year, we have been working with our COCOM allies to improve these important agreements. We have already mentioned the COCOM list review. For this exercise, the United States has submitted proposals, most of which concern strengthening the enforcement of noncritical equipment and technologies from the lists. This is in addition to another recommendation of the COCOM meeting. Since early October, bilateral delegations have been meeting, on a near daily basis, on the details of these proposals.

The confidentiality of the proposals does not permit me to go into details in this open session. I can indicate that we have already obtained an agreement to a number of proposals and are very close to reaching an agreement on a number of others. In many months of technical discussions ahead, and it is likely that the list review will not be fully completed until the end of this year.

Implementing an export control system is a complex and difficult task. This is also true of our continuing efforts to improve the harmonization of national licensing practices and enforcement activities. We are dealing with the

national administration of controls by 15 individual and sovereign nations, each with its own laws, regulations, and procedures. Our initiatives on harmonization reflect our concern that the differences in national licensing practices at times penalize U.S. firms competitively and can cause loopholes in the common embargo.

At U.S. initiative, last May a meeting of the COCOM Subcommittee on Export Controls was held to review a number of U.S. proposals for strengthening national enforcement activities and harmonizing licensing procedures. This advisory body, composed of national licensing and enforcement officials, agreed to a large number of recommendations which, if implemented by the national authorities, could result in significant improvements in the enforcement activities and a narrowing of the licensing differences of the individual governments. In the full COCOM, the United States is urging the other governments to follow up on a number of these recommendations concerning harmonization of licensing documentation. Furthermore, during this week we have two interagency teams in Europe holding bilateral discussions with our European allies on enforcement and harmonization issues.

One of the more serious problems COCOM faces in improving its effectiveness is the difficulty of controlling the export or reexport of commodities from non-COCOM countries to the Communist states. COCOM countries unfortunately do not constitute a monopoly in the market for all high-technology items. The Soviet Union and the other Warsaw Pact countries are aware of this and are occasionally able to obtain some equivalent high-technology products from non-COCOM sources. There is also a risk of the diversion of COCOM-controlled, COCOM-origin equipment and technologies through such third countries. The United States attempts to deal with this diversion problem in part by requiring licenses for reexports of the U.S.-origin embargoed products from third countries—a so-called extraterritorial action that has been the subject of some criticism. Our COCOM allies cite legal and administrative reasons for not having similar reexport licensing requirements. Nevertheless we have been urging them to institute other effective measures to deal with the problem of diversions from third countries. Furthermore the United States maintains a

dialogue with certain non-COCOM industrialized countries on the export control and diversions problems. I cannot go into details in this open hearing, but I am happy to report that during the past year, we have made considerable progress with several non-COCOM countries to deal with the problem of the diversion of U.S.-controlled commodities.

Beyond leaving the subject of COCOM, I would like to call your attention to the consensus we have reached with our major allies on the need to review together the security implications of various aspects of East-West economic relations. Two important elements of this review are to be carried out in COCOM. There is first the strengthening of COCOM itself. As I have outlined above, we have been working with our allies on this during the past year, and we hope to see further positive steps taken in the months ahead. Secondly, a review of other high technologies, including those with oil and gas applications which may have security implications for the West, is being initiated. In order for COCOM member nations to give timely policy-level guidance to their COCOM delegations in both of these broad areas of activity, we have proposed the scheduling of a second high-level COCOM meeting this spring.

Responsibilities Under the Export Administration Act

Let me move on to the Department of State's responsibilities under the Export Administration Act and other related laws and regulations. The Department's role and responsibilities in the export control area are based in part on the general responsibility of the Department for advising the President on the conduct of foreign policy and in part on specific legislative and executive directives, including the Export Administration Act of 1979, the Arms Export Control Act of 1976, and Executive Order 11958. They are also based on the fundamental relationship between export controls and our overall policy toward other nations.

The State Department plays a major role in the administration of three distinct types of export controls: (1) munitions, administered by State; (2) nuclear materials, administered by the Nuclear Regulatory Commission and the Department of Energy; and (3) other items administered by Commerce under

the provisions of the Export Administration Act of 1979. I will limit my remarks to the third category since this is the subject of your hearing today.

National Security Controls

The Department of State participates actively in the formulation of U.S. national security export control policy and decisionmaking on the various interagency committees set up for this purpose. These include the Advisory Committee on Export Policy (ACEP) chaired by the Department of Commerce at the assistant secretary level, its working-level group—the operating committee—and its cabinet level body—the Export Administration Review Board. When policy issues go beyond the cabinet level review board, the Department of State participates in the National Security Council or whatever other White House review procedures may be involved.

Section 5(k) of the Export Administration Act of 1979 places the responsibility for conducting negotiations with other governments regarding security export control matters on the Secretary of State, who acts in consultation with the Secretary of Defense, the Secretary of Commerce, and the heads of other agencies. While State thus has the lead role in conducting negotiations in COCOM, I would like to emphasize that this is clearly an interagency activity. The conduct of our activities on COCOM and on other multilateral export control matters is coordinated primarily within the Economic Defense Advisory Committee (EDAC) structure.

EDAC is chaired by the Assistant Secretary of State for Economic and Business Affairs under the authority delegated to him by the Secretary of State. Its membership includes all agencies concerned with the administration of our export control program. Various interagency working groups within the EDAC structure are responsible for preparing U.S. positions for negotiating in COCOM and for reviewing the export cases submitted to that organization by the other COCOM member governments.

The broad interagency basis of our activities in COCOM is illustrated by our preparations for and the support of our last review negotiations. Under EDAC's general guidance, 11 technical task

groups composed of more than 100 technicians from many agencies, intelligence organizations, and military technical commands developed the U.S. list review proposals. Interagency teams are now in Paris working for Committee approval of those proposals. Another EDAC working group also coordinates the interagency review of information on alleged diversions of COCOM-controlled items and initiates diplomatic approaches to other governments on specific diversion cases.

During the past year, we have also established another interagency group to provide policy guidance and coordination in the field of technology transfer. This is the senior interagency group on the transfer of strategic technology, which I have the pleasure of chairing. In this group we attempt to provide a forum for policy determination to coordinate the ongoing work of the agencies and interagency organizations. One of the important functions of the group, as it has developed over the past 9 months, is the identification of problems and the tasking of activities to deal with them. For example, the senior group has commissioned a public awareness program and a number of intelligence assessments of technology diversion problems in specific areas and has encouraged increased attention to the improvement of U.S. extradition and legal assistance treaties with other countries to strengthen export control enforcement. It also initiated bilateral discussions with specific non-COCOM governments and a review of the training of U.S. officials involved in export control matters. I believe that this senior interagency group will continue to play an important role in our efforts to deal with the problem of the transfer of sensitive technologies to the Soviet Union and the Warsaw Pact.

Other Export Control Functions

Under the provisions of the Export Administration Act, the State Department also participates in a consultative capacity with regard to short supply export controls. The State Department's role

here is primarily to insure that adequate consideration is given to foreign policy factors as well as to our bilateral relations with other states.

Section 6 of the Export Administration Act of 1979 also gives the State Department a major consultative role with regard to foreign policy exports. While export license issuance authority is with the Department of Commerce, the Secretary of State provided the right to review any relevant export license application. The Department's role with regard to foreign policy controls is highlighted by criteria described in the act, such

- "The probability that such a license will achieve the intended foreign policy purpose;"
- "The compatibility of the proposed controls with the foreign policy objectives of the United States, including effort to counter international terrorism and with overall United States policy toward the country which is the proposed target for the controls;"
- "The reaction of other countries to the imposition or expansion of such export controls by the United States;"
- "The foreign policy consequences of not imposing controls."

In closing I would like to add that the Department of State personnel in U.S. Foreign Service posts abroad provide operational assistance to elements of the export control authority in carrying out the purposes of the Export Administration Act. This includes providing information on consignees and checking out the release of exports from the United States and doing postclearance checks as a precaution against diversions.

I hope that my brief remarks give you some insight into the many aspects of the Department's involvement in this complex area of export control.

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

Strategy in Central America

nas O. Enders

ment before the Subcommittee
Sphere Affairs of the House
Affairs Committee on March 1,
Ambassador Enders is Assistant
for Inter-American Affairs.¹

your permission, I should like to
these oral remarks on our strategy
Central America. For 3 years
and I include the last year of the
Administration—the United
has been engaged in an effort to
advance of communism in Cente-
rally by doing what Americans
sively do best—supporting
cy.

may have started late, but we
ade substantial progress. The re-
tion of democracy in Costa Rica,
stitution from military rule to
civilian government in Honduras,
launching of democracy in El
with the successful elections
ch prove that we are on the
rse. Guatemala has also had to
art a new course, hand insurg-
rnp setback, limit human rights
and bring into the government
statives of the highland Indian
ities. Democracy, with free elec-
le labor unions, freedom of re-
ld respect for the integrity of
idual, is the clear choice of the
tining majority of Central
ers.

le good news is that Marxist
on is not inevitable in Central
c. The bad news is that it cannot
led out. Despite its success in
eliminating guerrilla political in-
populated areas, and despite
onents in military armaments
olity, El Salvador's government
et turned the tide decisively
es armed opposition.

military capability of the guer-
nd I would like to stress
y capability, for we are dealing
peasant irregulars but with
even sometimes uniformed,
y forces whose main units are as
rs if they had been conscripted
ional army—has kept progress
of reform and government modera-
being turned into the peace
and by the people of El Salvador
arch's elections. One reason is
tional frictions and residues of
democratic practices still hinder

the government's ability to provide
security for all Salvadorans, particularly
in outlying areas. But another has been
the availability of training, tactical
guidance, and military supplies coming
into El Salvador from Nicaragua.

You've read in the press about guer-
rillas recovering rifles from government
soldiers, and, indeed, some have been.
But tons and tons of munitions are being
flown in from Nicaragua. This external
lifeline has not only fueled the current
guerrilla offensive; it has kept alive the
conviction of the most extreme among
them that power will ultimately come
from the barrels of their guns. Mean-
while the continuing resolution pro-
cedure has led to a level of U.S. security
assistance for El Salvador for FY 1983
far below that of FY 1982 and below
that requested for FY 1984.

That is manifestly not enough, par-
ticularly not enough at this critical mo-
ment in the struggle for democracy in
El Salvador. A constitution is being
written, presidential elections are being
prepared, and a peace commission was
named yesterday with the mandate of
finding ways to bring as many Salva-
dorans as possible into the democratic
process. There is never a good time for
people whose freedom is under attack to
run out of ammunition. But this is
assuredly one of the worst. We must
allocate new resources in the immediate
future to enable the Government of El
Salvador to check the guerrillas and con-
solidate its own forward momentum.

President Reagan and the leadership
of this house, including you, Mr. Chair-
man [Michael D. Barnes], met yesterday
to start a process of consultation to
develop a solution that will have broad
support. Let me take a minute to
develop our thinking a bit further, and
in a broader context.

Strategy Components

The strategy we are following in Central
America has six components.

- The first component is economic assistance to offset in some measure the combined effects of guerrilla sabotage, political uncertainty, and the world recession. Democracies can cope with austerity, but the guerrillas are betting that economic anarchy and collapse would be too much. That is what their strategy of *guerra prolongada* is all about. We must demonstrate that we, too, can persevere.

- The second component of our policy is military assistance to prevent

the guerrillas in El Salvador from seiz-
ing power by force. No one thinks that
the guerrillas have a big popular follow-
ing. But they are capable of effective
military operations. They are dangerous
to hope as well as to life, property, and
freedom. We must make certain that
they do not prevail by default.

- The third component is political and economic reform and control of human rights abuses in El Salvador. Despite the guerrillas, a lot has been done here: 20% of the arable land redistributed, political violence reduced to perhaps a quarter of what it was, democratic institutions launched. It is critical to complete the job.

- The fourth component is the Caribbean Basin initiative. The people in the area need hope for a better economic future. The best way to do that is to assure them fair trading opportunities in the U.S. market. Passage of the full initiative is already overdue. We must act on this in the immediate future.

- The fifth component is to deter escalation. We have tried to tell Cuba and the U.S.S.R. that a very dangerous situation could arise if they were to introduce equipment or forces into Central America that could threaten neighboring countries, or us. We must work to limit the conflict and get the area out of East-West competition.

Democracy, with free elections, free labor unions, freedom of religion, and respect for the integrity of the individual, is the clear choice of the overwhelming majority of Central Americans.

- The sixth component is the search for a peaceful solution. That really has to be on a regional basis. We have made clear our support for a halt to the introduction into Central America of heavy offensive weapons. But how could you, for example, resolve the El Salvador problem as long as Nicaragua actively supports guerrilla warfare in El Salvador? And how could you get the area out of East-West competition, unless you can get the foreign military advisers—all of them—out of the area? A

number of democratic countries laid out these principles in San Jose in October. And now a regional peace initiative, including all the countries of Central America, is being discussed. We are interested and wish it well.

This strategy can succeed in bringing peace back to Central America. But it will do so only if three conditions are met.

Conditions To Be Met

First, our own effort must be sustained. Too often in the last few years Central Americans have oscillated between two contradictory views: one, that we will support them no matter what they do, because the struggle is important in East-West terms; and the other, that we will withhold further assistance no matter how much they reform because we are an impatient people with no stomach for a long tough struggle. Both views are wrong. Our support is not indiscriminate, but neither will we cut and run just because a situation becomes difficult.

Second, our effort must be principled. We cannot abandon our conviction that legitimate political power can only be gained through competition at the ballot box in free, open, and orderly elections. There will be no stable solution without democracy.

Third, our effort must be cooperative. We joined with Mexico, Venezuela, Colombia, and Canada in the Caribbean Basin initiative, and with others at San Jose last October. We support a regional search for peace. Most important of all, we must listen to the Central Americans themselves and encourage them to take the lead in solving their own problems.

Major national interests of the United States are at stake. In El Salvador, if we allow a government that is reforming itself into a democracy—maybe not fast enough for our taste but, in fact, reforming—to be knocked off by guerrillas who don't have the people with them, then no government in the isthmus will be safe. Nicaragua's Cuban and Soviet-supported "revolution without frontiers" would spread. It would head south across Costa Rica, which has no army, toward the canal. It would head north, putting enormous pressure on Honduras and reviving the guerrilla war in Guatemala and moving toward the Mexican border. So the struggle would go on, but on battlefields where the stakes would be much higher.

We cannot permit that. We need a secure Panama Canal. Half our trade

goes through the Caribbean. The United States could not easily accommodate the hundreds of thousands or even millions of people who would flee a disintegrating Central America. We need strong and secure neighbors.

So progress in El Salvador is key to progress in the whole region. If democracy cannot be protected and extended there, the costs of doing so elsewhere will increase precipitously.

Our strategy to prevent a Marxist-Leninist outcome in Central America is political, not military. We have encouraged a process of social, economic, and political reform as the appropriate response to the guerrilla challenge. The military component is ancillary but essential to give the other components time to succeed. It is inconsistent with the logic of a political strategy to expect instantaneous results. We have been engaged in this task but 3 years—surely a short time in the agonized history of Central America. It would be a gross irony—and one cruelly indifferent to the democratic aspirations of the people of

El Salvador—to call for a fundamental shift in American policy, not when reform effort is going badly—but when the struggle appears not to be being fast enough.

What you have in the current proposal is what at an earlier point the budget process seemed needed. In dollar values, more than three-quarters of the assistance we requested is economic, much of it rapidly disbursable economic supplies. This emphasis on economic assistance is the right one. But we are certain now that the amounts are enough. The immediate military supply needs are real. This hearing other contacts this week should determine what is needed, where how to achieve the broad consensus necessary to sustain our effort.

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

Nicaragua: Threat to Peace in Central America

by Thomas O. Enders

*Statement before the House Foreign Affairs Committee on April 14, 1983. Ambassador Enders is Assistant Secretary for Inter-American Affairs.*¹

Since the Somoza government collapsed and the Sandinistas came to power, U.S. policy toward Nicaragua has focused on attempting to convince Nicaragua to:

- Renounce support for insurgency in neighboring countries;
- Abandon its pursuit of dominant military power in Central America; and
- Come to terms with its own society through the creation of democratic institutions.

In July 1979, the soon-to-be governing junta of Nicaragua pledged formally to the Organization of American States that its goals were democratic and peaceful. The United States, indeed, the entire international community, accepted this pledge and embarked on programs of peaceful reconstruction that typically included substantial appropriations of

assistance outside annual budgetesses.

As the months passed, however, became increasingly apparent that the Sandinistas saw themselves as the armed vanguard of an isthmus-wide movement.

Nicaragua's new regular army, the Ejercito Popular Sandinista (EPS) founded in 1979. By the end of 1980, according to its commander, it had grown to be "four times as big as Somoza's army" as Somoza's Guardia Nacional.² The EPS reached an estimated strength of 20,000, backed by militias and reserves of 80,000. During that period Nicaragua received an estimated \$125 million of military equipment and supplies from the Union alone.³ It obtained by far the heaviest tanks in Central America, heavy artillery, anti-aircraft weapons, assault helicopters, rocket launchers and patrol boats. While military personnel and crews trained in Bulgaria and East European locations, airfields were prepared for advanced jet fighters. Significant, large numbers of foreign military and security advisers were introduced. Currently, no less than 100 Cubans, 50 Soviets, 35 East German

PLO [Palestine Liberation] and Libyan personnel are to be stationed in Nicaragua. That is roughly one military adviser for every 1,000 Cubans.

1980—just as in 1978, Castro had the three main Sandinista factions together in Havana—Cuban agents of five guerrilla factions from El Salvador together in Managua, worked out a pact among them, then set up command and control apparatus in the Managua area and directed logistic and training support from Cuban soil. Since that time, the bulk of the arms and munitions of the insurgents in El Salvador flowed through Nicaragua. While the Sandinistas moved to a monopoly of power inside Nicaragua. Elections were ridiculed and boycotted. One by one the elements of the anti-Somoza coalition were eliminated. The famous newspaper *La Jirafilla* was censored, independent radio stations curbed, the labor unions crushed, the private sector neutralized. The Catholic Church subjected to provocation and attempts at the Miskitos and other Indian minorities.

Nicaragua's southern border is 300 miles from the Panama Canal, separated from Costa Rica, a democracy that for 50 years has had no army. Its southern border is 300 miles from Mexico. Between are two states, El Salvador and Guatemala, already torn by civil violence, and Honduras, a fledgling democracy is under pressure from Nicaragua.

Does not take very much imagination to understand how the Sandinistas' notion of "borderless" might be a threat for how its spread might affect the Caribbean. And we depend on the stability of our neighbors to avoid certain circumstances could mean an unprecedented flow of refugees northward to this country. Right now, when a troubled world invites unrest, we must safeguard democracy and stability in our neighborhood.

Aggression With Nicaragua Fails

As we have seen predatory dictatorships in the West and the left: Germany under Hitler, the Soviet Union under Stalin, and so on. Yet, there is a school that attributes the expansionism of left-wing dictatorships to pressures from without.

According to this proposition, Soviet aggressiveness is but a reaction to the creation of a network of alliances around it, Castro was made a Communist by U.S. confrontation, and Vietnam was radicalized by foreign armies.

Whatever the merits or defects of these arguments, let me point out that the Nicaraguan case provides ample data to test the policy that usually flows from this proposition—that left-wing radicalization and aggressiveness can be prevented by the political support and economic assistance of the democracies.

Nicaragua is a country of some 2.5 million people. Since 1979 it has received from the democracies and multilateral agencies \$1.6 billion in economic assistance, or \$640 for every man, woman and child. The United States supplied \$125 million. Politically, such democratic states as Mexico and the parties belonging to the Socialist International have provided consistent support. Yet this same period marks the big buildup of the EPS, direct support for violence in El Salvador, and the consolidation of internal repression. It is clear that constructive engagement has not worked in Nicaragua.

So far, negotiation has not worked any better. There have been many efforts. Some continue to this day. I was involved in the first such effort, traveling to Managua in August 1981 to listen to Sandinista concerns. They told me that they remembered the U.S. Marine occupation in the first decades of the century, that they feared a U.S. invasion and thus needed a big army, and that we should understand that the Salvadoran guerrillas were important as a "shield" to protect Nicaragua.

So we said, OK, let's address your concerns. Let's enter into a bilateral nonaggression agreement. The United States could use its influence to encourage Nicaraguan exiles in this country to moderate their behavior, and the United States could renew its economic assistance. In return we asked the Sandinistas to stop training and supplying Salvadoran guerrillas, to give pluralism a chance in their own country—as they had promised to the OAS in 1979—and to limit their military buildup, perhaps through agreement with other Central American countries.

We made these proposals in writing. In October 1981, Managua formally rejected them as "sterile." At the same time, they lied about their ongoing arms supplies to the Salvadoran guerrillas and said they would never limit their military buildup.

A second attempt at negotiation occurred in the spring of 1982, this time at the suggestion of Mexican President Lopez Portillo. Once again we presented concrete proposals in writing, this time elaborated in eight points presented through our ambassador in Managua. Once again, there was no concrete response and no receptivity on issues. Nicaragua simply replied that, before it could respond there would have to be a meeting at a higher level in Mexico. This time, it seemed to us, the Sandinistas wanted to appear to negotiate without actually doing so.

We decided to try a third time. Under Costa Rican leadership, a group of democratic states got together in San Jose in October 1982 to work out a comprehensive set of peace proposals for Central America as a whole. Let me speak a moment about these proposals, because they continue to represent the essence of what we, like Nicaragua's democratic neighbors, are trying to do.

First, the San Jose group agreed the area should be freed from East-West competition. The way to do that, the democracies concluded, is to get all foreign military advisers and trainers out of Central America—Cuba's, the Soviet Union's, Bulgaria's, East Germany's, the PLO's, and ours.

Second, the Central American countries must find a way to live with each other without fear. To this end, the San Jose group proposed mutual and verifiable accords banning the import of heavy offensive weapons, renouncing the support for insurgency on neighbors' territory, and providing for international surveillance of frontiers.

Third, each Central American country must find a way to establish democratic institutions, open to opposition elements. Central American democrats, led by Costa Rica, are particularly clear on the need for democratization. Only in this way could they be confident they will not have to face sometime in the future an aggressive neighbor unconstrained by the limits democracy imposes.

Representing the San Jose group, Costa Rica attempted to contact Nicaragua to ask whether it would enter into a dialogue on these principles. The Sandinistas refused even to receive the proposal, arguing that they had not participated in its formulation, and so were not bound to address it.

So a fourth attempt at negotiations is now being made. In January 1983, Mexico, Colombia, Venezuela, and Panama met on the island of Contadora

to propose an effort at mediation of Central America's conflict. Honduras, Costa Rica, and El Salvador responded by proposing that the five Central American countries—including Nicaragua—meet in the presence of the Contadora group. This would enable Nicaragua to take part in developing the proposals, as it had not in San Jose. And, to maximize the chances that Nicaragua would participate, they suggested that the United States not be present. That would also take care of charges that the conference would be U.S.-dominated.

But still Nicaragua was not receptive. Instead, it went to the UN Security Council, claiming that it wants to meet bilaterally with the United States and with Honduras, not regionally. In effect, Nicaragua is saying it wants to discuss Nicaragua's charges against Honduras and the United States—but not its neighbors' concerns about Nicaragua's militarization, dictatorship, and intervention in El Salvador.

I have described this history at some length to give you some idea of the extraordinary difficulty of dealing with the Sandinista leadership. The Sandinistas have made their contempt for genuine dialogue—for real negotiations—quite clear. A month ago, we all saw them interrupt the Pope in a calculated attempt at intimidation—and the Sandinistas followed this up by banning broadcasts of Easter services. Last week, Interior Minister Tomas Borge, in an interview for Cuban television, stressed the subjects his country would not negotiate: Nicaragua, he said, would not discuss the principles of the Sandinista revolution; it would not enter into a dialogue about the overall Central American situation; and it would not talk about "counterrevolutionaries." He might have added that the Sandinistas are afraid to deal with these issues in any kind of open way—either with their own people or with Nicaragua's increasingly concerned neighbors. So it is sad, rather than surprising, that Borge tells his Cuban TV audience that the proposed meeting of Central American Foreign Ministers is "diplomatic demagoguery."

Despite this record, we are not going to give up. The Sandinistas are obviously not yet persuaded that they have to negotiate on substance with either their neighbors or their internal critics. Perhaps they still think that if they bob and weave enough, something will change—that the United States will end or weaken its support for democratic governments in Costa Rica, El Salvador,

and Honduras—and that the way will again be open for the "revolution without frontiers." We must convince them that is not the case, that the United States will not abandon its friends in Central America. At the same time, we must go on probing, proposing ways to think that overcome the old objections—until the Sandinistas tell us they are ready to move to a fair and equitable dialogue.

The Anti-Sandinista Insurgency

Meanwhile, Nicaraguans have taken matters into their own hands. The Sandinistas have begun to reap the consequences of their abandonment of the original goals of the Nicaraguan revolution. Sandinista intransigence has sparked an insurgency that the Sandinistas themselves claim is a threat. Several thousand guerrillas are now active in Nicaragua. Disillusioned Miskito Indians operate in much of their homeland in the Atlantic lowlands. In the eastern and northern border departments of Jinotega, Nueva Segovia, Madriz, Esteli, and Zelaya, significant insurgent forces are attacking government outposts and ambushing military convoys. Guerrilla activity is reported in the central coffee-growing province of Matagalpa. This month, for the first time, armed dissidence has been reported in the south. Wherever the opposition groups show up, they seem to attract local support, and their numbers grow.

In light of recent allegations in the media, you will ask me right off whether this insurgency has been created or supported by the United States. No American administration has ever discussed this kind of allegation—other than in the Senate and House committees created expressly for the purpose—and this one will not break precedent. But I will describe the Nicaraguan opposition movements; it should be clear to you that it has appeared and expanded in response to deep grievances against the Sandinistas.

Who are the people challenging Managua's ideologists? What do they want? From what we know, there are two major groups. Both are Nicaraguan to the core.

Frente Democratico Nacional. One, the larger, is the Frente Democratico Nacional (FDN). Although its main strength is inside Nicaragua, Sandinista repression has driven most of its leaders to Honduras and Costa Rica. The FDN's directorate is made up of Lucia Salazar,

the widow of Jorge Salazar, an a Somoza businessman murdered by Sandinistas in 1980; Alfonso Call former vice-president of Nicaragua broke cleanly with Somoza in a 1 tempt to oust Somoza; Edgar Ch an apolitical private sector leader Indalecio Rodriguez, former vice of the Central American Univers (UCA); Enrique Bermudez, a fo tional Guard colonel whom Somo removed from Nicaragua by sent as military attache to Washington 1975 to 1979 (and whom the S themselves have acknowledged p no part in Somoza regime repres Marco Zeledon, a respected prior leader with no ties to the Sor and Adolfo Calero, a life-long op of the Somozas who was jailed b Somoza in 1978. They have publi stated that their objective is to b democracy to Nicaragua, not a r Somocismo. In sociological terms leaders represent members of th fessions and teachers, plus small businessmen and farmers. Their followers include disaffected pea former small farmers, Miskito I and other groups displaced or r repressed by Managua's ideolog estimate that the FDN's ranks i over a thousand guerrillas. For m tioned Guardsmen—mostly nonco sioned officers—lead many of th guerrilla units, but most of the r are peasants and former small f

FDN pronouncements repud Somoza past and affirm the nati and patriotic principles of Sandi am sure the committee is aware, FDN proposed a peace plan on J ary 13, 1983, in which they offer cease hostilities if among other p the Government of Nicaragua he nationally supervised elections by September 1983, revoked the sta siege in Nicaragua, and separate administration from partisan pol and ideological activities.

Alianza Revolucionaria Democratica. The second major led by the anti-Somoza hero Ede Pastora, is ARDE—the Alianza cionaria Democratica. ARDE's le include such well-known figures former post-Somoza junta leader Alfonso Robelo, Miskito Indian b Brooklyn Rivera, and former ant Somoza fighter Fernando "Negro Chamorro. Pastora, who was the original Sandinista Vice Minister Defense, has repeatedly denunc revolution's betrayal, which he a was motivated by Cuban agents ing a sellout to the Soviet Union

no peace in Nicaragua," Pastora says, "as long as the slaughter of the Los, Sumus, and Ramas continues, as long as there is no freedom of the press and as long as the occupation by the U.S., German, Soviet and Bulgarian continues." ARDE's February 2 proposal calls for elections of a constituent assembly by June 1983 to the promise of the Sandinista government.

Caught off balance by the scope of opposition it has brought upon itself, the Nicaraguan Government has sought credit its opponents as "imperialists"—attempting to associate with the crimes of the former government. The Sandinistas' current grand plan—we have seen the February 24 FSLN [Sandinista National Liberation Front] memorandum—casts its political cadres to blame imperialism for the country's problems, to smear Adolfo Calero, a Democratic Conservative Party leader whom they have negotiated, and to Robelo, a former member of the Somoza junta, as "traitors" and to portray opposition as aimed against guerrillas rather than against its rulers.

The Sandinista tactic is to assert the only alternative to what they've called is "Somocismo." Nothing could be more simplistic or more false.

"Somocismo" was a highly personal, authoritarian dictatorship that died with Somoza. It could not be recreated even if one wished to do so. The Sandinistas, like most Nicaraguans want democracy, peace, and an end to Cuban interference. Indeed, that is the program of the Nicaraguan people in 1979. That is the program the Sandinistas are always trying to sweep under the rug they call "Somocismo." The Nicaraguan people remember their struggle. So should we.

Regional Question

It is not clear what the course of the conflict in Nicaragua will be. What is clear is that, as long as Nicaragua is occupied, legitimate dissent at home to violent means and persists in undermining and destabilizing its government, it will never be stable, nor will the Central America.

It is conceivable that Cuba or the Soviet Union could be tempted to exploit the conflict, introducing modern military aircraft or even Cuban combat troops. Clearly, a dangerous situation exists when develop, unacceptable not only for Central America but to the entire Western Hemisphere as a whole. We have

communicated to Moscow and Havana how dangerous such a move would be. It is also conceivable that, in an effort to distract attention from their internal problems, the Sandinistas might lash out at their neighbors, attacking Costa Rica or Honduras. For over a year, Managua has already been running terrorist operations in San Jose and infiltrating guerrillas into northern Costa Rican provinces. And there have been frequent border incidents with Honduras.

Although journalists who have visited the area report no activity on the Honduran side, Nicaragua has recently reinforced military units on the border. Again, I believe the Sandinistas understand that they could not gain by attacking their neighbors. It is also important to stress that every resource of inter-American diplomacy, including, of course, that of this country, would be available to prevent such an outburst.

Conclusion

But there is a better way. It is through dialogue and negotiation. We ask the Sandinistas to think of the Nicaraguan people. Despite all that foreign aid, Nicaraguans in cities and countryside are much less well off than before the revolution. They resent the pressures on their churches and their clergy. They distrust and dislike the Sandinista monopoly of power—they have lived under such a system before.

We ask the Sandinistas to consider the insurgency in their own country. Despite (or is it because?) the presence of all those armed Cubans, popular resistance is spreading. They may conclude that the dialogue they have so many times spurned is preferable to widening civil strife.

We ask the Sandinistas to consider the insurgency they are supporting in El Salvador. If it has legitimate grievances, let them be pursued through democratic institutions. The international community is willing and able to provide security and other guarantees for elections as well as the answer there as well.

Each element of the Central American problem is related to the other. No amount of land reform, or open elections, or improvement in human rights will end the conflict in El Salvador if Nicaragua continues to fuel it. Democracy will not prosper in Nicaragua's neighbors unless it is practiced in Nicaragua as well. Nicaragua

will not be free of the hostility of its own people and of its neighbors, until it begins to address their concerns for democracy and security.

So the answer is democratization and dialogue among neighbors. The purpose of U.S. policy in the area is to create conditions in which the area can be removed from East-West conflict, the import of offensive weapons and mutual support for insurgencies ended, and the democratic transformation of each society achieved. Negotiations among all the Central American countries and negotiations within countries can provide the opportunity for all groups to compete in the voting booth rather than on the battlefield.

¹The 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.

²EPS Chief of Staff Joaquin Cuadra to U.S. Army Assistant Chief of Staff for Intelligence, Major General William E. Odum, in November 1982.

³By way of comparison, El Salvador received \$121 million from the United States during the same period.

⁴Nicaragua's Sandinistas aid the guerrillas in El Salvador by supplying arms, training, financial aid, and by allowing the guerrillas' command and control center to operate near Managua.

Arms Supply

- Arms and ammunition destined for clandestine delivery to El Salvador reach Nicaragua by ship and by direct flights from Havana to Nicaragua. The arms remain stockpiled near Managua until their use by the guerrillas.

- Several "smoking guns" have revealed Nicaraguan arms shipments to El Salvador. Nicaragua's Papanal airfield was used for direct supply flights to the Salvadoran guerrillas for the January 1981 "final offensive"; two overland shipments from Nicaragua through Honduras discovered in 1981 contained weapons originally shipped to American units in Vietnam (similar caches of arms were discovered in Guatemala City in mid-1981, apparently destined for the Guatemalan insurgents); a captured Salvadoran guerrilla leader, Lopez Arriola, confirmed that the Sandinistas control weapons delivered from Vietnam to Nicaragua for the Salvadoran insurgents.

- The Sandinistas use a variety of routes (overland, air drop, and sea) to furnish arms and, increasingly, vitally needed ammunition. In 1982, these supply operations have included increased quantities of heavier weapons, including M-60 machine guns, M-79 grenade launchers, and M-72 antitank weapons.

- A Salvadoran guerrilla, Alejandro Montenegro, captured during a raid on a guerrilla safehouse in Honduras in August 1982, confirmed that Nicaragua remains the primary source of insurgent weapons and ammunition, although the guerrillas capture some weapons and ammunition from the Salvadoran military. One of the guerrillas captured with Montenegro had made five trips to Managua in 1982 to pick up arms.

Training

• Since mid-1980 Salvadoran guerrillas have trained in Nicaragua and Cuba in military tactics, weapons, and explosives. Cubans and other foreign advisers are involved in the training.

• One Salvadoran guerrilla who defected to Honduras in September 1981 reported that he and 12 others went from Nicaragua to Cuba for extensive military training in Cuba where over 900 Salvadorans were receiving training.

• Several terrorists captured in a safehouse raid in Tegucigalpa in November 1981 told authorities that the Nicaraguan Government had provided them with funds for travel and explosives.

• Two weeks ago, responding to a local citizen's tip, Honduran security officials surprised a group of Salvadoran guerrillas in transit through Honduras to El Salvador from training camps in Nicaragua. The anti-socials escaped after a firefight but left behind documents identifying infiltration routes.

Command and Control

• After 2 years of combat, the FMLN headquarters near Managua has evolved into a sophisticated command and control center which guides operations. Cuban and Nicaraguan officers are present at this headquarters. The headquarters coordinates logistical support, including clothes, money, and ammunition.

Intelligence agencies have provided a mass of classified information on arms supply, training, and command and control to the relevant congressional committees. In a report dated September 22, 1982 the House Intelligence Oversight Committee noted that "intelligence has been able to establish beyond doubt the involvement of communist countries in the insurgency." The chairman of the committee issued a statement on March 4, 1982 stating in part that:

The insurgents are well-trained, well-equipped with modern weapons and supplies, and rely on the use of sites in Nicaragua for command and control and for logistical support. The intelligence supporting these judgments is convincing.

There is further persuasive evidence that the Sandinista government of Nicaragua is helping train insurgents and is transferring arms and support from and through Nicaragua to the insurgents. They are further providing the insurgents with bases of operation in Nicaragua. Cuban involvement—in providing arms—is also evident. ■

Secretary Visits Mexico

Secretary Shultz visited Mexico City April 17-19, 1983, to attend the third meeting of the U.S.-Mexico Binational Commission.

Following are the texts of the joint statement issued at the conclusion of the final session and a news conference held by Secretary Shultz, U.S. Treasury Secretary Donald T. Regan, and Mexico's Secretary of Foreign Relations Bernardo Sepulveda Amor.

JOINT STATEMENT. APR. 19, 1983¹

Secretary of State George Shultz, Secretary of the Treasury Donald Regan, Secretary of Commerce Malcolm Baldrige, Secretary of Foreign Relations Bernardo Sepulveda, Secretary of Finance Jesus Silva Herzog, and Secretary of Commerce and Industrial Development Hector Hernandez met in Mexico City on April 18 and 19, 1983, on the occasion of the third meeting of the Binational Commission. U.S. Ambassador to Mexico, John Gavin, and Mexican Ambassador to the United States, Jorge Espinosa de los Reyes, were present. At the conclusion of the meeting of the commission, they called on the President of the Republic, Miguel de la Madrid Hurtado.

The following issues were discussed during the meeting of the commission:

- The future structure of the Binational Commission;
- Trade and financial matters, including the outlook of the two national economies and of the world economy, financial and commercial cooperation, and foreign investment;
- Scientific and technical cooperation;
- Cultural relations;
- Fisheries and matters pertaining to the law of the sea;
- Environmental protection in the border area;
- Immigration;
- Tourism;
- Legal matters, such as cooperation toward the elimination of illicit narcotics production and traffic; and
- International matters of mutual interest, including those relating to Central America and the Caribbean.

The discussions were very constructive and enhanced mutual understanding. An agreement was reached to maintain the present structure of the Binational Commission. The usefulness of establishing working groups within the framework was recognized.

In the trade sector, export incentives and countervailing duties were discussed. Conversations on these subjects are to continue, with the objective of finding a solution. Both parties agreed that these discussions will resume as soon as possible.

The two countries reviewed their many important and timely steps recently in the field of bilateral financial cooperation. There was a detailed examination of new steps in this field related in particular to the consolidation of commercial debts and the financial bilateral trade expansion.

In the fisheries area, the need to resume conversations concerning a regional agreement for the conservation of tuna in the Eastern Pacific was recognized. In this regard, Mexico offered a proposal.

On the subject of Central American Secretaries Sepulveda and Shultz changed views on the situation in the area. They agreed to promote a program of dialogue and negotiation for the purpose of avoiding armed conflict and fostering peaceful conditions and economic development.

Both countries agreed to conclude an agreement for cooperation on the protection of the environment in the border area.

Cultural cooperation will be strengthened through new exchanges within the framework of the Binational Commission of Cultural Cooperation. The Secretaries also agreed to establish Juarez-Lincoln lectures, to be given in Mexico each year by distinguished American figures, and in the United States by distinguished lecturers from Mexico.

A new agreement for the promotion of tourism was signed, to replace one signed in 1979.

The U.S.-Mexico Mixed Commission of Science and Technology will meet in December 1983 to examine a new program of activities. There will also be a meeting soon of the working group on consular matters. The Secretaries agreed to strengthen reciprocal assistance on legal matters.



(Wide World photo)

Shultz and Mexican Foreign Minister Sepulveda propose toast to President

two countries reviewed the im-
portance of the interna-
tional boundaries and Waters Commis-
sion. They agreed to support
that will contribute to the long-
term of water pollution pro-

Secretary Shultz and Sepulveda
discussed the intention of
to meet in 1983. The
place of the meeting will be an-
nounced in due course. Mexico will be

CONFERENCE, 8, 1983:

Secretary Shultz. First, I'd like simply
to express my appreciation for the econ-
omic and the gracious treatment
I have all received here in Mexico
to say that I have certainly
learned, as have my colleagues, from
constructive discussions that we've
had over the last couple of days.

[Inaudible].

Secretary Shultz. The communique
says precisely what it says. We
think it's important to avoid escalat-
ing an armed conflict and that we
need to seek economic develop-
ment in the region. As far as the
meeting to take place in Panama is con-
cerned, as we pulled up here,
I wish the Secretary the best of
luck in those meetings. We
hope that they're successful.

**Q. Did you deal with the question
of illegal immigrants to the United
States and undocumented workers in
the United States, and how is this
problem going to be solved? Is there
going to be a quota system for Mex-
ican workers in the United States?**

Secretary Shultz. We did, as we
said in the communique, discuss the
general question of immigration, and I
think the most important development
in the legal sense in the United States
in the prospect of the Simpson-Mazzoli bill,
that is well known here and in the
United States. I would say beyond that,
however, that the really important thing
to focus on is the importance of
economic growth throughout our region.
We talked about that in talking about
the U.S. economy. We've talked about
the Mexican economy. We've talked
about Central America, but it is prosper-
ity at home that is essentially the
answer to this question.

**Q. What shape will American
financial support for Mexico take, and
will there be additional American in-
vestments in this country?**

Secretary Regan. We had a very in-
teresting discussion with Secretary Silva
Herzog and Secretary Hernandez
regarding the Mexican economy and
what they forecast for it over the next
several months.

At the current moment, Mexico is
doing it on its own, there is no need for
further financial aid. If conditions were
to change, obviously, we plan to be in

touch with each other constantly, so at
the moment there is no additional finan-
cial assistance.

**Q. Have you reassured the Mex-
ican officials that the money that's
supposed to be used to interdict arms
in Central America won't be used to
wage war against the government that
they support in Nicaragua?**

Secretary Shultz. We have dis-
cussed the situation in Central America
at great length, and the Secretary has
described his efforts to me—very con-
structive efforts—and the point of view
of Mexico. We also discussed these mat-
ters with President de la Madrid, and in
turn, I've explained our analysis of the
situation and the things that we're try-
ing to do to help bring about security for
the region, particularly in El Salvador,
where there is a guerrilla challenge to a
democratic government, and our own ef-
forts to promote, I think, the essential
ideas of preventing the flow of arms, in
the case that we worry about, from
Nicaragua, Cuba, and Nicaragua to E.
Salvador, and to seek means for national
pluralism throughout the region, so that
we can see economic development take
place.

**Q. You had six Cabinet members
meeting here, three from Mexico and
three from the United States, and you
discussed a number of problems from
the point of view of the interests of
the two nations.**

Were there any points in which
the different focus of each government
might bring about a disagreement be-
tween them or did you have a general
area of disagreement in the positions
adopted by the two governments sur-
rounding all of the items that you
discussed?

Secretary Shultz. I would say that
we had a uniformly good atmosphere—a
problem-solving atmosphere—in the
sense that whatever we took up, I think
it was genuinely felt on both sides, the
object was to make progress in solving
the problem. In some cases, there were
things that had been so constructed
before we got here, like the tourism
agreement, that we could sign it, so that
represented an agreement.

In other cases, we agreed to start up
again some talks that had been suspend-
ed, as in the discussion that Secretary
Baldridge had on the issue of subsidies.
There were others in which we ex-
changed ideas and in which a proposal
was tabled on one side or the other. On
the question of tuna, for example, we
both see that these are fish that migrate
around and so they haven't heard about

national boundaries. It's a problem to know how to deal with that, and the Mexican Government put forward a new proposal, which we'll be examining.

We didn't agree on everything, but we were able to look at every issue, including very sensitive ones, such as the Central American issues, all in, I think, a very constructive spirit. I might ask my counterpart if he would like to comment on that.

Secretary Sepulveda. I share a great deal of the viewpoints expressed by Secretary Shultz and that these conversations have been extremely fruitful and extremely cordial and productive. We've held them in an atmosphere of frankness and cordiality, and we have been able to present our different points of view on these various matters within this framework of cordiality and frankness.

As you know, this is the first occasion during the Administration of President de la Madrid that the Binational Commission has met. We've met—Secretary Silva Herzog and Secretary Hernandez—with our American counterparts and worked constructively over the past 2 days in analyzing the various problems that were presented to us. Some of the results have already been mentioned by Secretary Shultz, but I'd like to mention a couple of others that I think we have made progress on.

For example, the matter of environmental quality along the border between the two nations, we have made progress in discussing this situation. I think this is a situation that affects both Mexicans and Americans, and we have made progress that we'll be able to settle and improve the quality of the environment along the border between our two countries.

Another item that I consider of importance is a matter of cultural exchanges, and that we hope that we will both be able to receive and to send cultural presentations from one country to another and vice versa. And I think as far as legal matters are concerned, I think we have established the groundwork for cooperation whenever that is necessary and indispensable and that we will get good results in the legal field in the future.

As far as Central America is concerned, of course, we have what, in the contents of the communique, reflects the result of our conversations. But I think there is another point that is very important for us, and that is that we feel that we're seeking medium-term solutions to the problems of Central America. But we have to undertake the

task of working on the beginnings of those medium-term solutions on the basis of urgency and working with all the parties concerned. And, of course, we are interested in establishing peaceful conditions throughout the area that would permit the building of friendly relations between the various countries in the Central American region. Of course, we have to generate peaceful machinery in Central America and that cannot be done on a short-term basis. But as we establish and build upon what we are doing and establish a better climate, then our task will become easier. I think we have established the need, as I said, of achieving medium-term results in this area by means of prompt action in the field of economic development and in the establishment of economic conditions that will affect the prosperity of all the countries of the Central American area.

I took advantage of the occasion to brief Secretary Shultz on my visit to the five countries of Central America, and I think that there has been a useful exchange of views as far as Central America is concerned between our two delegations that is of a great usefulness for the situation. We hope to be able to promote dialogue and negotiations starting with our trip tomorrow to Panama and our meeting there.

El Salvador: Response to Chairman Long's Concerns

*The following is the text of a letter from Secretary Shultz to Representative Clarence D. Long, chairman, Subcommittee for Foreign Operations of the House Appropriations Committee.*¹

April 26, 1983

Dear Mr. Chairman:

Consultations between the Department of State and your subcommittee in recent weeks have demonstrated that there exists broad agreement on the seriousness of the situation in Central America and on the needs for us to maintain a comprehensive security, political and economic strategy to address this situation. These consultations have focused on four specific areas of immediate concern to both of us. I would like to set out our views on these concerns and the nature of the programs and policies we have implemented, or will be implementing, in each of these areas.

You have raised the issue of prison conditions and your view that all prisons and detention centers in El Salvador should be

Q. The Contadora initiative certain points in it that directly the United States. Does the U.S. Government object to these provisions or is it willing to cooperate with the group?

Secretary Shultz. As I understand it, the Contadora four have managed to organize a meeting in Panama, and my way of thinking the key in the meeting is the fact that all five Central American countries will be there, to my mind is a recognition of the fact that the issues are fundamentally regional. Now, having said that, of course, there are all sorts of questions that have to be worked out by the parties and I know the Secretary and his counterparts will be trying to do that.

As I said earlier, we wish the best in their effort, because we, as the United States, want to see peace; we want to see democracy; we want to see economic development in those regions; and we feel that we got a lot and I hope something in the exchange of views, not only with the Secretary with President de la Madrid, but we were privileged to spend a considerable amount of time. Thanks very much for your cordial treatment here in Mexico.

¹Press release 126 of Apr. 28, 1983.

²Press release 122 of Apr. 20, 1983.

subject to inspection by an independent national organization such as the International Committee of the Red Cross (ICRC). We share your concerns and have been working with the Government of El Salvador and the ICRC to achieve precisely this objective. Over the past year the number of prisoners in prisons has steadily increased and formed that President Magana has ordered that the ICRC be given unrestricted and unannounced access to all prisons, detention centers and private access to prisoners. This is a positive development which should go a long way toward meeting our shared concerns on this issue.

You have also expressed an interest in the status of political prisoners in El Salvador. There are approximately 70 political prisoners in El Salvador who are being held under Decree 507, the state of emergency. While in prison these detainees have been generally well-treated, but have not been charged formally with crimes. The prisoners incarcerated under this decree range from those accused vaguely of association with the guerrillas to those actually implicated in terrorist acts. President M

mized the uneven effects of Decree has begun a review process with the releasing those accused of less offenses. About 60 political prisoners released within the last two with a larger number expected to be in the near future.

More importantly, President has also tasked his recently-formed commission with development of a law, one effect of which would be to end the release of substantial of the remaining political prisoners. This has been drafted, reviewed by the and sent to the Constituent where a vote is expected in the re.

I also share your desire to bring to those charged with the murders of citizens. In the case of the churchwomen, in particular, I have urged by the slow pace of the process. I have been assured by President that the Government of El will take every possible measure to see men to trial. For our part, I have an independent and high level review evidence available to our governmentaining to this case. We will provide a judicial review with any evidence and that could be of use to them in doing this case and report to the Commission this review is complete.

fundamentally, Mr. Chairman, we are working on a program to begin a process of judicial reform in El

This effort was kicked off last by the U.S. Attorney General on a visit to El Salvador for that purpose. Activities of this effort have been outlined in the Committee in a paper provided to you at the beginning of the reprogramming

I would like to outline our policy on election negotiations. As we have stated on a number of occasions, we favor a process which would lead the way to a real solution through free and fair in which candidates of all political parties can participate safely and have the media. The Government of El shares this objective and has established a Peace Commission to work out the conditions necessary to obtain this. We are interested in doing everything we can to support this process. We will offer the best, probably the only, way for peaceful reconciliation in El

To advance this objective, the Government will soon be designating a senior level ambassadorial rank to act as a liaison to Central American governments in this role he will assist the United States in their efforts to find a basis for agreement with their opponents on the terms

and conditions for free, fair and safe elections; it should be understood that participants in these discussions may raise any issue they wish, and that the US will not support negotiations for power-sharing.

Finally, Mr. Chairman I would like to reiterate the observation I made to you and the Committee during testimony on our \$60 million reprogramming request. Without military assistance to provide security for the people of Salvador, there can be no progress in restoring social justice and improving human rights. The military effort is essential to provide the shield we need to succeed in

our broader efforts. We do not seek a military solution. But we do seek enough military assistance to make possible a longer term and more meaningful peace in Central America.

We will resubmit the request for reprogramming the remaining \$30 million of our request at the proper time.

Sincerely yours,

GEORGE P. SHULTZ

¹Released by the committee and made available by the Department of State. ■

Land Reform in El Salvador

by M. Peter McPherson

Opening statement made at a news briefing at the Department of State on March 8, 1983. Mr. McPherson is Administrator of the Agency for International Development (AID).

We have recently seen some very positive developments in El Salvador, e.g., the acceleration of the date for general elections and the extension by the Constituent Assembly of the provisions of Phase III (land to the tiller) of the agrarian reform to the end of 1983.

These events coincide with the completion of an outside evaluation of the El Salvador agrarian reform program. The report was undertaken by Checchi and Company, a well-known firm with extensive experience with the agrarian reform in El Salvador.¹ The report is very positive on the state of the agrarian reform program, and I believe the American public should be aware of these developments, and I should like to take this opportunity to help that process.

The authors of the study, a team of independent and experienced consultants assembled by Checchi and Co., arrived in El Salvador with the impression from U.S. newspaper accounts that the conservative coalition that won the March 1982 election had attempted to annul the reforms. El Salvador has a long history of attempts at agrarian reform, and many observers would not be surprised if the most recent efforts, decreed in 1980, had also ended unsuccessfully. However, the members of the study team found "somewhat to their surprise" that the reform, despite an on-going civil war, was still very much alive and that significant further progress had been

made during the June-December 1982 period. The authors spent 2 months in El Salvador at the end of 1982 conducting the study, which included extensive field work.

I simply would like to highlight some of the more important aspects of the reform and features of the report.

- The authors found the agrarian reform program working successfully.
- Agriculture production, in the reformed sector after an initial decline, has now regained prereform average production levels.
- As illustrated by the chart, we can see that there has been a dramatic increase in applications over the last 6 months. This followed a period of uncertainty immediately before and after the March elections.

Phase III

This program benefits thousands of small farmers who were former renters and sharecroppers and who previously had little chance of owning their own piece of land. Phase III permits renters and sharecroppers to apply for title on land they had tilled under these tenure arrangements as of May 6, 1980, up to a maximum of 17.3 acres.

As I mentioned, the life of the Phase III program was extended by the Constituent Assembly on March 3 for the balance of 1983. This follows on the outstanding progress made by the Government of El Salvador in implementing this program in 1982, despite the severe security conditions and civil conflict.

The Salvadoran Armed Forces are actively supporting the program in the rural areas of El Salvador. The army has directly reinstated 2,300 beneficiary families who had been illegally evicted

from their lands, particularly during the March 1982 election period and immediately thereafter.

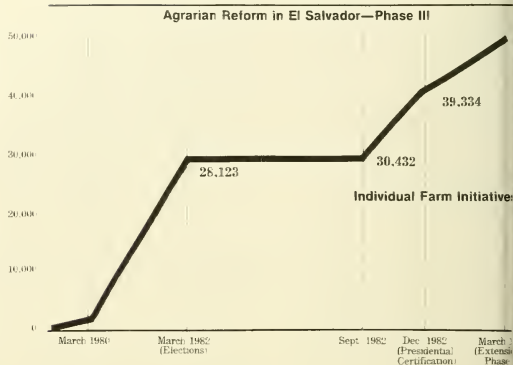
Under the leadership of a widely respected Col. Galileo Torres, implementation of the Phase III program dramatically improved since the autumn of 1982. In September the Government of El Salvador launched a major campaign which resulted in 9,000 additional claimants, bringing the total to 29,000 by the end of December. This quite remarkable performance has been sustained in the first 2 months of this year. As of the end of February, 48,357 small farmers had filed applications for title. This will benefit almost 300,000 people. Significant progress is also reflected in improved performance in the compensation of former land owners, and the issuance of provisional and definitive titles to eligible beneficiaries.

Phase I

Phase I of the agrarian reform was initiated by the Government of El Salvador in March 1980 and was designed to affect all land in holdings larger than 500 hectares.

Phase I has affected 206,000 hectares, or about 15% of the total agricultural land area, and includes almost all properties in excess of 500 hectares. Some 30,000 former hacienda workers and landless laborers have benefited—about 180,000 persons when family members are included. The lands affected by Phase I have been formed into 314 production cooperatives.

The study team interviewed a random sample of Phase I beneficiaries; almost all stated that they were better off than before the agrarian reform. They split about evenly on the question of continuing to produce cooperatively versus dividing the land into individual plots, and they had equally mixed feelings about the present system of joint management between the cooperative and the government.



Nearly 30% of the expropriated land has been paid for already in cash and bonds equivalent to about \$100 million. Another 24% has been appraised and is awaiting the availability of cash.

The agrarian bonds, issued as part of the compensation, are being actively traded at between 42% and 75% of face value. Just over 1% of all bonds issued to date have already been redeemed as payment of gift and death taxes. Interest coupons, which can be used for payment of all taxes, are briskly traded at 95% of nominal value. This is another interesting finding, given that 6 months ago the bonds were being described as worthless paper.

Over 75% of production loans made to Phase I cooperatives in 1980 and 1981 were repaid—better than the record of other Latin American land

reforms and also better than the record of nonreform private owners in El Salvador.

A major effort to improve the management of Phase I cooperatives underway with AID support. Farm managers and accountants are being trained. Also, a grassroots program called CODIZO has been initiated wherein representatives of each cooperative in a geographic area meet weekly to learn simple cost accounting and talk about common problems and proposed solutions.

¹Highlights of this report may be obtained from the Office of Public Affairs, Agency for International Development, Washington, D.C. 20523. ■

Radio Broadcasting to Cuba

Thomas O. Enders

ment before the Subcommittee on Internal Operations of the House Foreign Committee on March 22, 1983. *Am. Enders is Assistant Secretary for American Affairs.*

last appeared before this committee a year ago, little has changed in Cuban society. The government in economic dwarf, still views a foreign policy giant—an invader from looking at itself a distorted mirror held up by the United States. The Cuban economy, based in the familiar Soviet model, has registered a general decline. A few statistics may be useful despite growing Soviet assistance of oil at low prices and the purchase of sugar at above market rates, yet economic aid effort—which in 1982 nearly \$4 billion—is more than 10 percent of Cuba's GNP. This is in addition to 66,000 tons of military equipment furnished free. And what has been the result of all this on the Cuban people? In 1959, the real income of the Cuban has been nearly stagnant and is now daily falling relative to much of the rest of the world. Rationed food, rationed housing, and deteriorating housing have made life a struggle under the rule of the day. Cuba has for centuries been dependent on sugar. But since 1959, it has already excessive dependence on sugar has actually increased and it has exchanged a system of free trade with the West—and of free trade balances with the United States—for one of noncompetitive export with the communist world—aided by unfavorable trade balances with the Soviet Union. There are many reasons for all this, but a glaring one is that, if you will permit me to state a few more facts, may be in understanding the situation clearly. In 1958, the final year of Batista's reign, there were 46,000 men in the Cuban Armed Forces. In 1982, there grew to 225,000 Cubans in arms, excluding the militia, which is now close to 500,000. Cuba has far and away the largest and most formidable forces of any of the Latin American countries in the Caribbean. Indeed, in all of Latin America, Cuba has 12 times more men under arms. What does it do with this might? Cuba's greatest export around the

world. Cuba maintains about 40,000 soldiers in Africa, dominating two countries and serving as a surrogate there for the Soviet Union. In Central America, it plays a similar proxy role for the U.S.S.R. by seeking to unite the left in search of the violent overthrow of established government. In Nicaragua alone, the Cubans maintain 2,000 military and security personnel, plus another 6,000 civilian "advisers." In fact, more than 70,000 Cubans are abroad on various "internationalist" missions, most of them military.

Most civilized countries of the world cannot overcommit such distorted proportions of their national resources to state interests abroad quite like this because the people force them to address their own concerns first. But not in Cuba. The people of this Caribbean island just 90 miles off of our shores have no way to hold their government accountable. For 24 years, they have been denied the basic tools of modern civilized society on which to make judgments—the free flow of reliable, uncensored information.

The Proposal

The proposal we discuss today—radio broadcasting to Cuba—is intended to address this situation. Cubans, like all peoples, yearn for the truth. Even Cuba's leaders rely on the Western press and wire services, the Voice of America (VOA) and the BBC [British Broadcasting Corporation] for factual, unbiased information about the world. But the VOA is mandated by Congress to serve as a window on America, presenting official U.S. Government policy and projecting American society and institutions for foreign audiences.

Radio broadcasting to Cuba, on the other hand, will have a different mission. In the distinguished tradition of Radio Free Europe and Radio Liberty, it will be a surrogate "home service" for Cuba. It will tell the Cuban people the truth about their government's domestic mismanagement and its promotion of subversion and terrorism in this hemisphere and elsewhere around the globe. It will tell the Cuban people what these activities cost them and their children in terms of their own standard of living. Furthermore, it will correct the false image they have been given of Cuba's international reputation.

This is not the kind of programming that, under its charter from Congress, the VOA was established to conduct. It is certainly not the kind of program that can be provided by the privately owned Spanish-language commercial radio stations in southern Florida. Like all commercial radio stations, their programming is primarily geared to the listening tastes of their local audiences on which their advertising revenues are based.

The purpose of radio broadcasting to Cuba is not to incite rebellion, to topple the Cuban Government, or to make it less anti-American. Radio broadcasting to Cuba will be aimed not so much at the Cuban Government as at the Cuban people. We believe that by breaking the Cuban Government's control of information, we will help the Cuban people to question more closely their government's policies and thus hold their government more accountable for its actions, perhaps influencing it to devote more time and resources to domestic concerns and less to international adventurism.

This Administration believes that broadcasting to Cuba should be a high priority. In a meeting on February 22, 1983, with a bipartisan group of legislators, President Reagan stressed that the Administration believes strongly that the Cuban people have a right to know what is going on in their country and about their country's activities around the world. We should no longer allow the Cuban Government to carry out, unchallenged, its irresponsible and costly subversive efforts abroad in conflict with U.S. interests without trying to promote some degree of accountability by the Cuban people. While we have undertaken such an effort in Eastern Europe and the Soviet Union through Radio Free Europe and Radio Liberty—both recognized by Congress as deserving of continued support—it would be inexcusable for us any longer to ignore the need to make the same effort on our doorstep.

Broadcasting as an Initiative

This is a peaceful foreign policy initiative, designed not to provoke a confrontation with Cuba but to promote the free flow of ideas and truth that is now denied to the Cuban people by their own government. It is in keeping not only with the ideals of our own Constitution, but is also enshrined in Article 19 of The Universal Declaration of Human Rights (1949) which declares: "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and

to seek, receive and impart information and ideas through any media and regardless of frontiers."

The communist bloc countries seem to believe that this declaration of human rights is a one-way street. They broadcast programs all over the world without interference but do not grant their own people the right to listen without interference to foreign broadcasts. Here in this hemisphere, the Soviets broadcast 322 hours of programming per week, of which 108½ hours are in English. The U.S.S.R. also broadcasts to Latin America in Creole, French, Esperanto, Spanish, Guarani/Spanish, Portuguese, Quechua, and other languages. The People's Republic of China broadcasts 123 hours weekly to this hemisphere, while 7 East European countries provide an additional 257 hours to Latin America and a further 200 hours to North America. Cuba does its share as well. It broadcasts 275 hours of programs per week to North America and the Caribbean, of which 38 hours are broadcast by "La Voz de Cuba" over two medium-wave transmitters (one 1 kw and one 20 kw). Others from the communist countries broadcasting to this hemisphere include North Korea and Vietnam. The hundreds of hours broadcast by these countries into our hemisphere contrasts sharply with the 85½ hours total broadcast by the VOA to this same area.

What does all this mean? It signifies clearly that the communist bloc countries know and understand the strength and importance of radio broadcasts. They, along with us, understand that international radio broadcasting is the single most important communications medium for hundreds of millions of people. The new Soviet leader, Andropov, made this clear to Secretary Shultz in Moscow at the time of the Brezhnev funeral when he complained to the Secretary to do something about VOA (Western) broadcasts to the Soviet Union. Foreign Minister Gromyko also made that point to Vice President Bush. And Fidel Castro himself has made it clear that he does not like the idea of a Radio Free Europe-type service for his country. We can only conclude from his reaction that Cuba has something to hide, that the fiction the Cuban Government does out to its people cannot grapple successfully with the truth.

This radio—like Radio Free Europe and Radio Liberty before it—is intended to earn its audience gradually through its special sensitivity to needs the state ignores. It will speak to young people of the sports and music they love. It will

speak to adults of the great Cuban and Hispanic-American heritage they admire, which so often the state denigrates. And it will give news on which the Cuban listeners can rely.

Questions and Answers

We know that in Eastern Europe, it took years for Radio Free Europe to earn an audience. Little by little, that audience expanded. Radio Free Europe now has perhaps 70% of the Polish radio audience. Is there any doubt that the changes of the last decade could have occurred without that honest, trustworthy, humane outside contact? Our proposal is thus to begin a sustained effort, over many years, to help the Cubans know more about their country and thus to hold their government accountable in ways it is not now.

People say: "Wouldn't it be better to negotiate with the Cubans;" or "It isn't like us to engage in propaganda;" or "Cuban countermeasures will hurt us too much." We have tried to talk with Cuba in the past, and it would be wrong to rule out trying again. But the record is daunting.

Let me review the record. In 1975, we made our first secret contacts, suggesting the exploration of ways to remove tension and hostility. Late in that year, the Cubans sent troops into Angola. In 1977 we again started talking seriously to the Cubans, this time much more ambitiously, saying we wanted to create conditions in which the legacy of the past—the embargo and the political tension—could be overcome. In very high-level secret talks, our negotiators explored a series of steps with the eventual goal of removal of the embargo and full diplomatic relations in return for curbs on Cuban activities regarding Puerto Rico and a gradual withdrawal of the more than 20,000 Cuban troops from Angola. After all, the Civil War was over. While we talked, Cuba went into Ethiopia.

Conversations continued. In mid-1978, Cuba launched upon a new aggressive strategy in Central America, uniting violent factions first in Nicaragua, then in El Salvador, then in Guatemala, committing them to the destruction of their established governments. Talks went on. In 1980, Castro turned the desire of many of his countrymen to flee Cuba into a hostile act against the United States—the Mariel boatlift.

Often it is only prudent to talk to adversaries. This Administration has had high-level contact with Cuban

leaders to see whether there are of common interest. But in the what counts is not talk but action: the record of U.S. talks with Cuba produced little in the way of mo action.

Others ask: "Should we be ated with propaganda?" No, we s not. We will not succeed in attra audience in Cuba if we offer ther agenda. If there are false report, listeners will soon realize the rep false. If false reports continue, it turn off. Only by respecting its a can a project like this succeed. S must be the creature of no polit tendency, of no action group, of vested interest. We have acquir experience—in Radio Free Europe Radio Liberty—of how to do tha though the beginnings were diffi

Others say: "Cuban interfere hurt us too much." Well, Cuban i ference is a problem—a serio lem—because international radic casting is based on cooperation, Cuba has chosen to act as an out Cuba's lawlessness vastly preda broadcasting to Cuba and will co to exist in the future—with or w this new station. The Cubans ref use directional antennae, as we c protect others broadcasting on frequency. And they do not resp decisions of the regional bodi allocates frequencies. In short, th Cubans don't care if they interfe broadcasters in other countries. ' even interfere with their own br casting.

We do not know for certain v Cuba will do about radio broadea Cuba. It is possible that the Cast regime may attempt to jam this service with low-powered station situated in the main cities and to Cuba. This would badly interfe reception of our radio program. It is possible that Cuba may initiat a broadcasting. Castro himself has of using a "Radio Lincoln" to bea version of the truth to the Ameri people. To this we say: "America nothing to fear from a competit ideas." It is also possible that Cul do nothing. The VOA has been di broadcasts to Cuba for more tha years, and Castro has rarely seri tried to jam these broadcasts.

In short, we cannot say for e just what Cuba may do in respon our proposal. What we can say is we will not submit to blackmail. V say that we will not allow the thr the fear of illegal and unfriendly

ro regime to cow us into back-
 from our commitment to the
 y of information and ideas to all
 les of the world.

ositional Moves

r, in the 97th Congress, a bill
 ing the creation of radio broad-
 o Cuba passed the House of
 ntatives with bipartisan support
 most 2 to 1 margin and was
 favorably, also with bipartisan
 by the Senate Foreign Rela-
 mmittee. American broadcasters
 a number of concerns about
 primarily that the establishment
 casting to Cuba would result in
 use in longstanding Cuban in-
 ce with U.S. AM broadcasting.
 nistration did its utmost to
 compromise that would accom-
 modate broadcaster concerns as well as
 onal interest. However, in the
 Administration did not believe
 of the modifications requested
 tional Association of Broad-
 (NAB) could be accommodated
 at with the establishment of ef-
 dio broadcasting to Cuba.
 rtheless, we believe the bill sent
 to both Houses of Congress on
 24, which contains significant
 dations to the concerns of
 ters, meets in almost all
 the provisions they have
 n fact, most of the recommen-
 dations for broadcasting made by the
 u letter dated November 16,
 all Members of the Senate have
 rporated in this bill. In that let-
 NAB suggested that if radio
 ing to Cuba were authorized,
 nment should:

t, put Radio Marti at either end
 M band outside of commercial
 quencies;
 nd, operate Radio Marti on
 e;
 l, permit government leasing of
 n existing commercial AM sta-
 Radio Marti;
 th, allow Radio Marti to share
 eny now used by the Voice of
 at its marathon station; or
), expand the operating hours
 late of the Voice of America to
 the kind of programing en-
 for Radio Marti.”
 re prepared to work with the
 of these and have incorporated
 our proposal. The net result of
 omodations—which are very
 t to our AM commercial broad-

casters—is not to establish a new sta-
 tion on the commercial portion of the
 AM band (535 kHz to 1605 kHz) other
 than possibly on 1180 kHz, which has
 been allocated to and used by the
 government for VOA broadcasting to
 Cuba for over 20 years. Although the ac-
 commodations made in this new bill are
 significant, the bill, which has already
 been introduced in the Senate, gives the
 Administration the options necessary to
 ensure that radio broadcasting to Cuba
 would be done right.

Conclusion

All the information available to us in-
 dicates that the vast majority of Cuban
 radio listeners listen to the AM band. In-
 deed, that is the band used by the Cuban
 Government to reach the Cuban people.
 Cuba maintains an interlocking system
 of five national AM networks. Whatever
 other frequencies one might consider,
 use of the AM band is crucial in order to
 reach the largest possible number of
 Cubans. We believe that having the op-
 tion of using 1180 kHz, plus leasing time
 on existing commercial AM stations, will
 give us the basic tools to reach our
 target audience. The other options such
 as the upper and lower noncommercial
 portions of the AM band and shortwave
 could be used by the Board for Interna-
 tional Broadcasting (BIB) to augment
 the basic coverage.

Broadcasters' concerns over Cuban
 interference with U.S. AM broadcasting
 are not new; this is a significant problem
 that has been growing over the past 15
 years. The Cuban Government in its ef-
 forts to defeat this bill, has sought to

give the impression that interference
 would increase. The Administration has
 stated repeatedly that this is a peaceful,
 legal, and nonconfrontational foreign
 policy initiative in the national interest
 patterned after the successful models of
 Radio Free Europe and Radio Liberty.
 The Administration believes that we
 should not allow our foreign policy to be
 determined by threats of the Cuban
 Government. We believe that Congress
 and American broadcasters share that
 determination.

Radio broadcasting to Cuba is
 designed to respond to a basic human
 need—the need to have access to infor-
 mation on events and policies that affect
 the lives of individuals. Freedom of in-
 formation is what we are talking about
 here, a fundamental freedom recognized
 by every responsible individual and
 government in the world. This right, this
 freedom, has been consistently denied to
 the Cuban people since Castro came to
 power in 1959. Radio broadcasting to
 Cuba will help restore it.

Those of us who have lived in a com-
 munist state will know just how much
 radio broadcasting to Cuba can affect
 the lives of Cubans. This is an oppor-
 tunity to offer the Cuban people hope
 and the means to make informed
 judgments on the actions of their own
 government. For a people bottled up in
 a system of oppression which they did
 not seek and cannot remove, that can be
 precious.

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

U.S. Policy Toward Argentina

by N. Shaw Smith

*Statement before the Subcommittee
 on Western Hemisphere Affairs of the
 House Foreign Affairs Committee on
 March 16, 1983. Mr. Smith is Director of
 Southern Cone Affairs, Bureau of Inter-
 American Affairs.*¹

I appreciate the opportunity to appear
 before you to discuss U.S. policy toward
 Argentina. I was especially pleased that
 Chairman [Michael] Barnes and others
 here were able to visit Argentina earlier
 this year. You had a full program of
 meetings with government officials,

political and labor leaders, persons ac-
 tive in the human rights movement,
 representatives of the business and
 financial communities, and others.
 Argentina is a rich, diverse country with
 complex social and political institutions.
 It has its own dynamics and its special
 perspectives on events. It is now going
 through a political transition back to
 democracy. So, it is helpful to get a
 first-hand look at the situation there. I
 was delighted to have accompanied you
 on the visit, and I welcome these hear-
 ings as an effort to broaden public
 understanding of events in Argentina

and U.S. policy toward that country.

American policy flows from our national interests and our ideals. It makes sense, therefore, to reflect on what these are in the case of Argentina and how they interact. In a country of Argentina's prominence, it is not surprising that the United States has a number of interests—political, economic, and strategic. Some are immediate, while others are longer term. Obviously, they vary in importance and, indeed, shift somewhat over time in response to evolving U.S. priorities and to changing circumstances in the area. In the case of Argentina, some of our more significant interests include:

- The maintenance of peace in the South Atlantic and the southern cone—the achievement of progress toward peaceful resolution of territorial disputes involving the Falklands/Malvinas Islands and the Beagle Channel;
- The establishment of sound relations with a productive dialogue and hopefully with increased Argentine-U.S. cooperation on hemispheric and global issues;
- Argentine efforts to establish a stable democracy and domestic tranquility;
- Argentina's reconstruction of a sound and prosperous economy, creating a basis for increased trade, investment, financial and technological relations, and the strengthening of mutual economic cooperation;
- The development of Argentina's enormous capacity as a major supplier of the world's food needs, now and in the future;
- Increased U.S.-Argentine cooperation, as major world agricultural suppliers, in the reduction of barriers to growth of international trade;
- The peaceful advancement of Argentine programs of energy supply;
- Cooperation in the Antarctic; and
- Prevention of Soviet disruption or strategic inroads in the area.

These are, I repeat, some of our interests. They are not listed in priority order, but I believe the listing itself indicates something of the nature, scope, and importance of U.S.-Argentine relations.

The subject of human rights, of course, represents a special dimension in our relations, reflecting not only our interests but also our ideals. This issue reflects, in Argentina as elsewhere, fundamental American values. And it is, there as elsewhere, a matter of great local sensitivity. Human rights has been

at the crux of the Argentine-U.S. relationship in recent years. Fortunately, there has been substantial progress in this area which is removing it as a complicating issue in our relations.

Our policy should reflect both our major interests and developments in Argentina. Certainly, the circumstances of the post-Falklands/Malvinas period present a policy panorama considerably different than that which existed in 1981 or early 1982. The war itself brought major changes within Argentina and, of course, in relations between Argentina and the United States.

Recent Notable Developments

First, the government of President Reynaldo Bignone, installed July 1, 1982, announced that it was a government of transition whose primary task was to oversee the return to democracy. The government has pledged to hold national elections on October 30 this year, with the new government to be installed on January 30, 1984. There has been a notable increase in political activity. Parties are freely organizing, inscribing voters, and holding public rallies in preparation for internal party elections this spring and summer. The press now is relatively unrestrained. Open and even severe criticism of the government is common. Although a few publications were closed or editions seized in recent months, these cases are reviewed by the courts, which often reverse government decisions. Argentina has shown substantial improvement in the exercise of political rights, but given the country's history of political turbulence, many observers do not foresee an easy transition this year, although the positive trends are expected to predominate with the political opening continuing on track.

Second, the situation regarding individual rights in Argentina has shown dramatic improvement. There have been no new cases of confirmed disappearances in 2 years, although this remains a very sensitive issue. Questions of accountability and of accounting for the disappeared are politically important. Detentions for national security or political reasons have virtually ceased. Reports of prisoner mistreatment have similarly declined. Moreover, the courts have shown increased independence, ordering the release of PEN [poder ejecutivo nacional] prisoners, convicting prison officials for abuse, levying fines on military officers, and shortening sentences imposed by the highest military court. National security or political prisoners held under PEN

authorization were reduced sharply; 425 freed during 1982, bringing down to 243 at year end. Release is tentative. The government has said remaining PEN prisoners are to be freed, or brought to trial, in 1983; state of siege is to be lifted before elections this year and Argentina turned to the full exercise of individual rights under its constitution.

Third, Argentina, like many countries, has experienced a per economic recession, with budget a high rate of inflation, and pro external repayments. It suffered unemployment and a decline in real wages in 1981-82, a situation which began to reverse late in the year. The government successfully negotiated a standby arrangement with the International Monetary Fund and relief is being negotiated with its creditors. Nevertheless, problem exist, and economic management be easy during a period of political transition. Argentina is a rich country sufficient in energy with a health surplus and a reputation for rapid recovery from prior difficult periods. Thus we foresee a period of continued serious short-term strains, cushioned by underlying elements of strength and momentum and beyond.

Fourth, the Argentine Government has turned its attention once again to the active pursuit of negotiations to resolve the Falklands/Malvinas issue. This has become its central foreign policy focus. Meanwhile the papacy between Chile and Argentina in the Beagle Channel continues. Although Argentina has largely replaced its military equipment losses suffered during last year's conflict from Western Europe and elsewhere, we believe the period ahead for both disputes will be characterized by efforts to find a peaceful resolution for these difficult disputes, rather than armed conflict.

Implications for U.S. Policy

U.S. relations with Argentina fell to a low point in 1982 following the Falklands/Malvinas conflict. Many Argentines believed the United States played a role in the British Victor Resentment against the United States was deeply felt in many quarters these circumstances, we should not expect a rapid return to warm relations. Nevertheless, Argentina and the United States share many common interests in our heritage, our peoples, and, in the problems we face are similar

pects. There is a basis for solid, positive relations between us in the First, we must restore con- on both sides step by step. Our o do so was manifested by Presi- agan's meeting with the new e Ambassador last year very after his arrival. It also was seen by the constructive and support- roach we took toward Argentina's negotiations of its interna- financial obligations, last year and

other important milestone was t. vote in the United Nations last vor of a moderate resolution, ed by Argentina, calling for negotiations on the Falklands/ as issue. We remain opposed to of force to resolve territorial as in the Falklands/Malvinas t we have never taken a position over sovereignty of the islands and iterated U.S. support for a l, negotiated resolution of this ur current and future policy ap- to Argentina is open and careful- ced. We seek areas of mutual in- respect, and cooperation.

must recognize that Argentina yady entered a sensitive period of on from military to civilian rule. come this. The preelectoral will witness, inevitably, certain s as candidates and parties freely e. Obviously, we have no s in that campaign. Nor do we t intrude in any way. It is entirely r for the people of Argentina to without interference from

basic position in this: We are t that Argentina is launched again e democratic path. We will try lish a productive dialogue this d next and offer our cooperation never is chosen by the people of ina to lead their country. We eize the importance of their coun- of its return to democracy for ure peace, stability, and develop- f this hemisphere. We wish them

ollows that in the years to come, e to strengthen our ties of in- d and understanding with all ts of Argentine society. This is nt because in the past the net- linkages between our two ts has not been as broad or as rooted as it should be. These con- e, of course, predominantly and nongovernmental. They in- cludators, labor, political parties, he arts, the business and scien- communities—indeed, all segments

of society. We would hope to encourage increased interactions at all levels as the best way, in the long term, to increase our understanding of each others' societies.

Obviously, we should include the Argentine Armed Forces in this process. As they return to a more traditional role, they will continue to be an important element in the future life of their country. In particular the military will play a key role on issues of importance to the United States, including the maintenance of regional peace. We do not seek to minimize the obstacles to improved relations, but it is important to both countries that we undertake the effort to reestablish confidence and the basis for future cooperation.

Economic cooperation is another area requiring close future attention. U.S. support for sensible foreign debt arrangements with creditor institutions is important in Argentina and elsewhere in the hemisphere. Improvements in the U.S. and world economies should increase demand for Argentine products. As the fourth largest trader in Latin America, Argentina also represents an important overseas market for U.S. products, as it does for productive investment and technology transfer arrangements. We will continue to pursue areas of mutual interest in increased economic interchange, through America's dynamic private sector and through official institutions in which we participate. We both have a major stake in sound economic growth in both countries.

Finally, a note on style—always an important component in how nations deal with each other. We have been through a very rough period in this relationship with Argentina. And one can expect a certain amount of raw nerves as the political transition moves forward in the months ahead. In these circumstances, it clearly serves our interests to be prudent in word and deed. Good relations between Argentina and the United States are genuinely important to both of us. We should give them an opportunity to take hold again and prosper.

⁴The 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. ■

Visit of Ecuador's President

President Osvaldo Hurtado Larrea of Ecuador made an official working visit to Washington, D.C., April 7-9 1983, to meet with President Reagan and other government officials.

Following are remarks made by Presidents Reagan and Hurtado after their meeting on April 8.¹

President Reagan

Our very cordial and productive talks today covered a broad range of issues. As two countries strongly committed to democratic government, we are heartened by the obviously favorable trend toward democracy in Latin America. And I would be remiss if I did not express here my personal admiration for President Hurtado's courageous leadership in this area and his firm resolve to hold free national elections next year.

The President and I also spoke today about the serious economic difficulties facing many countries in this hemisphere and the importance of working closely together to overcome these problems. Such cooperation is vital to our mutual interest in peaceful and democratic change. We're confident that the economic measures President Hurtado is taking in Ecuador will succeed.

Our two Governments have worked closely to resolve differences that may arise between us. We were pleased to reach an accord last month on restrictions for certain Ecuadorian fish exports to the United States and welcomed Ecuador's willingness to discuss practical solutions to the fisheries issues.

Our discussions today were carried on in a spirit of openness and mutual respect as befits two countries with many shared values, including our commitment to democracy, freedom, and human rights. I have very much appreciated the opportunity to have President Hurtado as my guest, to benefit from his perceptive views, and to reaffirm the warm and abiding friendship that the peoples of our two countries have long enjoyed.

President Hurtado

It has been a great pleasure and a satisfaction to speak to Mr. Reagan, to



(White House photo by Karl Schumacher)

President Reagan, regarding the problems of Latin America and the possible social and economic consequences.

In Latin America, and specifically in my country—Ecuador—we have assumed the responsibility for reestablishing the balance that is necessary to maintain economic and political equilibrium.

However, the efforts that my government and our people can carry out will not be sufficient if we do not find the understanding and the aid of the industrialized countries of the North, as well as the collaboration of multinational finance institutions and international, private banking groups. Without this cooperation, all of the national efforts undertaken by ourselves and our people will not give the necessary results that we are all attempting to find.

In the conversations that we have held during these past few days with the representatives of all these organiza-

tions, and especially in the conversations maintained with President Reagan today, we have found a very high degree of understanding with reference to the problems that afflict Latin America and that these will lead us to finding solutions.

The conversations that we have maintained during these days have had always as a common horizon the will of the two countries in maintaining the ideals that are shared by both countries—ideals of liberty and of deep respect for human rights.

A social progress democracy is what Latin America requires, and perhaps out of this crisis we can find the necessary means to look for these solutions.

¹Text from Weekly Compilation of Presidential documents of Apr. 11, 1983. ■

Current Actions

MULTILATERAL

Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1958. TIAS 6997.

Accession deposited: Uruguay, Mar. 1983.

Aviation

Protocol on the authentic quadrilinguism of the convention on international aviation (TIAS 1591), with annex. Done Montreal Sept. 30, 1977.¹

Acceptance deposited: Venezuela, Apr. 1983.

Biological Weapons

Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin and on their destruction. Done at Washington, London, and Moscow Aug. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Ratification deposited: F.R.G., Apr. 1983.

Coffee

International coffee agreement 1982-1985. Done at London Sept. 16, 1982. Signatures: Finland, Norway, Sweden, Mar. 28, 1983; France, Uganda, Apr. 1983; U.K., Apr. 15, 1983.

Copyright

Universal copyright convention. Done Geneva Sept. 6, 1952. Entered into force Sept. 16, 1955. TIAS 3324.

Notification of succession: Belize, Dec. 1982.

Accession deposited: Dominican Republic, Feb. 8, 1983.

Universal copyright convention, as amended. Done at Paris July 24, 1971. Entered into force July 10, 1974. TIAS 7868.

Accession deposited: Dominican Republic, Feb. 8, 1983.

Environmental Modification

Convention on the prohibition of military or 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, 1979. TIAS 9614.

Ratification deposited: Netherlands, Apr. 1983.

Finance—African Development Bank Agreement establishing the African Development Bank, with annexes. Done at Abidjan Aug. 4, 1963, as amended at Abidjan Aug. 17, 1979. Entered into force May 7, 1980. Signatures: Austria, July 23, 1982; E.C., Dec. 8, 1982; U.K., Dec. 23, 1982.

es and acceptances deposited:

Dec. 23, 1982;³ Finland, Norway, ^{3,4}
 34 Sept. 7, 1982; F.R.G., Feb. 16,
 ly, Nov. 26, 1982;⁵ Japan, Feb. 3,
 rea, Sept. 27, 1982; Kuwait, Nov. 9,
 1982;
 and, Sept. 14, 1982;³ U.S., Jan. 31,

es and ratifications deposited:

Feb. 15, 1983; Denmark, Sept. 7,
 rance, July 1, 1982; Yugoslavia,
 1982.
 ion deposited: Austria, Mar. 10,

s
 Pacific Ocean tuna fishing agree-
 ment protocol. Done at San Jose Mar.

. Enters into force 30 days after the
 of the fifth instrument of ratification
 by a coastal state.

es: Costa Rica, Panama, U.S.,
 1983.

Assistance

ion on the service abroad of judicial
 adjudicial documents in civil or com-
 matters. Done at The Hague Nov. 15,
 1969. Entered into force Feb. 10, 1969. TIAS

id to: St. Christopher and Nevis by
 Mar. 1, 1983.

a
 relating to intervention on the high
 seas of pollution by substances other
 Done at London Nov. 2, 1982.
 into force Mar. 30, 1983.
 ed by the President: Apr. 11, 1983.

Discrimination

onal convention on the elimination of
 of racial discrimination. Done at
 k Dec. 21, 1965. Entered into force
 969.⁵
 ace deposited: Mozambique, Apr. 18,

m
 onal convention against the taking of
 . Adopted at New York Dec. 17,

ion deposited: Finland, Apr. 14,

tification of modifications and recs-
 s to the annex to the agreement of
 1979 (TIAS 9620) on trade in civil
 Done at Geneva Jan. 17, 1983.
 into force: Jan. 17, 1983.

Industrial Development Organization

tion of the UN Industrial Develop-
 ment Organization, with annexes. Adopted at
 Apr. 8, 1979.¹
 ions deposited: Dominican Republic,
 1983; Uganda, Mar. 23, 1983.

Wheat

1983 protocol for the further extension of the
 wheat trade convention. 1971 (TIAS 7144).
 Open for signature at Washington from April
 4 through May 10, 1983. Enters into force
 July 1, 1983 if by June 30, 1983, certain re-
 quirements have been met.

Signatures: Austria, Apr. 28, 1983; Brazil,
 Sweden, Vatican City, Apr. 18, 1983; Cuba,
 Apr. 11, 1983; Egypt, Kenya, Apr. 19, 1983;
 Finland, Apr. 7, 1983; Japan, Spain, Apr. 22,
 1983; Norway, Apr. 6, 1983; Pakistan, Apr.
 4, 1983; South Africa, U.S., Apr. 25, 1983;
 Switzerland, Apr. 27, 1983.
 Ratification deposited: Sweden, Apr. 18,
 1983.

Declarations of provisional application

deposited: Cuba, Apr. 11, 1983; Finland,
 Apr. 7, 1983; Norway, Apr. 6, 1983; Spain,
 Apr. 22, 1983; Switzerland, Apr. 27, 1983;³
 Tunisia, Apr. 14, 1983; U.S., Apr. 25, 1983.³

1983 protocol for the further extension of the
 food aid convention. 1980 (TIAS 10015).
 Open for signature at Washington from Apr.
 4 through May 10, 1983. Enters into force
 July 1, 1983 if by June 30, 1983, certain re-
 quirements have been met.

Signatures: Austria, Apr. 28, 1983; Finland,
 Apr. 7, 1983; Japan, Spain, Apr. 22, 1983;
 Norway, Apr. 6, 1983; Sweden, Apr. 18,
 1983; Switzerland, Apr. 27, 1983;³ U.S.,
 Apr. 25, 1983.
 Ratification deposited: Sweden, Apr. 18,
 1983.

Declarations of provisional application

deposited: Finland, Apr. 7, 1983; Spain,
 Apr. 22, 1983; Switzerland, Apr. 27, 1983;³
 U.S., Apr. 25, 1983.⁴

Wills

Convention providing a uniform law on the
 form of an international will, with annex.
 Done at Washington Oct. 26, 1973. Entered
 into force Feb. 9, 1978.⁵
 Ratification deposited: Belgium, Apr. 21,
 1983.

World Health Organization

Amendments to Articles 24 and 25 of the
 Constitution of the World Health Organiza-
 tion, as amended (TIAS 1808, 8086, 8534).
 Adopted at Geneva May 17, 1976 by the 29th
 World Health Assembly.¹
 Acceptances deposited: Jamaica, Apr. 11,
 1983; Nicaragua, Feb. 16, 1983.

BILATERAL

Austria

Convention for the avoidance of double taxa-
 tion and the prevention of fiscal evasion with
 respect to taxes on estates, inheritances,
 gifts, and generation-skipping transfers.
 Signed at Vienna June 21, 1982. Enters into
 force July 1, 1983.
 Ratifications exchanged: Apr. 13, 1983.
 Proclaimed by the President: Apr. 25, 1983.

Ecuador

Cooperative scientific and technical project
 for joint oceanographic research. Effected by
 exchange of notes at Quito Mar. 17, 1983.
 Entered into force Mar. 17, 1983.

France

Agreement relating to jurisdiction over
 vessels utilizing the Louisiana Offshore Oil
 Port, with annex. Effected by exchange of
 notes at Washington March 24 and April 6,
 1983. Entered into force April 6, 1983.

German Democratic Republic

Agreement concerning fisheries off the coasts
 of the U.S. with annexes. Signed at Washing-
 ton Apr. 13, 1983. Enters into force on a
 date to be agreed upon by exchange of notes,
 following the completion of internal pro-
 cedures of both governments.

Hong Kong

Agreement amending the agreement of June
 23, 1982 (TIAS 10420), relating to trade in
 cotton, wool, and manmade fiber textiles and
 textile products. Effected by exchange of let-
 ters at Washington Jan. 12 and 14, 1983.
 Entered into force Jan. 14, 1983; effective
 Jan. 1, 1983.

Israel

General security of information agreement.
 Effected by exchange of notes at Tel Aviv
 and Jerusalem July 30 and Dec. 10, 1982.
 Entered into force Dec. 10, 1982.

Malaysia

International express mail agreement, with
 detailed regulations. Signed at Washington
 and Kuala Lumpur Feb. 14 and Mar. 14,
 1983. Entered into force June 1, 1983.

Mexico

Agreement amending the agreement of
 June 2, 1977 (TIAS 9852) relating to addi-
 tional cooperative arrangements to curb the
 illegal traffic in narcotics. Effected by ex-
 change of notes at Mexico Feb. 9, 1983.
 Entered into force Feb. 9, 1983.

Memorandum of understanding concerning
 the furnishing of launch and associated ser-
 vices for the MEXSAT project. Signed at Mex-
 ico Nov. 18, 1982.
 Entered into force: Mar. 18, 1983.

Peru

Agreement for sale of agricultural com-
 modities, relating to the agreement of
 Apr. 26, 1978 (TIAS 9604), with memoran-
 dum of understanding. Signed at Lima
 Mar. 29, 1983. Entered into force Mar. 29,
 1983.

Qatar

International express mail agreement, with
 detailed regulations. Signed at Doha and
 Washington Jan. 19 and Feb. 14, 1983.
 Entered into force June 1, 1983.

Romania

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed, or insured by the U.S. Government and its agencies, with annexes. Signed at Bucharest Mar. 10, 1983. Entered into force: Apr. 22, 1983.

Agreement relating to trade in cotton textiles, with annex. Effected by exchange of notes at Bucharest Jan. 28 and Mar. 31, 1983; effective Jan. 1, 1983.

Sri Lanka

Agreement extending the agreement of May 12 and 14, 1951, as amended and extended (TIAS 2259, 4436, 5037, 10319), relating to the facilities of Radio Ceylon. Effected by exchange of notes at Colombo Mar. 23 and Apr. 5, 1983. Entered into force Apr. 5, 1983.

¹Not in force.

²This listing includes only actions related to the agreement as amended; actions by parties to the original agreement are not included.

³With reservations(s).

⁴With declaration(s).

⁵Not in force for the U.S. ■

April 1983

April 1

The Board of Governors of the International Monetary Fund approves a proposed 47.4% increase in the members' quotas. Each member country has until November 30 to consent to the proposed quota increase.

April 7

In a White House ceremony, the following Ambassadors present their credentials: Mariano BAPTISTA Gumuchio, Republic of Bolivia; Benjamin W. Mkapa, United Republic of Tanzania; James O'Neil-Lewis, Republic of Trinidad and Tobago; Dr. Alvaro GOMEZ Hurtado, Republic of Colombia; ZHANG Wenjin, People's Republic of China; Ali Salim Badar Al-Hinai, Sultanate of Oman.

The United States voices regret over two separate actions announced by the Chinese Minister of Culture and the All-China Sports Federation to cancel all planned remaining activities under the 1982-1983 U.S.-China Implementing Accord for Cultural Exchange as well as all remaining U.S.-China sports exchanges scheduled for 1983. The Chinese actions were made after the United States had granted asylum to Chinese player Hu Na.

April 7-9

Ecuador President Osvaldo Hurtado makes an official working visit to Washington, D.C. to meet with President Reagan, Secretary Shultz, and Vice President Bush to discuss economics and support for democracy in this hemisphere.

April 9-15

Under Secretary for Political Affairs Lawrence Eagleburger visits Algeria and Tunisia for a general discussion on U.S. bilateral relations and other matters of mutual interest.

April 10-11

Canadian Foreign Minister Allan J. MacEachen and Secretary Shultz meet in Washington, D.C. to discuss international and bilateral issues.

April 10-14

During a private visit to the United States, Sri Lankan Prime Minister Ranasinghe Premadasa meets with the President and Vice President.

April 10-15

Egyptian Minister of State Boutros Ghali makes an unofficial working visit to Washington, D.C. to meet with top U.S. officials.

April 11-15

Sultan Qaboos bin Said of Oman makes a state visit to Washington, D.C. to meet with top U.S. officials to discuss regional issues such as the Iraq-Iran war, Lebanon, and the Middle East peace process.

April 14-15

Chancellor Helmut Kohl of the Federal Republic of Germany visits Washington, D.C. in his capacity as Chairman of the European Council. He meets with President Reagan to discuss U.S.-European Community issues, U.S.-German relations, and other matters of mutual interest. Chancellor Kohl is accompanied by F.R.G. Vice Chancellor and Foreign Minister Hans-Dietrich Genscher.

April 15

Nicaraguan patrol boats intercept and seize two Costa Rican sport fishing boats in that country's waters and take three U.S. citizens and their two Costa Rican guides to Nicaragua. With the help of Costa Rican authorities, they are returned to that country on April 16.

April 18

The U.S. Embassy in Beirut, Lebanon, is bombed. Initial reports indicate that there are at least 33 casualties, including U.S. citizens. Two U.S. citizens are missing. In a statement, President Reagan denounces "the vicious terrorist bombing" as a "cowardly act," and vows that the United States will not be deterred in its efforts to secure peace in that region.

April 18-19

Secretary Shultz visits Mexico to discuss a whole range of bilateral issues, including trade and financial issues, as well as regional problems such as Central America. He is joined by Treasury Secretary Regan and Commerce Secretary Baldrige, as well as representatives of the Department of

Agriculture and the Office of the Special Trade Representative.

April 19

The State Department announces that it moved to expel two members of the Mission to the United Nations for an "hostile intelligence activities aimed at the United States." Although accredited United Nations for the purpose of its diplomatic activities there, the two officers, Ramon Saïup Canto and Joaquín Rodobaldo Penton Rojas, have engaged in hostile intelligence activities aimed at the United States in blatant violation of privileges of residence.

The State Department informs the Embassy that Yevgeniy Barnyants, Assistant Military Attaché of the USSR, declared *persona non grata* for activity incompatible with his diplomatic status.

April 20

The Senate Foreign Relations Committee and the House Foreign Affairs Committee approve a \$251 million supplemental package for Lebanon for fiscal year 1983. Additional language requires congressional authorization if the Administration substantially increase the number of U.S. forces now in that country. The bills approved by the two committees will go to the full House and Senate.

The State Department releases a report citing and analyzing Soviet forgery aimed at discrediting the United States. These false documents comprise a Soviet active measures program, an intelligence program which uses forged front groups, and other disinformation techniques to further Soviet policy.

The USUN Mission informs the Soviet Mission that Aleksandr Mikheev was temporarily assigned to the Mission being expelled from the United States as being incompatible with his status.

April 21-23

Under Secretary of State Lawrence Eagleburger heads a special U.S. Government delegation to honor the brave women victimized by a terrorist attack serving the United States in Lebanon on a special plane, which is greeted by the lieutenant at Andrews Air Force Base, the nation escorts the bodies home. Delegation meetings with Lebanese officials underscore the depth of U.S. gratitude to brave members of Lebanon's international Force and military services.

April 22

A total of 17 U.S. citizens' bodies have been recovered from the rubble of the Embassy in Beirut. Eighteen Foreign Nationals are confirmed dead and 15 counted as missing and presumed dead.

April 24

Austrian Chancellor Bruno Kreisky announces his intention to step down as

st Party loses its clear majority in
ment in national elections.

4-May 11

ident Reagan's request Secretary
makes an official visit to Egypt,
and Lebanon to help resolve the issue
gn troops in Lebanon. The primary
of the trip will be to bring about a
ful conclusion to the negotiations on
withdrawal from Lebanon. Upon his
the Secretary stops in Paris to attend
ng of the OECD [Organization for
ic Cooperation and Development]
10.

6

orial service is held at Washington's
al Cathedral for the U.S. citizens and
se who were victims of the Beirut
sy bombing.

7-28

an Prime Minister Pierre Trudeau
a working visit to Washington, D.C. to
eparately with the President and Vice
ent to discuss the upcoming
sburg Economic Summit and security
ncluding arms control. ■

partment of State

leases may be obtained from the Of-
ress Relations, Department of State,
gton, D.C. 20520.

Date	Subject
4/4	Ambassador Brock to ad- dress conference on U.S. trade and investment in Africa, Houston, Apr. 14.
4/5	John Melvin Yates sworn in as Ambassador to Cape Verde (biographic data).
4/5	Wesley William Egan, Jr. sworn in as Ambassador to Guinea-Bissau (biographic data).
4/5	Program for the official working visit of Ecuadorean President Oswaldo Hurtado Larrea, Apr. 7-9.
4/7	U.S., Hungarian People's Republic sign bilateral tex- tile agreement, Feb. 15 and 25.
4/11	Program for the state visit of His Majesty Qaboos bin Said, Sultan of Oman, Apr. 11-15.
4/11	Shultz: interview on CBS morning news.
4/11	Dam: address to World Af- fairs Council of St. Louis, St. Louis.

*104	4/12	U.S., U.K. consultations on recent developments in in- ternational communica- tions.	*123	4/21	Shultz: remarks before the Senate Subcommittee on Appropriations for Com- merce, Justice, State, and the Judiciary.
*105	4/12	U.S. Organization for the In- ternational Radio Consul- tative Committee (CCIR), study group 7, May 2.	*124	4/25	SCC, SOLAS, panel on bulk cargoes, May 17.
106	4/12	Shultz: news conference.	*125	4/26	Program for the official working visit of Canadian Prime Minister Pierre Elliott Trudeau, Apr. 27-28.
*107	4/12	Program for the official working visit of F.R.G. Chancellor Helmut Kohl, Apr. 14-15.	126	4/28	U.S.-Mexico joint state- ment - bilateral com- mission meeting, Apr. 19.
108	4/13	Shultz: statement before the Senate Finance Commit- tee.	*127	4/26	Oceans and International En- vironmental and Scientific Affairs Advisory Commit- tee, May 24.
109	4/20	Shultz: address to Dallas World Affairs Council, Dallas, Apr. 15.	*128	4/27	Shultz, Baldrige, Regan: news briefing en route from Mexico City, Apr. 19.
109A	4/20	Shultz: question-and-answer session following Dallas address, Apr. 15.	129	4/27	Shultz: remarks at memorial service for Beirut bombing victims, Cairo, Apr. 26.
110	4/19	Shultz: statement on bomb- ing of U.S. Embassy in Beirut, Mexico City, Apr. 18.	130	4/29	Shultz, Mubarak: remarks following meeting, Cairo, Apr. 26.
*111	4/19	Shultz, Regan: joint press conference en route to Mexico City, Apr. 17.	131	4/27	Shultz, Shamir: arrival remarks, Jerusalem.
*112	4/12	Rank of Ambassador ac- corded Diana Lady Dougan as Coordinator for International Communica- tions and Information Policy (biographic data).	*132	4/28	Shultz: press briefing en route Jerusalem, Apr. 27.
113	4/20	Shultz: statement before the Senate Armed Services Committee	133	4/29	Shultz, Shamir: toasts, Jerusalem.
*114	4/20	U.S. Organization for the In- ternational Telegraph and Telephone Consultative Committee (CCITT), in- tegrated services digital network (ISDN), May 10-12.	*134	4/29	Shultz: news briefing en route Beirut.
*115	4/20	CCIR, study group 2, May 13.	135	4/29	Shultz: remarks upon arrival Beirut, Apr. 28.
*116	4/20	Advisory Committee on International Intellectual Property, May 10.	136	4/29	Shultz: remarks at U.S. Em- bassy, Beirut, Apr. 28.
*117	4/20	CCIR, study group 1, May 13.	137	5/2	Shultz: departure remarks from Presidential Palace, Baabda.
*118	4/20	Advisory Committee on In- ternational Investment, Technology, and Develop- ment, May 18.	*138	4/29	U.S., Lebanon sign air cargo agreement.
*119	4/20	Shipping Coordinating Com- mittee (SCC), Subcommit- tee on Safety of Life at Sea (SOLAS), working group on carriage of dangerous goods, June 7.	*Not printed in the BULLETIN. ■		
*120	4/20	Overseas Schools Advisory Council, June 15.			
*121	4/20	Shultz: remarks at opening of U.S.-Mexico Binational Commission, Mexico City, Apr. 18.			
122	4/20	Shultz, Regan, Sepulveda: news conference, Mexico City, Apr. 19.			

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

Central America: Defending Our Vital Interests, Joint Session of Congress, Apr. 27, 1983 (Current Policy #482).

Reducing the Danger of Nuclear Weapons, Los Angeles World Affairs Council, Los Angeles, Mar. 31, 1983 (Current Policy #473).

Secretary Shultz

Modernizing U.S. Strategic Forces, Senate Armed Services Committee, Apr. 20, 1983 (Current Policy #480).

Struggle for Democracy in Central America, Dallas World Affairs Council and Chamber of Commerce, Dallas, Apr. 15, 1983 (Current Policy #478).

Caribbean Basin Economic Recovery Act, Senate Finance Committee, Apr. 13, 1983 (Current Policy #477).

Africa

Africa's Economic Crisis (GIST, Apr. 1983).

Arms Control

Implications of a Nuclear Freeze, Assistant Secretary Burt, Subcommittee on Procurement and Military Nuclear Systems, House Armed Services Committee, Mar. 9, 1983 (Current Policy #470).

East Asia

Indochinese Refugees (GIST, Apr. 1983).

Economics

Looking Toward Williamsburg: U.S. Economic Policy, Deputy Secretary Dam, Graduate Institution of International Studies, Geneva, Switzerland, Mar. 21, 1983 (Current Policy #479).

Meeting the Global Challenge: Leadership in the 1980s, Under Secretary Wallis, The Executives' Organization, Scottsdale, Arizona, Mar. 20, 1983 (Current Policy #474).

Economics and Security: The Case of East-West Relations, Under Secretary Wallis, U.S.-German Industrialists' Group, New York, Mar. 7, 1983 (Current Policy #465).

U.S. Exclusive Economic Zone (EEZ) (GIST, Apr. 1983).

Europe

Background Notes on Monaco (Mar. 1983)
Background Notes on Turkey (Mar. 1983)

Foreign Aid

International Security and Development Cooperation Program, Apr. 4, 1983 (Report #108).

Middle East

A Time for Reason and Realism in the Middle East, Deputy Secretary Dar Louis World Affairs Council, St. Louis, Apr. 11, 1983 (Current Policy #475)
Background Notes on Libya (Apr. 1983)

Oceans

Oceans Policy and the Exclusive Economic Zone, President Reagan, (proclamation statement) Assistant Secretary Male Mentor Group, Washington, Mar. 10 (Current Policy #471).

Trade

UNCTAD VI and the North/South Dialogue (GIST, Apr. 1983).

South Asia

Background Notes on Afghanistan, (Apr. 1983).

Western Hemisphere

Nicaragua: Threat to Peace in Central America, Assistant Secretary Ender Senate Foreign Relations Committee 12, 1983 (Current Policy #476).

El Salvador's Land Reform (GIST, Apr. 1983). ■

Foreign Relations Volume Released

The Department of State released today *Foreign Relations of the United States, 1951, Volume VII, China and Korea*. The *Foreign Relations* series has been published continuously since 1861 as the official record of U.S. foreign policy. The volume released today is the sixth of seven volumes covering the year 1951. Three other volumes recording the years 1952-1954 have also been released.

The volume presents 2,055 pages of documents, most of them previously unpublished and highly classified. The volume is published in two parts. The index to both parts is in Part 2.

The 1,473 pages of documents in Part 1 deal with major U.S. actions during the year relating to the Korean War, including definition of war objectives, relations with the UN coparticipants, the decision to relieve General Douglas MacArthur, and the initiation of truce talks. There is also material on U.S. economic and military aid to the Republic of Korea (ROK), and U.S. rela-

tions with the ROK Government headed by Syngman Rhee.

The 582 pages in Part 2 cover U.S. policy toward China, including U.S. policy toward the People's Republic of China (PRC) and U.S. relations with the Nationalists. Part 2 also contains material on U.S. policy with respect to Taiwan and U.S. interest in developments in Tibet. The volume concludes with documents on U.S. policy regarding restrictions on trade with the PRC and North Korea.

Foreign Relations, 1951, Volume VII, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of Volume VII (Department of State Publication Nos. 9270 and 9271; GPO Stock No. 044-000-01931-1) may be purchased for \$30.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made out to the Superintendent of Documents.

Press release 81 of Mar. 22, 1983. ■

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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.

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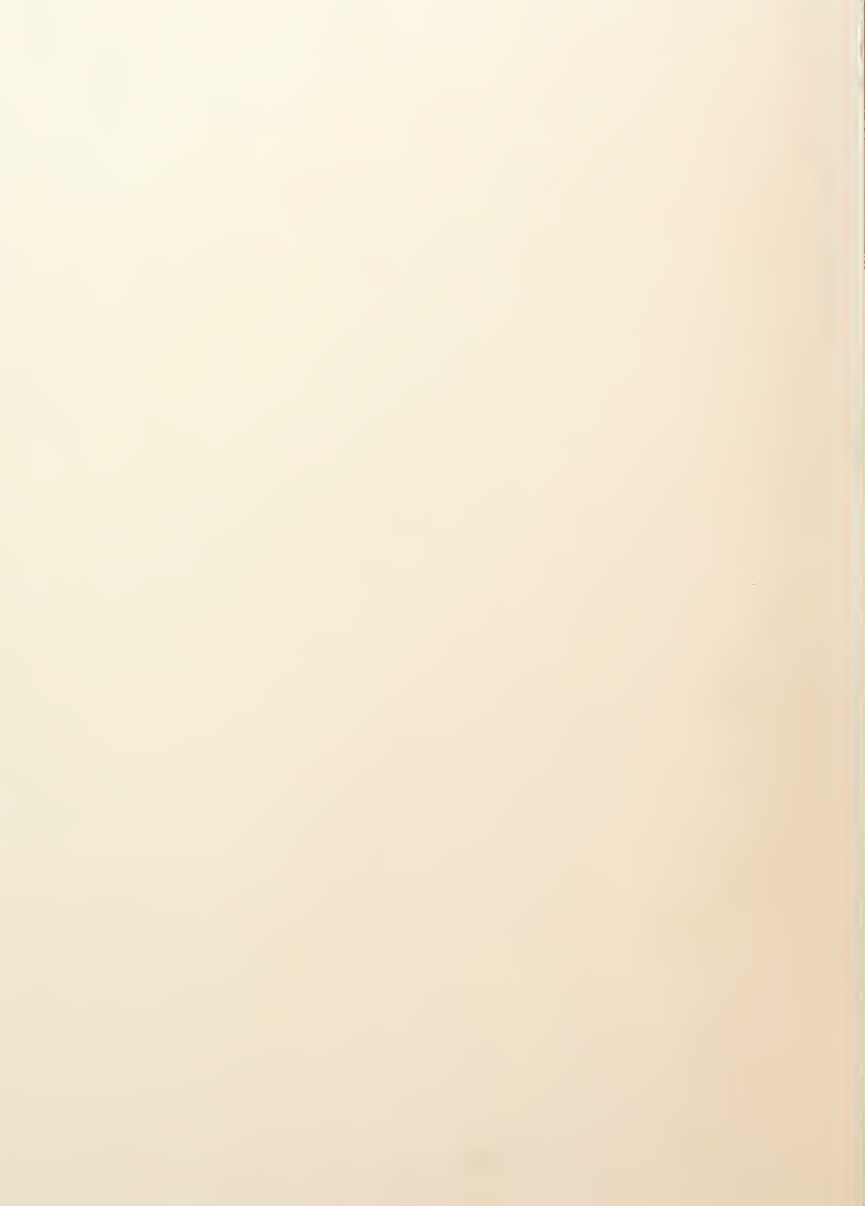
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President Reagan hosted
the ninth economic summit of
the industrialized nations in
Williamsburg, Va., May 28-30, 1983.
The other participants were French
President Francois Mitterrand,
Canadian Prime Minister Pierre
Elliott Trudeau, West German
Chancellor Helmut Kohl, Italian
Prime Minister Amintore Fanfani,
Japanese Prime Minister Yasuhiro
Nakasone and British Prime
Minister Margaret Thatcher.
The European Communities was
represented by Gaston Thorn,
President of the Commission.



(Art by Juanita Adams)



President Reagan's Radio Address, May 28, 1983¹

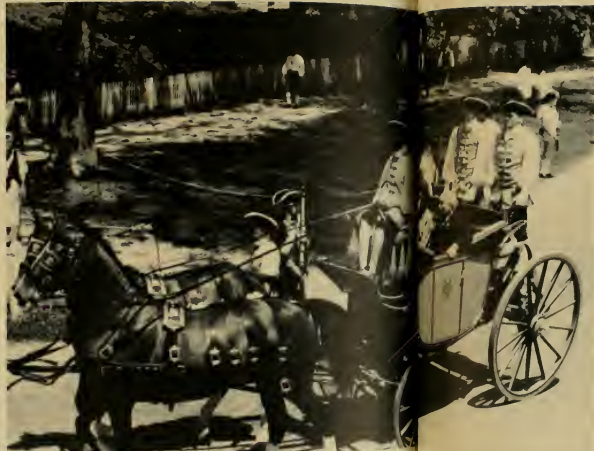
Over this Memorial Day weekend, while most of us turn our thoughts to picnics and family outings, an annual summit meeting is taking place in Williamsburg, Virginia, one that's important to our future. It takes place at an appropriate time. A bipartisan majority in the Congress has just demonstrated its support for the recommendations of the Scowcroft commission [Commission on Strategic Forces] to modernize our strategic forces and carry us forward on the road to genuine arms reduction.

This is a reassuring signal to our friends and allies meeting in Williamsburg. Here in this old colonial capital—the cradle of so much early American history—the leaders of the major free industrialized nations are meeting to discuss the problems, the challenges, and the opportunities that our countries and our peoples share. Since the last summit in France a year ago, we've made important progress. Today, America is leading the world into an economic recovery that's already being felt in many of the other countries represented here.

Another encouraging development is that, more so than any other time in the recent past, the economic policies of the individual summit countries are converging around low inflation and improved incentives for investment, a good sign for a sustained worldwide recovery.

We still have our differences. Friends always will. But they're fewer and less critical today than in a long time. I think most of us are agreed on not only where things stand today but what we must do in the weeks and months ahead. All of us seek the same goal—a healthy, sustained economic recovery that will revive troubled economies in North America, Europe, and the rest of the world.

That means more, and better, jobs. And the way to achieve this is to ensure that the new recovery does not rekindle inflation. We're doing this. And we're



(White House photo by John Strumeyer)

Italian Prime Minister Amintore Fanfani, escorted by Chief of Protocol Ambassador Selwa Roosevelt, proceeds by horse and carriage to the Governor's Palace where President Reagan awaits to greet him.

to anti-inflationary, high-productivity policies that adapt new technology, re-train workers, and increase efficiency. The worst thing that could happen now, and one that could stall or at least slow the recovery that's currently underway, would be a political resort to "quick fixes" that could trigger a new round of worldwide inflation and rising interest rates.

Now, I know that all of this sounds like economic shop talk, a little remote, perhaps, from the everyday concerns of the average American. But while this is an economic summit, the topics it is considering have an impact on almost every phase of our lives—jobs, low inflation, and the opportunity for a better future for ourselves and our families. For when you get right down to it, freedom is at the base of the enormous productivity of the industrial West, a freedom that has spawned more progress, more individual rights, and more security and opportunity than are enjoyed by any other people living under any other system.

And it's our shared belief in freedom that is the strongest bond uniting each of the seven nations meeting here in Williamsburg this weekend. Each of our nations recognizes the rights and dignity of its citizens. We all believe in the words of our Founding Fathers, "that all men are created equal, that they are endowed by their creator with certain inalienable rights." That's a simple enough phrase, but it represents an incredible leap forward from the tyranny and injustice that still haunts too many other parts of the globe.

And because we, the nations meeting at the summit, are united in our love of personal and economic freedom, our common commitment to maintain peace and defend liberty is that much stronger. There's been a lot of speculation about what will come out of this weekend's summit. I'll leave the detailed analysis to the Monday-morning quarterbacks, though for this one they'll have to wait until Tuesday morning. But I'm confident that we and our friends and allies will leave this meeting more, not less, united, that we'll leave it with fewer, not more, differences, and that while it will have been a good session, much will remain to be done.

At home, our economy is strongly on the mend. The rising tide of recovery is also beginning to sweep through my friends and allies. To keep it going and to extend its benefits to others still in the grip of the worldwide recession, we must all stick

For the issues we address here in this beautiful and historic setting in the spring of 1983 will still be with us for many years to come. The Williamsburg summit is not the end of our work, but it marks the beginning of a new, more stable period of the free developed world learning to work together, devising long-term strategies to meet the problems we face, and handing over a better world to the successor generation, the young people born in the postwar era who must carry and protect the torch of freedom as America approaches the 21st century.

President Reagan's Statement, May 28, 1983¹

As host for the summit meeting of industrialized nations at Williamsburg, I have been pleased to receive several communications from leaders of the developing nations, including Prime Minister Indira Gandhi of India and President Belisario Betancur of Colombia who wrote on behalf of other countries. They have expressed their concern about serious economic problems in developing countries and their hope that these problems will be discussed at this summit.

We meet here in Williamsburg in a spirit of common purpose with all free nations of the world and a common dedication to achieve sustained non-inflationary growth and an improved international trading and financial system. We are mindful, in particular, of the circumstances and concerns of the poorest countries which need our cooperation most.

The concerns of the developing countries have been an integral part of the preparations for this meeting, and I look forward to a full discussion with my summit colleagues of both the problems and the opportunities that arise from the close interrelationships between the economies of the developing and industrialized nations.



President Reagan's Remarks, Carter's Grove, May 28, 1983²

It is bad enough to have to interrupt a very lovely, festive evening by making a few formal remarks; but it is even worse when I find that by coming up here, I have had to shut off the music of the New Orleans Preservation Jazz Hall Band that was flown up here from New Orleans for the occasion. [Applause] A very historic group.

But I would like to extend a very warm welcome to all of you to this latest of our series of economic summit consultations begun so constructively 8 years ago at Rambouillet.

I know that each of these meetings is the result of a great deal of preparation by everyone involved. My thanks, and I'm sure that I speak for each of the delegations here, our thanks go to all of you for having done such a fine job of laying the groundwork for this occasion. We give the sherpas a needle every now and then about not over-preparing these sessions, but we do that just to make sure that they don't take our jobs from us.

It's encouraging to note that in the year since we last met in this forum, the underlying economic situation of the industrialized countries has improved markedly. Although many problems remain, we have made steady efforts to restore conditions for growth in our national economies, and international recovery is now under way. Against this background, we can all look forward to a most productive session.

Let me review some of the basic themes and directions for the summit here at Williamsburg. Rather than concentrating on a single issue, this summit will take an integrated view of the domestic and international aspects of the world economy. Broadly speaking, we are dedicated to achieving noninflationary, sustained growth and continued improvements in the international trading and financial system.

There are, in our view, several relationships in the world economy to which we should focus. The relations between growth and an open, international economy, between domestic economic policies and exchange rate stability, between finance and trade, between enhanced access to markets and long term management of the international debt problem, between investment, public and private, and economic growth in the developing world, and between economic strength and security.

These are all matters of deep concern to our group of countries. We'll be at the world economy against a background of many common interests and shared values. These are invaluable which I'm sure this gathering at Williamsburg will serve to strengthen and reinforce. And in this spirit I, like you, am looking forward to the discussions of the next few days with enthusiasm and confidence.

Joint Statement Read by Secretary Shultz, May 29, 1983¹

Last night, over dinner, the heads of state discussed security issues and judged them to be of such importance that they wanted to make a statement on the subject at this conference. And so a statement was developed and I will read it.

"As leaders of our seven countries, it is our first duty to defend the freedoms and justice on which our democracies are based. To this end, we shall maintain sufficient military strength to deter attack, to counter any threat, and to ensure the peace. Our arms will never be used except in response to aggression.

"We wish to achieve lower levels of arms through serious arms control negotiations. With this statement, we reaffirm our dedication to the search for peace and meaningful arms reduction. We are ready to work with the Soviet

on to this purpose and call upon the
let Union to work with us.

"Effective arms control agreements
t be based on the principle of equal-
t must be verifiable. Proposals
e been put forward from the
tern side to achieve positive results
arious international negotiations: on
tegic weapons, the START talks; on
mediate-range nuclear missiles, the
e talks; on chemical weapons; on
ction of forces in Central Europe,
MBFR talks; and a conference on
armament in Europe.

"We believe that we must continue
urse these negotiations with im-
s and urgency. In the area of INF,
rticular, we call upon the Soviet
n to contribute constructively to
ess of the negotiations. Attempts to
e the West by proposing inclusion
e deterrent forces of third coun-
s, such as those of France and the
ed Kingdom, will fail. Consideration
ese systems has no place in the INF
titions.

Our nations express the strong wish
a balanced INF agreement be
hed shortly. Should this occur, the
tations will determine the level of
yment. It is well-known that should
ot occur, the countries concerned
roceed with the planned deploy-
t of the U.S. systems in Europe
ning at the end of 1983.

"Our nations are united in efforts for
arms reductions and will continue to
carry out thorough and intensive consul-
tations. The security of our countries is
indivisible and must be approached on a
global basis. Attempts to avoid serious
negotiation by seeking to influence
public opinion in our countries will fail.

"We commit ourselves to devote our
full political resources to reducing the
threat of war. We have a vision of a
world in which the shadow of war has
been lifted from all mankind, and we are
determined to pursue that vision."

Most of the time today in the
meetings of the heads of state was spent
in discussion of economic issues, and
there will be a joint statement available
tomorrow at the conclusion of the con-
ference. In the meantime, I can make a
brief comment about the nature of some
of the discussion.

Confidence was expressed in a spirit
of realistic optimism that recovery is
getting under way. Evidence of the
recovery is clear. There was also discus-
sion of the many problems that beset
us—unemployment, high interest rates,
high budget deficits in some countries—
all of these things are matters of con-
cern as is the protectionist pressure that
we see in many countries.

The discussion in some ways can be
summed up by noting the links that

were talked about: the link between sus-
tained domestic growth and the open
trading system, the link between con-
vergence of domestic policies toward
noninflationary sustainable growth and
greater exchange rate stability, the link
between open markets and the availabil-
ity of finance, the link between interna-
tional economic cooperation and world
progress, and the link between the de-
veloped and the developing countries
and the importance of expansion in our
economic activity and trade between the
developed and the developing countries.

Secretary Shultz's News Briefing, May 29, 1983³

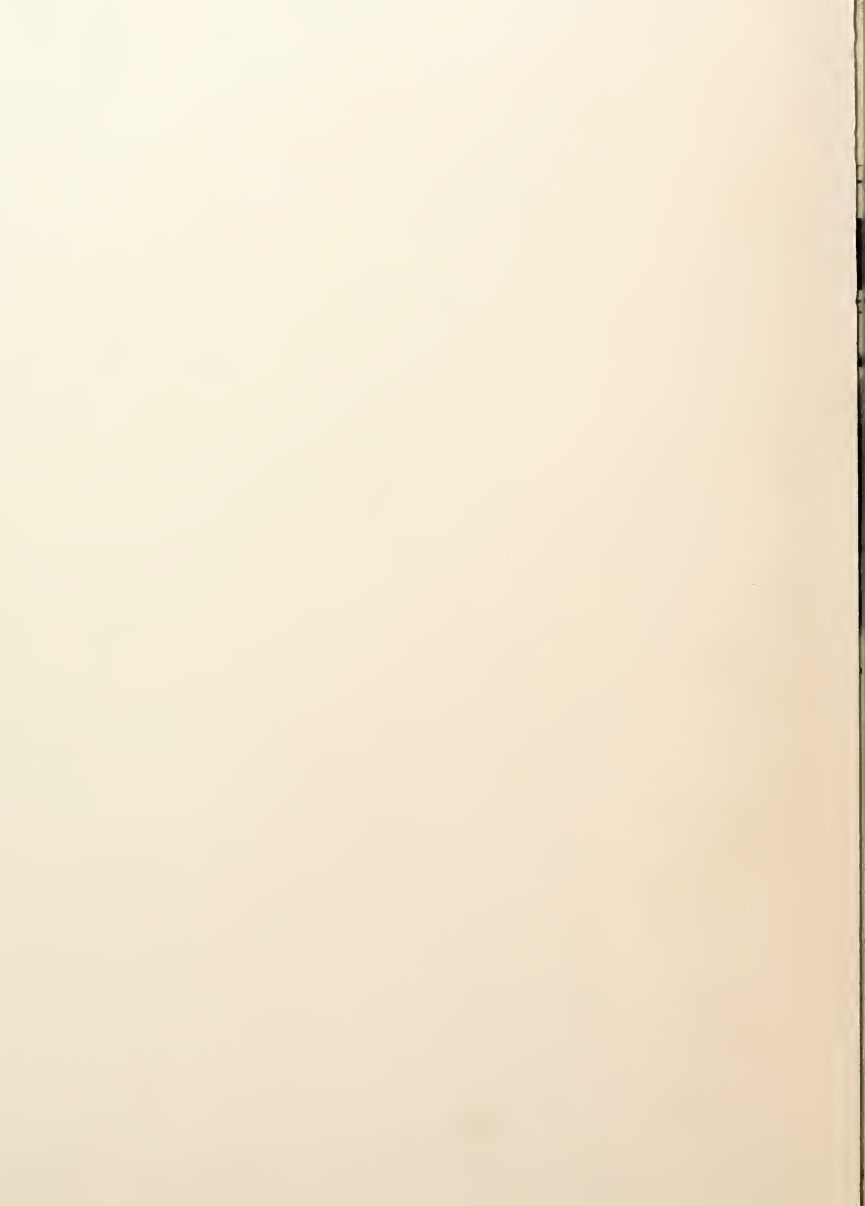
What is new in this statement?

A. This is a very strong statement
put out by a group that has not made a
statement on security before, as such.
And I think it is worth noting that it in-
cludes some that are members of NATO.
It includes Japan that is not in NATO
and has not been part of this same pro-
cess. And it includes France that is a
member of the alliance but not of the
NATO command structure. So there is a
diversity here. And I think there is a
mixture here of security concerns and a
general expression of outlook that is, to
our way of thinking, a very strong and
positive and important statement right
at this time.

Q. The statement seems to be a
combination and summation of the
various positions stated by this
government and NATO in the past
couple of years. Why, then, did it take
much of the day to hammer this out?

A. It was something that the heads
decided they wanted to do last night.
And the heads spent the morning talk-
ing about economic matters, not about
this. At the end of the morning, they
looked at some material that had been
prepared by the Foreign Ministers. And
they are not lackeys, the Foreign







White House photo by Jack Lightfoot

that the Canadians might have said that they should be included?

A. No. The Canadians did not say that. But anyway, the Canadians will brief on their own. They did question the location of the statement, and, finally, it was a Canadian suggestion—as I recall—that the text that you see here be located where it is.

Q. Why did the heads of state feel it was so essential to do it at this time? Is this in response to the threats by the Soviets to install the new missiles if we do not cancel the Pershing?

A. I imagine that that must have been on their minds—that the Soviet Union made a very threatening statement across the bow of this meeting. And the heads considered it to be important to show the strength and unity of the West. And so they have gone ahead with this.

But I think, aside from that, the statement is a strong one and stands on its feet as a very important commitment to the Soviet Union, not only about the strength and the resolve of the West but also the willingness of the West to engage in meaningful negotiations for reductions of armaments as it says in here with a principle of equality and on a verifiable basis.

Q. But if by stating so clearly that these French and British systems have no place in the INF talks, are you implying that they may have a place in the START talks? Is that one of the implications one can draw from this?

A. No. No, it is not any implication at all. It is put in the context of the INF talks. And the reason it comes in that way is that the Soviets have made the suggestion that they be counted. And that is what precipitates the issue in this particular way.

Q. Is it fair to suggest, as was suggested this afternoon, that there was some trade-off on economic matters for support on this statement on security?

A. Absolutely no sense of any such thing at all. Just totally out of the ballpark.

Q. Is that all? Is that the only point of contention? Or was it the fact

The President and heads of delegations attend a meeting held at the House of Burgesses in the Capitol building.

Q. Is there any suggestion from other delegations that the United States is not pursuing the arms control negotiations with sufficient intensity or urgency?

A. No, I think—quite to the contrary—there is a very good sense of the continuing process and the process of consultation has referred to it in here, I think, on the next to last paragraph, and we continue to carry out thorough and intensive consultations. I think people are satisfied that that has gone very well and are supportive of the manner in which the negotiations are being conducted.

Q. There was some suggestion from other delegations that the President's last night at dinner made a very strong statement that was too strong in the taste of some of the other delegations. Can you respond to that?

A. I don't know where that might have come from, I think the discussion was conducted with everybody having a say. And I know at the end of the meeting, which—I can't remember just exactly when it ended but the Foreign Ministers were having coffee in a room

upstairs in the Plantation and the President came up to our room as the other heads were leaving and gave us a brief rundown and told us that the decision had been made that there should be a statement. And they looked to us to develop it. And then he handed me a sheaf of notes—about eight pages of notes—that he had taken, of what everybody said, not what he said, but what everybody else said. And it was on the basis of those notes that we constructed a statement about what happened in a meeting that we didn't attend.

But at any rate, then the result of that effort went back to the heads in the morning, and they adjusted it some more and so on. That was the process.

Q. What didn't they like about that earlier draft—the draft that you brought back this morning?

A. Oh, I don't know whether you've ever been in one of these things that—the early draft is never accepted. [Laughter] It's like when you inspect your platoon in the Marine Corps and

you look at the rifles, you always find some dirty rifles. That's absolutely routine [laughter]—got to be changed around.

But I want to say this, though, in all seriousness. This is a very important statement. It was taken with great seriousness by the heads of state. They looked at it carefully. They wanted it to say precisely what they wanted. And so they immersed themselves in it when it came to them. And so I think this is not, in any sense, a draft prepared by some other people which they okayed; quite to the contrary. It emerged out of what they said last night as best we could reconstruct that from the President's notes and his roughly half hour briefing of me about it and then their own work on it at various times during the day. So, that was sort of the process involved.

Q. Are you saying there was no advanced American language on this subject?

A. Absolutely none. None.

Q. You said this was meant as a strong message to the Soviet Union. Isn't it also meant as a message to public opinion in Western Europe?

A. It is a message to the people of the world, including the people of the Soviet Union, of what the leaders of these seven countries stand for in this field. And in that sense, the statement speaks for itself and it has the flow of freedom and justice and strength and interest in arms reduction, and at the end, an attitude toward the importance of finding peace in the world.

I think it is a very strong and balanced statement, and it's designed, obviously, for the people all over the world and also as a statement to the Soviet Union of our resolve and our reasonableness.

Q. What has changed from the original draft you started the meeting with—between that and this statement?

A. It isn't really relevant and it is not a question of what was changed; it's a question of what was agreed to. This is what people agreed to. It is always



the case. It will be the case tomorrow when some people get together tonight and start to develop a joint statement, that people will look at that and they'll add and they'll subtract and they'll edit and so—and that's a normal process that goes on as it did in this case.

Q. Was there any suggestion made at any time by any of the Foreign Ministers or by any of the people involved in this that the President had emphasized the question of deployment too much instead of emphasizing the necessity for an interim agreement?

A. This is not the President's statement. This is a statement by these seven heads of state. It emerged out of their discussion. And it was discussed in that context. It was not a question of the President emphasizing this, that, or the other thing. It was discussed and everybody had their oar in, believe me.

Q. What I was trying to find out, was whether or not any of them felt that the President, in any of his

statements—he's made a number of statements on this issue, he had an interview with European journalists the other day—had emphasized the question of deployment excessively rather than the question of a necessity for an interim agreement.

A. I didn't hear any discussion of anyone's prior statements. The discussion was about this statement and what we should say, and it was worked on very hard, very thoughtfully and conscientiously, and what means something is what people agreed on. And you have the text, I assume.

Q. What do you hope results from the issuing of this statement? What do you hope the response of the world, of the Soviet Union, will be to it?

A. We want the world to see what we stand for and what we are prepared to do. The fact that, to some extent, you seem to greet this as old stuff, perhaps, is reassuring. I'm glad to hear that you recognize how important it is that we be strong. I'm glad to hear that you feel people recognize how reasonable we are.

Delegates walk from Capitol down D
Gloucester Street to Raleigh Tavern f
lunch.

...lad to hear that you see that we are in favor of arms reduction. I'm glad to hear that people think that it's what will happen on deployments if we don't have an outcome—a good outcome—in this negotiation. And I'm glad that people sense the truth and the strength of purpose in this statement. We commit ourselves to use our full political resources to avert the threat of a war. We have a

this statement. And I don't think that it is in any sense reflected in here. It isn't that specific an arms control-type statement.

Q. Did the changes that you made to the original draft say more about arms control?

A. Not particularly. I think it's slightly shorter than what we started out with and it's, more or less, in the same vein and—

Q. But did it add more—did it add more language about arms control?

A. I recognize you like a story about an argument [laughter], but you're not going to get it out of me, because the important thing is what people did agree on. And I think also it's important to recognize that the people who did the agreeing really worked at it and they care about it and they put themselves into it and they argued about it and when they finally got through, they had something that they basically wrote and subscribed to.

Q. Paragraph 5, where you say, "Should this occur, the negotiations will determine the level of deployment." is there any suggestion there that if serious negotiations are going on the deployments themselves could be postponed until early next year?

A. Absolutely nothing like that can be inferred from this at all. It says we wish that we could have a balanced INF agreement. That's always been the key in the INF approach. And it simply goes on to say that if there is agreement, that that agreement will determine the level of deployment, whatever it is. If there isn't agreement, as it says, it's well known that we will proceed—the countries involved will proceed—with the planned deployments. That is, those that have been set out in the plan and that starts at the end of 1983. So it's very clear and crisp on that subject.

Q. Was there reluctance to go along with something that gives preeminence to the nuclear missile issue over economics?

A. There was no discussion of that kind of thing, no interplay, in a sense, between the effort on this and the effort on the economic subject, except that, I

think, our meeting wound up ending an hour-and-a-half or so later than it was supposed to end and that is because—had a lot of people who felt they had things to say and they were talking about economic things. And it kept going. And I kept saying, "Gee, the press is waiting over there for this statement." And people kept talking about economic things. And I was trying to root for you. But I didn't make it.

Secretary Regan's News Briefing, May 29, 1983³

It is from deployment to unemployment that we now switch. [Laughter.]

A quick statement as to what's been going on in the economic area of an economic summit. The Finance Ministers met last night as a group for dinner, met again all morning, met through luncheon, and then, joined the heads and



White House photo by Jack Kightlinger

ing for souvenirs.

of a world in which the shadow has been lifted from all mankind, we are determined to pursue that path. I think you have to say these things and keep saying them because they are true, and they reflect the spirit of the thinking and the gut feeling of the leaders. And it's very important that people see that. And it's also important that the Soviet Union, in confronting its posture in negotiations, recognizes that if it wants to come to a reasonable way and seek reductions, we're there, and we're ready to work on it.

Q. Is there any new strategic intention or analysis that led the administration of state to want to make this statement?

A. There is, of course, a lot of things that is embodied, among other things, in the Scowcroft commission report, but that wasn't what precipitated





the Foreign Ministers, for the plenary session this afternoon.

Obviously, there are many topics that were discussed in the Finance Ministers' meetings, more in depth and detail than occurred during the plenary session this afternoon. Obviously, as Secretary Shultz has just told you, the INF statement was also a subject for this afternoon.

The main question on everybody's mind is, how is the economy or economics of the industrialized nations going? Generally, upbeat. It was reported by most of the countries that their economies had made the turn.

The United States, of course, seems to be leading the way. The United Kingdom is in good shape. Germany is showing signs of recovery. Canada is coming along. Japan is doing reasonably well. France admits that it's having difficulties but says that its program will work. And Italy says that—obviously, they can't talk too much about economic matters as it's a caretaker government,

as to what will happen as far as an economic program in the future. But, nonetheless, they report that there is a willingness on the part of most of the parties in Italy to get on a deflationary path.

I'd say all in all it, as we suspected it would be, turned out that most people were reasonably confident that the recovery was underway. The key question that was asked of each participant was, is this a recovery that's sustainable? And if sustainable, how? There the subject naturally turned toward interest rates, and in this connection, of course, the deficits in many countries—particularly that of the United States—and its effect upon interest rates. We explained our point of view, what we were doing about deficits, and, more importantly, what we were doing about interest rates. There were many questions asked and quite a bit of discussion of that particular topic.

We moved into the field of unemployment because this is one of the main problems facing all of the nations—the 32-35 million unemployed in the industrialized countries.

We then discussed the plight of the developed countries in the North Atlantic area as far as what we in the North could do to be more responsive to the needs of the South.

And from there, this took us into international trade and a lot of the international trade issues. Let's see. What did we cover? There wasn't that much time. I suspect it'll be covered tomorrow—the plight of the poorer countries and the large international debt.

Q. We heard that there was quite a number of strong statements from some of the other heads to the President to the effect of the big deficits—from the French, the Germans, and, in fact, also the British. **Can you speak to that?**

A. I wouldn't say there were strong statements in the sense that they were provocative. For example, one of the statements that you mentioned said that we had no right to intervene in the resolution of its problems. What they were asking was, could the United States get their interest rates down? If we did it, they would leave to us as a sovereign government, whether we cut interest rates, raised taxes, or whatever way we did it. Therefore, I would say that they were all naturally interested in the problem, concerned, I wouldn't say they were making strong statements.

Q. What did you tell them about the general thrust of the United States by way of the picture of the balance of payments that we're going to lower our deficits and our interest rates?

A. We explained the situation before the Administration and the Congress on the deficits, what the picture was—the current picture—what the picture would be in 1984, on changes that would occur in the picture if the economic script changes one way or another; in other words, if we recover rapidly in a better real growth rate than in our projections, what it would be, or, if it turns out that we're not so good, what would happen there. We also then explained that there is a little linkage between deficits and interest rates; that the evidence simply



(Photo by Elysis A. Young)

isn't there. Sometimes there is a linkage, sometimes there isn't. And we've examined that in detail, 20 years of history of these summit nations we've gone through to see what the linkage is.

Q. The reports we get suggest that the general thrust of what you were told was that there is a greater sense of urgency in Europe than they find here about getting deficits down. That they say if they don't get the deficits down quickly, they face a rising unemployment problem. Is that a correct impression?

A. I think we're every bit as concerned about our 11 million unemployed as they are about their 2 or 3 million unemployed per country.

I think that we're very sensitive to what's going on as far as getting our economy recovering. We don't necessarily have to have, in this first year, interest rates coming down in order to have the recovery. Witness the fact that with these same rates of interest for the past 6 months approximately, we have had two quarters of recovery. We have—explaining this to them. Sure, they're anxious to get interest rates down. They point out that they have to buy, in dollars, most of their imports. This is the reserve currency of the world. It's a safe-haven currency. When times are bad, people naturally turn to dollars; when things are good, they also want dollars. And, accordingly, they want to know what we can do to solve that conundrum for them.

Q. How would you describe the mood of the meeting—the tone of it—compared with the last 2 years.

A. About the same. [Laughter] As far as economic affairs are concerned, I would say that they are more upbeat as far as the recovery is concerned, they're not as worried as they were, let's say, at Versailles. But there is no rancor or bitterness or anything else. Remember, there was none at Versailles. It was only later that some might have occurred. But during the meetings, no. So, I would characterize it as generally, interest, friendly, first-name basis, that type of thing.

Q. Does the President seem to enjoy his role as sort of the moderator or note-taker or—

A. I would say, yes. He's handling it quite well—keeping his notes, doing a great job on it. He's doing a yeoman's job of trying, as anyone would. I think he's had practice with the press—when more than one person wants to talk at one time, selecting which one would do it. I left him a half-hour ago, he was rather buoyant about what had happened and the fact that they were able

to solve the INF question, and he hopes that the statement that's now being written will turn out equally well.

Q. In all this atmospheric—this happened in the leadership meeting, right?

A. That's what I'm talking about. In the leadership meeting that I was in, from 2:00 p.m. until approximately 6:30 p.m.

Q. No arguments, no harsh discussions?

A. Discussions, not arguments, no. Not arguments, discussions.

Q. I mean, anything heated in the way of exchanges or—

A. No. No voices raised. As you could expect from people who are used to parliamentary debate, there were good exchanges between them.

Q. Are you predicting now there will be a statement tomorrow showing the same unity as there is in arms control?

A. Yes. I would predict that. The sherpas are now writing the statement. It's supposed to be shown in a draft form, later tonight, to the heads, brought back tomorrow, and gone over in tomorrow's session for release tomorrow afternoon, as you know.

Q. I wonder if you could tell us if the French proposal concerning a monetary conference was raised, what they said, and what the United States said?

A. Among the rules that we have agreed to do is not to characterize each other, or what each other has said.

Let me put it this way. The subject of monetary conferences was discussed by many delegations. Most think that there is not sufficient preparation for one. It would be premature. It would get up false hopes. It should not be had. One nation said that they did not mean they wanted a Bretton Woods conference. [Laughter] Who could that be?

But what they wanted was the spirit of Bretton Woods. That spirit, characterized by that nation, as being a spirit of a group of builders, of people

who came together to capture an idea to rescue the world that had been in recession for over a decade and needed a way out for trade and needed an international monetary system in order to get trade started again, because trade during the 1930s had languished. And in that same spirit, couldn't we get started now thinking about the problem of what do we do with the world's monetary system in order to encourage world trade so that, through world trade, economies can grow—not only economies of industrialized nations but the developed countries and the less developed countries, particularly in the flavor of North-South. So it did come up in that respect.

Q. You mentioned international trade. Can you tell us what was said about protectionism and surpluses? Was anything resolved?

A. There was discussion, but not much discussion in that area. I suspect more of that will come up tomorrow. Nothing was resolved.

Q. What agreement was reached on terms of monetary stability? So everybody discussed it and so on and so forth. What kind of an agreement are we going to have?

A. I am not sure the exact words that will be concocted tonight to describe that by the sherpas. But I would characterize it as saying they called for more discussions of this among the Finance Ministers to try to resolve the subject, that the Finance Ministers meet often but probably should meet more often, that they should concentrate on this subject, that not enough work has been done in this area. I think that is probably what the heads will tell us to do.

Of course, obviously—I am not trying to describe it to you here—there was a lot more discussion of that at the Finance Ministers level. And there will probably be more this evening at dinner. We will know more about each other's thinking on this subject. But this is not what the heads were telling us. And I am trying to stick to that.

Q. Did any of the heads, or other Ministers, raise the issue of extra-territoriality as embodied in the Export Administration Act?

A. Yes, at least two that I know expressed concern about this Export Administration Act and what its effect will be on companies that are domiciled in their country. Explanation: Our list as suggested by the Administration that this should refer to American products that are being manufactured by American companies overseas, or branches of American companies overseas, and that for domestic, national defense concerns we have a right to demand of our American firms that they not sell products that we have put on a ban list.

Q. Does that include non-American firms manufacturing the same technology under U.S. license?

A. We did not get into that—a non-American firm manufacturing under U.S. licenses. We did explain Bumpers bill—the House bill on this explained, also, the Garn bill, and that even tougher than the Administration bill. And the discussion dropped the matter. There were no conclusions that came from it.

Q. You said that you pointed to the other Ministers that there is no close connection between deficit and interest rates. You also said earlier on that you explained what the Administration was going to do on interest rates. Can you explain to what you are going to do about interest rates if it's not just cutting deficits?

A. The answer lies in monetary policy. You have to remember that in the last 3 weeks, our monetary policy, particularly M1, has gone up rather sharply. What is it? Close to \$17 billion over the 3-week period. As a result, interest rates are up half a point in the same 3-week period, indicating quite clearly that the more money you try to pump into the system, the higher your interest rates are going to be, not lower.

We told them that we could not get in quick fixes in the United States by putting money into the economy. If we put money into the economy, we would certainly drive interest rates up, which is exactly the opposite of what they want. But as far as we're trying to do, we are trying slow, steady growth in that money. I keep hearing myself saying over and over again.

2. You said that long term you're to hold off on any monetary concept. What about short term, the ability of temporary intervention in currency markets?
 1. Only if the occasion arises that for intervention in the short run.
 3. Under what circumstances?
 1. Disorderly markets.

Declaration on Economic Recovery, signed by President Reagan, July 30, 1983¹

It is my duty and pleasure to read the Declaration on Economic Recovery.

The nations are united in their dedication to democracy, individual freedom, creativity, human purpose, human dignity, and personal and cultural development. It is to preserve, protect, and extend these shared values that economic prosperity is important.

The recession has put our societies through a severe test, but they have proved resilient. Significant success has been achieved in reducing inflation and interest rates. There have been improvements in productivity; and we now clearly see signs of recovery.

Nevertheless, the industrialized nations continue to face the challenge of ensuring that the recovery materializes and that we are able to reverse a decade of excessive inflation and reduce unemployment. We must all focus on achieving and

maintaining low inflation and reducing interest rates from their present too-high levels. We renew our commitment to reduce structural budget deficits, in particular, by limiting the growth of expenditures.

We recognize that we must act together and that we must pursue a balanced set of policies that take into account and exploit relationships between growth, trade, and finance in order that recovery may spread to all countries, developed and developing alike.

In pursuance of these objectives, we have agreed as follows:

(1) Our governments will pursue appropriate monetary and budgetary policies that will be conducive to low inflation, reduced interest rates, higher productive investment, and greater employment opportunities, particularly for the young.

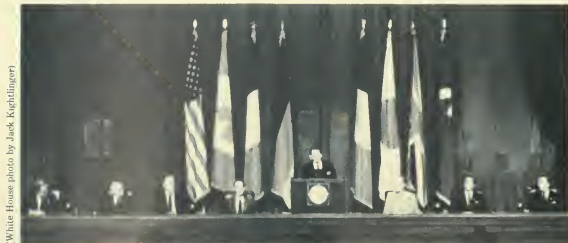
(2) The consultation process initiated at Versailles will be enhanced to promote convergence of economic performance in our economies and greater stability of exchange rates, on the lines indicated in an annex to this declaration. We agree to pursue closer consultations on policies affecting exchange markets and on market conditions. While retaining our freedom to operate independently, we are willing to undertake coordinated intervention in exchange markets in instances where it is agreed that such intervention would be helpful.

(3) We commit ourselves to halt protectionism and as recovery proceeds to reverse it by dismantling trade barriers. We intend to consult within appropriate existing fora on

ways to implement and monitor this commitment. We shall give impetus to resolving current trade problems. We will actively pursue the current work programs in the General Agreement on Tariffs and Trade (GATT) and Organization for Economic Cooperation and Development, including trade in services and in high technology products. We should work to achieve further trade liberalization negotiations in the GATT, with particular emphasis on expanding trade with and among developing countries. We have agreed to continue consultations on proposals for a new negotiating round in the GATT.

(4) We view with concern the international financial situation, and especially the debt burdens of many developing nations. We agree to a strategy based on: effective adjustment and development policies by debtor nations; adequate private and official financing; more open markets; and worldwide economic recovery. We will seek early ratification of the increases in resources for the International Monetary Fund and the General Arrangements to Borrow. We encourage closer cooperation and timely sharing of information among countries and the international institutions, in particular between the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the GATT.

(5) We have invited Ministers of Finance, in consultation with the Managing Director of the IMF, to define the conditions for improving the international monetary system and to consider the part which might, in due course,



(White House photo by Jack Kuchling/epi)

In the International Press Briefing Center at the College of William and Mary, President Reagan reads the Declaration of Economic Recovery on behalf of other summit participants.

be played in this process by a high-level international monetary conference.

(6) The weight of the recession has fallen very heavily on developing countries, and we are deeply concerned about their recovery. Restoring sound economic growth while keeping our markets open is crucial. Special attention will be given to the flow of resources, in particular official development assistance, to poorer countries, and for food and energy production, both bilaterally and through appropriate international institutions. We reaffirm our commitments to provide agreed funding levels for the International Development Association. We welcome the openness to dialogue which the developing countries evinced at the recent conferences of the Nonaligned Movement in New Delhi and the Group of 77 in Buenos Aires, and we share their commitment to engage with understanding and cooperation in the forthcoming meeting of the United Nations Conference on Trade and Development in Belgrade.

(7) We are agreed upon the need to encourage both the development of advanced technology and the public acceptance of its role in promoting growth, employment, and trade. We have noted with approval the report of the Working Group on Technology, Growth and Employment which was set up at Versailles last year and commend the progress made in the 18 cooperative projects discussed in that report. We will follow the implementation and coordination of work on these projects and look forward to receiving a further report at our next meeting.

(8) We all share the view that more predictability and less volatility in oil prices would be helpful to world economic prospects. We agree that the fall in oil prices in no way diminishes the importance and urgency of efforts to conserve energy, to develop economic alternative energy sources, to maintain and, where possible, improve contacts between oil-exporting and importing countries, and to encourage the growth of indigenous energy production in developing countries which at present lack it.

(9) East-West economic relations should be compatible with our security interests. We take note with approval of the work of the multilateral organizations which have in recent months analyzed and drawn conclusions regarding the key aspects of East-West economic relations. We encourage continuing work by these organizations, as appropriate.

(10) We have agreed to strengthen cooperation in protection of the environment, in better use of natural resources, and in health research.

Our discussions here at Williamsburg give us new confidence in the prospects for a

recovery. We have strengthened our resolve to deal cooperatively with continuing problems so as to promote a sound and sustainable recovery, bringing new jobs and a better life for the people of our own countries and of the world.

We have agreed to meet again next year, and have accepted the British Prime Minister's invitation to meet in the United Kingdom.

[The annex is part of the declaration but was not read by the President.]

Annex

Strengthening Economic Cooperation for Growth and Stability

I. We have examined, in the light of our experience, the procedures outlined in the undertakings agreed at Versailles last year which seek to ensure greater monetary stability in the interest of balanced growth and progress of the world economy.

II. We reaffirm the objectives of achieving noninflationary growth of income and employment and promoting exchange market stability through policies designed to bring about greater convergence of economic performance in this direction.

III. We are reinforcing our multilateral cooperation with the International Monetary Fund in its surveillance activities, according to the procedures agreed at Versailles, through the following approach:

A. We are focusing on near-term policy actions leading to convergence of economic conditions in the medium term. The overall medium-term perspective remains essential, both to ensure that short-term policy innovations do not lead to divergence and to reassure business and financial markets.

B. In accordance with the agreement reached at Versailles, we are focusing our attention on issues in the monetary and financial fields including interaction with policies in other areas. We shall take fully into account the international implications of our own policy decisions. Policies and objectives that will be kept under review include:

(1) Monetary Policy. Disciplined noninflationary growth of monetary aggregates, and appropriate interest rates, to avoid subsequent resurgence of inflation and rebound in interest rates, thus allowing room for sustainable growth.

(2) Fiscal Policy. We will aim, preferably through discipline over government expenditures, to reduce structural budget deficits and bear in mind the consequences of fiscal policy for interest rates and growth.

(3) Exchange Rate Policy. We provide consultations, policy convergence international cooperation to help stabilize change markets, bearing in mind our decisions on the Exchange Market Intervention Study.

(4) Policies Toward Productivity Employment. While relying on market signals as a guide to efficient economic decisions, we will take measures to improve training and mobility of our labor force, particular concern for the problems of unemployment, and promote continued structural adjustment, especially by:

- Enhancing flexibility and openness of economies and financial markets;
- Encouraging research and development as well as profitability and productivity investment; and
- Continued efforts in each country and improved international cooperation where appropriate, on structural adjustment measures (e.g., regional, sectoral, energy policies).

IV. We shall continue to assess together regularly in this framework the progress we are making, consider any corrective action which may be necessary from time-to-time and react promptly to significant changes.

It has been inspiring to meet with the leaders of the seven major industrial nations in this beautifully restored village of the past. Here we have to shape the positive and common approach to our economic future. The democracies feel special responsibilities or responsibility for the world economy and for the democratic values we share.

And, so, we came together determined to do something about some of the world's toughest problems. Our meeting has shown a spirit of confidence, optimism, and certainty—confidence that recovery is under way, optimism that it will be durable, and certainty that economic policy and securities among us will be strengthened the future.

The United States has been privileged to host this meeting from which message of hope can be sent to the people of the world and to future generations. Together the summit partners

today's enormous challenges head not settling for quick fixes. We are the guardians of fundamental democratic values, the values that have united us.

We will only be satisfied when we restored durable economic growth offers our people an opportunity for a better future that they deserve. The meeting will conclude with a dinner and may I just add a heartfelt thank you to the wonderful people of Williamsburg who have been so warm in their greeting to us, so generous and so kind, and that have made this, in addition to a hard-working day, a distinct pleasure. And I think I speak for all of us in saying this. Thank you all.

Secretary Shultz's Press Briefing, July 30, 1983

Secretary Shultz has answered the statement that was issued yesterday saying that the whole conference obliterates the issue in full. Do you have a response to their response?

A. This is just a piece of information that you've given me and I haven't had a chance to really look at it and see what else they may have said or anything of that kind.

Q. What I would say that in the statement there is strength, there is purpose, there is unity, there is a sense of mission. And there also is expressed in several places in the statement a willingness to sit down and try to solve outstanding problems with the Soviet Union.

A. We don't consider it a negotiation if it's the way, for instance, in INF is for them to have a monopoly of intermediate-range missiles. That doesn't make a sensible outcome for us. So that's that. But that's only being a sensible and strong and sensible.

Q. What is the state of detente in your opinion right now?

A. It's a word that has a great many meanings. I would say that the United States and the alliance are strong, the United States and the alliance are realistic about what is taking place around the world in many dimensions, the Western relationship with the Soviet Union and the United States. And the alliance has expressed on many occasions a readiness to sit down and talk about outstanding problems in a spirit of trying to solve them. So I don't know what you call that. I'd call it a pretty sensible stance for us, frankly.

Q. The President has said again that he thinks the Russians won't negotiate on TNF [theater nuclear forces] until they're convinced that we are going to move forward in absolute agreement with the placement of missiles. And so he said that we are going to move forward. My question really is, what's your hunch? Do you think the Russians, at some point before next December, will become convinced that we're serious and serious to negotiate or will it take an actual installation of cruise and even Pershing missiles to convince them?

A. The thing that we and our allies have control over is what we do and what stance we have. So what the statement basically says is that—I hate to keep repeating myself—we're strong and we're determined and absent an agreement, there'll be deployment. And if there is an agreement at some level other than zero, whatever the agreement says will determine the level of deployment. I don't know that I'm quoting it exactly accurately, but that's the basic notion.

That's what we have. And we can say this is going to be our pattern of behavior and put that forward and also say we're ready to negotiate. The question of whether there is an agreement or not will depend on how they react to the situation and that remains to be seen.

Q. And you haven't an inkling as to whether they're going to become

convinced before December or actually have to see those missiles go in place?

A. In any negotiation, you scratch your head and you look at your opposite side and you speculate about their situation. And, of course, we do that. And I think it only stands to reason that if they think they can get their objective without giving up anything themselves, they'll be delighted. But they should be convinced by now that they can't do that because there is a determined alliance here.

How far along toward deployment dates we have to get or whether we actually have to deploy, I don't know what it takes to convince them of that fact. But by this time, I should think they'd be convinced because there's a very determined attitude.

Q. Can we have an update on the U.S. position so far as continuing the negotiations even while the deployment proceeds? In other words, absent an agreement in December, when we are due to begin deploying cruises in Britain and in West Germany, is the United States prepared to keep talking? In other words, inferentially is there a deadline of any sort, a cut-off? Are they prepared to keep talking and even talk past where the ceiling might be and have to scale down?

A. I think the Vice President said during his trip to Europe some months ago—4 or 5 months ago—that we would negotiate to get the numbers reduced as far as possible. What has been proposed now and is being put forward in Geneva by Ambassador Nitze is an interim agreement, that idea. We continue to think that the best answer is zero, and after, if deployments take place, after they've taken place, we're quite prepared to continue to negotiate and to try to attain zero if we can. The negotiating end of things remains something we're continually interested in.

Q. We've accused the Soviets of not really having a moratorium on SS-20s, as they've claimed they've had. What is our latest count? At what rate are they deploying SS-20s? At the

same clip they were before they went into their alleged moratorium?

A. I don't have a number right on the top of my mind or a rate of change or something like that, but I know that—I pick up intelligence reports fairly frequently that identify more SS-20 deployments in one place or another. It's a continuing process.

Q. On the subject of East-West trade, could you characterize how satisfied you are with the language of this communique? Do you think that anything was achieved here that had not been stated previously at Versailles and other—

A. The language in the communique basically refers to things that have been worked out or processes that are underway. And it—I forget the language—notes them with approval or something like that on the one hand and calls for a continuing effort on the other.

We regard this process of identifying the security aspects of East-West trade and doing something about them as a continuing process. And there have been good, strong meetings having to do with COCOM [Coordinating Committee for Multilateral Security Export Controls]. There, I think, has been a very clear identification of the undesirability of overdependence in the field of energy on the East and the importance of developing Western sources of energy.

There has been a good base started under the OECD auspices of gathering information on trade and financial flows, as was called for in the Versailles summit, and the beginnings of analysis of that that I think is very constructive. In the OECD ministerial meeting, the statement was made and agreed to by

all that the trade outside the strictly security area ought to take place on the basis of market considerations and that there shouldn't be preferential treatment.

And, in addition to that, the study going on in NATO seems to be moving well. We will discuss that the week after next. So I cannot say that that is something that has been discussed like these others at the ministerial level.

But on the whole, I think there has been a lot of activity. And the important thing is that, out of all the discussion and lots of disagreements and arguments to be sure—but out of all that a kind of generality of view has emerged—and we discussed this in the plenary sessions—of the importance of this area and the general line of effort that we should be making and are making. So I think it is a very good thing that has emerged. And everybody is, basically, on board.

Q. A couple of days ago, you mentioned to us the dangerous situation in the Middle East, especially the aggressive behavior of the Syrians. Both on that front and on the other dangers which the world is facing right now, whether they be East-West or the Middle East and Central America, what can you report that was done here that might have contributed to some amelioration of the troubles of this world?

A. I think a great deal. First of all, in the security area, I think emphasizing all of the points that I have talked about already—I will not repeat them—sends out a very powerful and strong message: strength, determination, willingness to negotiate, and so forth.

And the last paragraph—I wish I had it here, I would read it again to you—it is a very strong statement, you—I think that is very important, it sets that dimension out strongly.

The agreement today that was by the President on behalf of all the heads addresses itself to economic issues. And it identifies the impact of recovery. It takes note of problems that does not duck them. I think that the realism of the discussion that was held. It was a considerable discussion that Secretary Regan had lots to say about debt problems and what we are doing and what the additional things are that can be done. The problems of the developing world were talked about, the importance of the connection between the industrial countries and the developing world is addressed in the communique. And all this set in the values that we stand for, I think, presents a picture of a group of countries that are deeply concerned, that have resources, will use them, know to use them, determined. I think it is a very strong message, both to ourselves and our own people and the people around the world about the kind of leadership that the world is going from the countries represented here. And I might say, also, the countries which are associated with them, because the EC was represented in the form of Gaston Thorn. So actually there are countries indirectly represented by those that were literally sitting there.

Q. The European Community recently announced an increase in agriculture-export subsidies. And Roy Denman has said that those nonnegotiable areas. Does item 3 indicate a change in position by the EC to negotiate those export subsidies and a pledge of the United States to hold back on protectionist moves?

A. The particular negotiations on agricultural trade going on with them are ongoing negotiations. They were only referred to very tangentially. There was no attempt to take up that negotiation here. I think that would have



is inappropriate. That is in the
of people doing the negotiating.
I think it is a critical and important
negotiation.

and as for any immediate wrinkle in
cannot say that I have been looking
this in the last few days. So I do
have any comment on anything that
have happened very recently. But it
important negotiation. And my in-
terest with it really was last
November trying to get this round start-
ing. I think there have been some good
developments already. Although, as a negotia-
tion is very much in process. So prob-
ably that is the place to leave it.

**Could you finish on Don's ques-
tion, please, on the Middle East?**

His question was a very broad
one but on the tensions in Syria as
I would say from our intelligence
sources, the level of tension seems to
have subsided a little bit. At least, that
is an indication from the activity that
we are tracking.

**Secretary Regan's
News Briefing,
July 30, 1983³**

I don't think I really need an opening
statement. You've heard the President's
statement. The significance, I think, of
it is that the leaders of the world have
agreed on an economic policy designed
to ensure complete recovery for the rest of the
world. I think that they have laid down
the principles for us as Finance Ministers in
order to carry this out.

As you know, there was an annex
to the summit called "Strengthening
Economic Cooperation for Growth and
Stability." That's the entire theme of
the summit. The financial and economic types
are working on between now and the
end of the summit. We have been given
specific instructions to try to halt protec-
tionism, to be particularly alert to the



debt burdens of the developing nations, to start a process to see whether, in due course, we should have a high-level international monetary conference, to keep open markets, and to conserve energy, to encourage the development of technology, and the like. And if those things are done, the opinion of the leaders is that we probably—by the time of the next conference, we'll be well on our way to a complete recovery worldwide.

Q. You just said that discussions were being conducted to see if we should have a high-level monetary conference. Is that a contradiction to point five? I read that as saying there will be a high-level international monetary—

A. If you read what it says and let me put my emphasis—they've invited the Ministers of Finance, in consultation with the Managing Director of the IMF, Jacques Laroussier, to define the conditions for improving the international monetary system—that stands by itself—and to consider the part which might in due course be played in this process by a high-level international monetary conference. That's no different from what I just said.

Q. Is the United States opposed to the calling of a high-level monetary conference?

A. No, we're going to consider whether in due course what part that would be played in that process.

Q. The French say this is a clear mandate to hold such a conference at sometime in the future. Is that a correct interpretation of that?

A. I don't know who the French are in this respect, which one of them is saying this, but I would say that what we are—that the French say that this is a clear mandate to hold a conference in the future. I would say, I'd stick on this, that we're going to consider what part might be played in due course by a high-level international monetary conference.

Q. The French are all saying that the statement about the Finance Ministers meeting two or three times a year for multilateral surveillance

with the Director-General of the IMF, the Managing Director of the IMF, represents some new implementation that goes somewhat beyond Versailles because they will be empowered to make recommendations regarding intervention in the monetary markets to the various nations. Is that, in fact, novel?

A. I would say that what the heads of state were saying to the Finance Ministers is that you should meet more often, that you should make certain that all nations are on a course in their economic policies that make their economies converge, which means that if someone is out of step, you say it. I think that that process started at Versailles. It will now be strengthened and improved. We had two meetings last year. We probably will have a few more this year.

Q. In these meetings of Finance Ministers with the Managing Director, would there be some ministers from developing countries invited?

A. No. If you look at the annex to the Versailles summit statement or communicate, there it said with emphasis on the nations whose currencies make up the SDR; that is, the so-called G-5 nations—Great Britain, France, Germany, Japan, the United States. That is the G-5 group; those are the currencies that make up the SDR.

Q. The French Finance Minister said last night that there was a common front against the United States on the subject of interest rates. Is that the case?

A. Again, that may have come through in the translation. There are—I wouldn't say a "front" against us, because I asked him about that. That's why I inquired. I said "What is this common front?" He said, "There's no front against you, it's a common question that is asked constantly of the United States, 'When are you going to get your interest rates down?'" So there was no confrontation. It was not a "front" in that sense of the word.

Q. Do any of them accept your argument against linking deficits with high interest rates?

A. They were skeptical, but they feared no proof to dissuade me. [Laughter]

Q. Do you have any proof to persuade them?

A. We think so, and I'm going to furnish it to them.

Q. How does it come to pass that the only method mentioned in the communique for reducing budget deficits is to limit the growth of expenditures?

A. That's the proper way to do it. That's why it's mentioned in here.

Q. Nobody mentioned raising taxes as another method?

A. You must remember, they're economically trained people, they recognize the proper way to get the budget deficits down is to cut expenditures.

Q. Did anyone suggest raising revenue?

A. Not to me, they didn't suggest raising revenue.

Q. To the President, did they?

A. Not to the President, they did suggest raising revenue.

Q. Was there a great deal of discussion on unemployment and how to reduce it?

A. Yes, there was. There was quite a bit of discussion about unemployment as being the number one burden of the nations. And how to go about it. One of the things that, particularly in the Finance Ministers' sessions, we discussed was the fact of the rigidity of the Western European economies—the large smoke-stacked companies, the concentration that way—that these are not providing new jobs. As you know, the United States, close to 70% of our new jobs come from firms with fewer than 100 employees. And most of them are not in the area of—oh, let's say steelmaking or things of that nature, more light industry, service industry, things of that nature.

They also recognized that this is in Japan, and they're going to have to figure out in Western Europe, whether to cut down their unemployment or how they can go about creating new companies in order to get more of their workers employed by these companies.

You and the other Finance Ministers had prepared two drafts of an exchange rate provision. Can you give us a little bit about how the heads of the second one? Was it just by—
I'm not sure I follow. Which paragraph or which statement are you referring to?

Paragraph five on exchange

This is a common technique in international communiques, when those who are the drafters and who are not the decisionmakers come to a point of agreement. They spend enough time to recognize that there are different versions, and neither side is going to be able to give in order to be able to please them. The natural thing to do is to get both of them up for decision by a senior person who would be acceptable to both sides—in this case the heads of the nations. And it was debated at the table as to which version was preferable.

On the debt situation of the less developed countries, this document seems to deal with this problem on a medium-term basis. But, if those countries are trying to pay their debts tomorrow, would the arrangements involved in the conference here have a disposition to help those countries financially with official loans to those countries to try to help them—to have them waiting for a decision that could come in the near future?

The answer to that is that there is a certain amount of official development assistance through IDA, through the World Bank, and through the IMF programs that is available in the short term. These are liquidity problems. And official loans are and have been made available. There are over 35 programs under way in the IMF. IDA is

distributing about \$3 billion or \$4 billion a year in concessional loans. So that's the short-term solution.

What we're trying for here is more of a medium-term solution. How do they get out of this precarious situation they're in, wherein they have incurred large debts in relation to their foreign exchange earnings? How do we increase the foreign exchange earnings? The obvious answer is for them to export more into the industrialized countries.

Q. But I mean the governments, I mean through the central banks.

A. Central banks are not set up to make loans to individual countries. That is not their function.

Q. Getting back to the question of the international monetary conference in paragraph 5, I understand the version that was not put in the text made no specific reference to a monetary conference. Was the inclusion of that phrase a concession to French sensitivities?

A. No. The French said that it would be better to put it in from that point of view. The subject was debated as to whether or not that phraseology might suggest more than was intended. But after listening to the French description that this was not an intention of that, it was agreed that that reference to it could be made. Actually, it was Chancellor Kohl that suggested the compromise.

Q. You mentioned yesterday that there was a \$17 billion growth in the money supply over the past 3 weeks. Does that mean in your mind that American monetary policy conforms with this objective, namely, as stated in this communique, discipline, noninflationary growth, and monetary aggregates?

A. I would say that we all recognize that M1 has been loose and above its target, but for many technical reasons. And the intention is to get it back there. M2, which is used by most nations of the world to measure their money supply, in the United States M2 is below its target range, so definitely it's in a noninflationary way.

Q. In paragraph 9 in today's statement, it is said that East-West economic relations should be compatible with our security interests. Security interests defined by whom?

A. By the Western nations here at the summit.

Q. Western Europeans or the Americans?

A. Both. All seven summit nations.

Q. Does that mean that the problems that the United States and Europe have had over East-West trade are going to disappear?

A. I'm not sure that problems ever disappear, but I would certainly say that the problems have been lessened by the actions that have been taken recently and certainly since the Versailles summit between Versailles and Williamsburg. That was noted this morning, how much smoother those relationships are as far as the West is concerned.

Q. Did this summit lessen the concerns that the delegations have brought and mentioned—Mrs. Thatcher and the—there were a couple of mentions yesterday in the sessions over the Export Administration Act. Have these discussions lessened—

A. The Export Administration Act has little to do with that paragraph 9. That's an entirely different interpretation.

They are concerned about the Export Administration Act, but since it hasn't passed the Congress yet, they merely wanted to register those concerns so that their feelings might be considered by us in our considerations.

Q. Has your policy on intervention changed? It says "helpful," "when helpful." Does that still mean disorderly markets or not?

A. We will be acting in accordance with this statement. [Laughter]

President Reagan's Dinner Toast, Rockefeller Folk Art Center, May 30, 1983¹

It is a pleasure to see all of you and to tell you that our discussions over the last few days have been as fruitful and as useful and enjoyable as we had all hoped. As I noted at the outset—that our countries were linked by a multitude of mutual interests and by a shared commitment to freedom and democracy.

Williamsburg, as a site, was the site of the first representative assembly and the second university in the Colonies which then became the United States. It has been a particularly appropriate place in which to rededicate ourselves to these principles.

The preservation of the values we share must strengthen our domestic economies, seek advantages of vigorous international trade, and deal intelligently with the problems of crises in the developing world. And while doing this, we must also give appropriate attention to our security interests. These objectives are complex, sometimes seemingly contradictory, and always difficult to achieve.

Our individual perceptions about particular issues may sometimes differ, but gatherings such as this give us an opportunity to work together on a regular basis to address the problems we share. This meeting has, in my judgment, achieved that objective. It has left me more confident than ever of the basic health of our free way of life and our ability and cooperation to lay a sound foundation for our children and our children's children.

In that spirit, I want to toast all of you, who in the last few days have participated in this chapter of a vital and unceasing effort. And so, therefore, I think we can drink to the causes that have brought us here, to the success that we've had, and to our dream of continuing on this road as far as we all can see.

And for some of us here, there is great gratitude to many of you for all that you have done to contribute to these meetings.

Interview With President Reagan, May 31, 1983⁴

You had said before this summit that you wanted it structured in this way because you'd have a frank discussion with other leaders. Did you learn anything from that? Did your views change in any way because of what was said to you here in that format?

A. Actually, not in any major way because you would be amazed at how much our thinking was alike on so many of the things discussed.

But in connection with the question also on structure, the difference was that the summits that I've been to before, each head of state would make a statement and that would be it then. Whether they agreed, disagreed, or not, they had made their statement.

The difference was here, you'd open up a subject—let us say that the subject had to do with trade—we'd open up the subject and everyone could express their views and so forth and then we kept going and discussing to see that we could all agree on a consensus of what we would do with this in the area of this subject that would further benefit, not only us, but the world.

Q. Do you feel that you persuaded anybody to some view that they didn't have before they came here?

A. Not really. The whole idea of convergence—the answer is that you have one nation recover without the others, that this is a world recession what we do affects each other, and therefore, we must have more surveillance, more constant communication particularly at our ministerial level the progress that we're all making this included the developing countries, also, that they cannot be out there the other side of a door that their economic situation, their prosperity vital to us as ours is to them. And say, there was great agreement on

But what then did happen was had the thoughts of others that contributed to come into a consensus how we were going to go about that what we were going to do. And remember that the idea of the sub wasn't just chaos of anyone coming what they thought. A lot of this was based on the fact that at the ministerial level, OECD, the NATO summit, discussions on international monetary funds and all, we were well prepared advance of knowing what was on the minds of each other.

Q. If I may, this was a summit designed so that those of you who privately could, on several occasions have a frank exchange, candid exchange of views—candid, personal. And yet you're saying that there were diverse views in here. And yet you're saying in spite of all of that, no views changed very much—

A. As I interpreted the question there, was there any sudden situation where you had just diametrically opposed ideas, say, a way to bring about prosperity. No, everyone recognizes that—for example, in our own production of deficits and interest rates and the effect that they have had on the economy. There was general agreement on all of these things. And then the thing was how, for example—it's in a statement that came out, differing some conferences where the statement was written in advance and before had the discussions. That statement is the result of the discussions.

Let me give you a for instance. I said in your personal addendum the statement that the world now recognizes there should be no quick fix—which as you mentioned in the United States. But I know you were by some of the leaders in there despite—the best expected performance of the economy, unemployment is going to remain high for some time, recession may even happen in some countries, and there are people who are concerned about political and social upheaval that can cause and, therefore, might require some kind of quick fix, at least to avert the kind of crisis the United States faces. Did that discussion not alter your views about at least some fixes some way?

No, as a matter of fact, one of the participants referred to quick fixes as “jack medicine” and that we’ve provided experience they don’t work. They worsen the situation. There is great concern on the part of all of them, they realized that they had to face some social changes in order to control of excessive spending. And, in fact, the document attests that—the document to the outcome. We didn’t have any subject up in the air and say, “you know, we’re differing on this, let’s move on to something else.” No, we stayed until we’d worked out what we felt was a way to go on the particular subject. And there was no vote. There were no winners or losers. It wasn’t any case in which five said, “no, to two, you’re out-voted and this is what we’re going to say.” No, before we settled it, all seven were in agree-

It’s well known that your Administration wasn’t enthusiastic about the international monetary conference. Do you modify your views during the summit?

The funny thing was in the negotiations, it isn’t so much a modifying of views as it is a learning of what the views really were. For example, the principal proponent of such a conference had by making it plain that he had meant in any way that we go back to the old and follow a pattern of

something that was adopted 40 years ago—the world has changed—but that it was something to be looked at. We ourselves had come with the idea that just as out of the Versailles summit—and while many people have been quick to say that nothing good came out of that, a lot did. We have had since the Versailles summit a relationship at the ministerial level on several subjects that has been ongoing and that has made great progress with regard to trade, the East-West situation, all of these things.

And so the idea that these same ministers will now, as they go forward in this surveillance—mutual surveillance to make sure that we’re not getting off the track in some country or other that might set back for all of us the recovery, that this they will look at very closely and see if such a conference would be a help in what we’re trying to do. It’s going to depend on what they all decide and what they recommend.

Q. The dollar is reaching record highs against other currencies. Do you think that is a positive development for the world economy and for the American recovery?

A. There’s no question about the value of the dollar, that it results from our success with reducing inflation. And, of course, we want to go on reducing inflation.

But we also want to see as the others progress that this levels off, because remember the high dollar is not an unmitigated blessing for us. We will have a trade deficit this year of probably \$60 billion simply because the high value of the dollar has priced us out of many foreign markets.

We’d like to see a better balance. But we believe the better balance will come through convergence. And so, here again, out of this has come the decision that we’re going to monitor each other closely on how we’re progressing on this.

Q. You indicated in an interview last week that the Soviets were stepping up their aid to Nicaragua. I wondered whether you see the possibility of a superpower confrontation developing in Central America,



and whether increased Soviet aid requires an increased response from the United States.

A. It is a little off the summit. I did, in one session, simply explain as well as I could the entire situation in Central America. And many of them admitted that they had not been clear on some of what was going on. There has been a step-up in Soviet activity as to bringing in supplies. But we still believe that our plan of economic aid and such military assistance as we think is needed there in the line of supplies—training, mainly—should go forward.

But again, call attention to the fact that our economic aid is three to one in value over the military aid. We want, indeed, a political settlement if it can be reached.

Q. Did you ask your allies for help on that question—I mean, did you ask them to—

A. No. On this one, this was just one where I gave them a report and—

Q. From a very general point of view, now that you have heard the opinion of all the other leaders at the same time, what is your feeling on the future of relations with Russia? Is it going to be an ever-increasing tension and hostility, or will there be a point where there will be a thaw? I’m not asking about your hopes, but about

your gut feeling of what actually is going to happen.

A. If there is an increase of tension, it will be the Soviet Union that causes it. Let me just quickly—because I know time is important—point something out. Sitting at that table in this summit were the representatives—the heads of state—of nations that not too many years ago were deeply engaged in a hatred-filled war with each other. And here we were, sitting as closely as we're sitting with a really warm, personal friendship that had developed among us, but more than that, with a friendship between our peoples. And, what is the cause of disarray in the world—if we had been able to do this with our erstwhile enemies, doesn't it sort of follow that we are the ones who want a peaceful world? I don't mean when I say "we" the United States, I mean all of us—the people who were around that table—that we are the ones who are striving for peace and have been successful in healing those terrible, deep wounds. But that one country that was an ally in that great war is the cause of tension in the world and that the things that we had to think about with regard to our national security, all dealt with our national security *vis-a-vis* that particular country.

Over and over again in talking trade we stressed that we don't want a trade war with the Soviet Union. We've been forced into having to view our relationship with our own security in mind. But, I couldn't help but think several times, why in the world isn't that other so-called superpower—why didn't they have someone sitting at that table able to get along with the rest of us?

Q. But do you see better or worse relations? If you were to predict today, is it better or worse relations with the Soviet Union.

A. I see better, because I think all of us together have a more realistic view of them. This may not be visible in the rhetoric in the immediate future, because there's an awful lot of rhetoric that is delivered for home consumption.

Q. They've accused you of wrecking detente—with the INF statement.

A. Detente, as it existed, was only a cover under which the Soviet Union built up the greatest military power in the world. I don't think we need that kind of a detente. But, all of us, we're ready—at any time—if they want to make it plain by deed, not word, that they want to join in the same things that are of concern to all of us—the betterment of life for our peoples.

Q. You spent some time in the last couple of evenings talking about the Middle East as well, I understand, with your partners. And, most recently, there has been an increasing tension between both Syrian and Israeli forces in Lebanon right now. You have an agreement between Lebanon and Israel for a troop withdrawal, but the Syrians are not cooperating. Really, without their cooperation, you have very little. What is the next step? And, can you tell me, with the increased tensions, have you been in contact with the Soviet Union to get the Syrians to cool it?

A. This is hardly a summit meeting thing, but let me say we're continuing what we've been doing all the time and that is trying to persuade the Syrians who had made a statement in the very beginning of all these talks that they would withdraw when the others did. And we're talking to their Arab friends and allies about this, I think making some progress. So this does not require any new course.

And as to whether there were several meetings, there was just one meeting in which I summed up and gave my—well, no, I didn't. I'm sorry, I was thinking there—I was talking about something else. No, on the Middle East, we did have one session and a dinner session and, actually, there was no quarrel with what we're doing. It was total

support; but there was more a repro some of those who had been closer the situation back over the years, or European neighbors, giving their view on some of the things that were at there and some of the problems.

Q. Just in light of the INF detente, can you envision an outcome interim solution in Geneva which would delay the stationing of the missiles in Europe?

A. I don't think you can predict anything there without getting into a dangerous field of discussing strategy.

Frankly, my own opinion is the negotiations won't really get down brass tacks until they see that we're going forward with the scheduled deployment.

Q. Does that mean that the negotiations won't go forward after you deploy?

A. Oh, no. We're going to try. Meetings are on now. We're going to negotiate. I am just anticipating the Soviet side; they have based their entire propaganda campaign, every they've been doing, on seeking to prevent the beginning deployment. Ar have a schedule of deployment, the quest of our NATO Allies, and we're going to follow that.

¹Text from Weekly Compilation of Presidential Documents of June 6, 1982.

²Made at the reception for heads of delegations (text from Weekly Compilation of Presidential Documents of June 6).

³Text from White House press release.

⁴Interviewing the President in Pro Hall in Williamsburg were representatives of *The Washington Post*, Knight-Ridder Newspapers, *Chicago Sun-Times*, Medi General, CNN, *Le Monde*, *Il Giornale*, *Frankfurter Allgemeine Zeitung* (text from Weekly Compilation of Presidential Documents of June 6). ■

Interview for *Bunte Illustrierte Magazine*

Following are President Reagan's answers of April 25, 1983, to questions submitted by *Bunte Illustrierte*, a magazine published in the Federal Republic of Germany.¹

Q. In October it will be exactly 300 years since the first Germans immigrated to America. Do you believe there is a specific German element in the tradition of American history? What famous German—past or present—in the arts, sports, or industry, do you admire most?
A. More than 60 million Americans are of German ancestry, and that heritage is a great influence on our national character. The strong hands and hearts of their industrious German fathers helped build a strong and free America. Germany gave us heroes of our Revolutionary War such as Minutemen like Baron von Steuben; political leaders, scientists, and philosophers—including Einstein and Franklin D. Roosevelt. The Brooklyn Bridge celebrates its 100th birthday this year; composers, theologians, business entrepreneurs, and as you suggest, sports figures like Babe Ruth. It's just as possible to choose one whom I admire most. German names fill our history books, dot our maps, and line the pages of our family Bibles. The tricentennial of German immigration to the United States is being celebrated across the United States—in St. Louis, Milwaukee, New York, and Philadelphia to name just a few places. Looking forward to welcoming President Carstens of the Federal Republic of Germany for a state visit this October, we'll celebrate the tricentennial together.

Q. With substantial financial and technical assistance from the Federal Republic, the West European allies are going ahead with the construction of a gas pipeline, which will supply Europe with energy from Siberia in a few years. Has the European leadership been successful in convincing the Soviet Union that the pipeline will not be seen as a Soviet instrument of blackmail, or does this continue to be a point of discussion between Bonn

and Washington? Can the United States offer the Europeans an alternative energy supply system?

A. It is important that Western nations not become overly dependent on any single supplier, particularly the Soviet Union, for such critical resources. Our view is that it would be prudent for West European countries to emphasize development of their own natural gas reserves and evaluate any new supply arrangements in view of the alternatives and security implications. The issue of energy dependence has been under careful review by the International Energy Administration, which will be reporting this month. It has conducted a very constructive study on which we all have cooperated closely. In addition to indigenous resources, I might also note that we are taking steps domestically to improve our competitiveness in coal exports to Europe.

Q. Under what extreme circumstances would you consider withdrawing U.S. troops from German soil?

A. The cooperative security arrangements of the NATO alliance have maintained the peace for almost 40 years. As President of the United States, my most important task is to continue to preserve our peace and freedom. As long as we face a determined adversary in Europe, the presence of U.S. forces in the Federal Republic and in Berlin will be essential.

I would like to emphasize the cooperative nature of our arrangements. Unlike the Warsaw Pact, NATO security relations are based on common agreement. U.S. forces will remain in the Federal Republic as long as they are needed and welcomed by the Federal Republic.

Q. The only country from which the Soviets withdrew their forces after World War II was Austria. They did this for the price of Austrian neutrality. Germany's first Chancellor, Konrad Adenauer, had decided to enter into an alliance with the United States. In hindsight, do you think it would have been better for Germany if Adenauer would have done what Austria did?

A. There are essential differences between Austria and the Federal Republic in size, strength, and geographic location. Both countries must meet their respective needs. Their respective national security policies were and are supported by the vast majority of their peoples. We shouldn't overlook the fact that the strong Western security alliance, which includes West Germany, helps to preserve the security and well-being of the European neutrals.

Q. The West German newspaper publisher, Axel Springer, has repeatedly stressed that the role the United States plays in world politics is that of a peacekeeper. It would be tragic, Mr. Springer warned, to forget about the people who are forced to live under a Soviet dictatorship or who have been imprisoned for their political beliefs, in Bautzen, in a psychiatric ward, or somewhere in the Gulag. How can the United States help bring about an end to this injustice?

A. I completely agree that the United States' most important role in the world is based on our commitment to peace and individual freedom. We firmly believe that world peace and stability can be achieved only when governments are responsive to the aspirations of their peoples, including recognition of their human rights as outlined, for example, in the Charter of the United Nations and in the Helsinki Final Act. The United States, as well as other Western countries, must continually keep world public attention focused on Soviet human rights policies. That is why we and our allies continue to insist on a strong human rights provision in the final document at the Madrid CSCE conference [Conference on Security and Cooperation in Europe]. In addition, our governments can and do work quietly on individual cases, securing better treatment for certain citizens from the Soviet and other governments.

Q. In an interview with Moscow's *Literaturnya Gazeta*, Mr. Egon Bahr, the national security adviser to Jochen Vogel, claimed that "Leonid Brezhnev had been filled with a burning desire to secure world peace." Do you share this assessment of the former Soviet leader's quest for peace?

A. With all the terrible dangers which threaten today's world, it is hard to imagine how any national leader would not be committed to the search

for peace. We hear much talk about such a commitment, but we need deeds, not words. Sad experience shows that Soviet leaders too seldom translate their words into actions. A true Soviet agenda for peace would include withdrawal of their invading troops and KGB forces from Afghanistan, easing of pressure on Poland and its citizens, a halt of aid to international terrorists, and ending the use and supply of their nightmarish chemical and biological weapons. Actions of this type would find a ready response from my Administration and would begin a new and better era of East-West relations.

But while we are on the subject of commitment to peace, I would like to review quickly the peace initiatives of my government around the world, in addition to our efforts for significant arms reductions. In the Middle East, we were instrumental in ending the fighting in Lebanon and evacuating the PLO [Palestine Liberation Organization] forces. We are working now to achieve the withdrawal of all foreign forces from that embattled country. In Africa, we have achieved, in consultation and cooperation with our allies, major progress toward an agreement to bring freedom to the people of Namibia, and long-term security, freedom, and development to southern Africa. In Latin America, we are working with the democracies to lift their burden of poverty and encourage the social development so necessary for progress and stability. And also, in the area of nuclear proliferation, we are working to halt the spread of equipment and technology which could be used to manufacture weapons, while still responding as a reliable supplier to those countries with legitimate energy needs.

All of the approaches and policies reflect my overriding goal as President—to do everything I can to help advance the cause of peace. We will be second to none in that quest—and we welcome others in that noblest of goals.

Q. Do you believe that Western Europe—with the exception of Great Britain—could soon be of minor importance to the United States? By the end of this century, Western Europe would become as dependent on the Soviet Union as Finland is today. This could come about as a result of sweeping socialist policies, too much economic and financial aid for Eastern European countries and not enough willingness to defend their own. What are your views on that thesis?

A. In my meetings with European leaders over the past 2 years, I have been struck by the dramatic contrast between such a thesis and reality. I have found deep common dedication to NATO and the unanimous acceptance of our shared responsibility for a strong defense in the interest of a stable and secure peace.

The Atlantic relationship is strong because the fundamental principles which unite us endure. Our democracies are linked in history, culture, values, and interests. The original reason for NATO—the Soviet threat to Western European political and security independence—persists and will continue to be the central foreign policy challenge facing us. We continue to believe that Western European and American security are indivisible and that NATO remains the safest, most effective, and least costly way to meet the Soviet threat.

There will, of course, continue to be differences in approach among us in reaching our shared goals. Our nations cannot be insulated from the heat and light generated by the democratic process. It is precisely our democratic values and purposes which give our alliance relevance and enduring strength. Our differences concern how best to shape our relationship, not whether it should exist.

I can assure you that the Atlantic relationship remains central to American foreign policy. I underscored the constancy of this commitment at the Bonn summit last June when I stated: "... There is an inseparable link between the security of all and the security of each. . . . I want to reaffirm in unmistakable terms adherence to this principle. . . . that a healthy, vigorous, and effective alliance remains the foundation of American foreign policy. . . ."

Q. What is the basic philosophy of your disarmament policy?

A. We believe that arms must not only be controlled, they must be significantly reduced if we are to secure life and liberty. Since the concept of deterrence has kept the peace longer than any other, we believe there must be a stable balance, both conventional and nuclear, so that aggressors will never be tempted and war will never occur.

In November 1981, I outlined America's goals for arms control and listed the principles behind all our arms control negotiations.

The first principle is that reductions should be substantial and militarily significant. We must make a breakthrough in the approach in past negotiations, we did nothing but ratify ever-higher levels of arms on both sides. At the strategic nuclear level, we have made a proposal to cut ballistic missiles by about half from current U.S. levels and warheads by roughly a third. At the intermediate range nuclear level, our goal is the complete elimination of the most destabilizing systems of land-based, longer range missiles. What a contribution to world security that would be: to banish an entire class of threatening nuclear weapons from the face of the Earth, conventional forces in Europe, we and with our allies are offering to make reductions to 700,000 ground forces, 900,000 ground and air forces combined.

The second principle is equality for similar types of forces. We believe that stability can best be assured by even balance. We do not believe the Soviet Union is entitled to have an arsenal as large as the total of the rest of the world.

The third principle is effective verification. In view of Soviet violation of existing treaties, including those concerning chemical and biological weapons, we must have confidence that an agreement we sign to limit weapons will be observed by both sides.

Central to my arms reduction philosophy has been close consultation with our allies. Through NATO organizations such as the Special Consultative Group, through multilateral and bilateral meetings, we have discussed fully our approaches to the negotiations with the Soviet Union, the U.S. positions in INF [Intermediate range nuclear forces] and START [strategic arms reduction talks] negotiations have the full support of the alliance. I doubt if there've ever been closer consultations in the alliance than those we've had on the INF talks.

The arms reduction program which we've initiated contains the most comprehensive set of proposals put forward by any American Government. We are committed to successful negotiation, and we believe there is a basis for agreement if the Soviets show equal seriousness.

Q. In addition to the zero-option as an interim solution you recently suggested, under pressure from the European allies, to break the impasse at the Geneva conference. How much

missiles would the Soviets now to withdraw in order for the United States not to station the Pershing II?

No pressure from the allies was put in the development of our most recent proposal in Geneva. Rather, it came from our intensive and ongoing consultative process. In my speech of July 13, I proposed an interim solution to the Soviet Union which calls for a reduction of planned U.S. deployments of Pershing II and cruise missiles and actual Soviet SS-20 deployments to equal levels of warheads on a global basis. We did not propose a specific figure, because we are maintaining maximum flexibility in reaching an agreement at equitable and verifiable terms. The ball is now in the Soviet court.

We still believe the elimination of the entire class of longer range and basing INF missiles to be the best option, and it is a goal toward which we hope to negotiate an accord following completion on an interim solution.

You recently talked about your desire to secure world peace through conventional weapons. Could you be more specific? Critics fear that you will move the battlefield from Earth to space.

When I discussed a strategic defense initiative in my speech of July 13, I noted that for the last several decades, U.S. nuclear deterrence has relied heavily, almost exclusively, upon the deterrent provided by offensive nuclear forces. This confidence in deterrence is based on the belief that neither side would initiate a nuclear attack because of the catastrophic consequences; the costs of such an attack would far outweigh any possible gains. This concept has led to the development of offensive ballistic missile forces by both the United States and the Soviet Union. I envision a day when we will cease our reliance on offense and emphasize the potential contribution of strategic defense. Strategic missiles are the most destabilizing form of nuclear weaponry. Measures to protect ourselves, our families, and our countries from their devastation should add to our confidence in arms control and provide relief from fear.

Certainly there are drawbacks and potential obstacles to this new concept. The specter of nuclear holocaust and the prospect of us pointing a cocked gun at the Soviet Union is unacceptable. Research into

defensive systems could free our populations from serving as hostages underwriting the peace. So, I decided to direct a major review of technologies and other areas related to defensive systems in order to assess how our security and that of our allies can rely on this approach.

We are not proposing a specific weapon system but have begun basic research that could lead to development by the turn of the century. It is too early now to identify specific systems. We will abide by all existing treaties as we do this research and will consult closely in the alliance. Once developed, we hope that defense against ballistic missiles would be fully integrated into the arms control process.

And, no, we are not taking the arms race into space. The Soviets have the only operating antisatellite weapon. They rejected our proposals in 1979 to abolish all such weapons, and they are continuing a massive research program for space-based weapons. Sadly, again, their words—recently reiterated—about peaceful uses of space are belied by their deeds.

Q. Do you think a nuclear war limited to Europe is a possibility?

A. Let me, first of all, emphasize that our policy is aimed at preventing conflict and settling differences peacefully. We and our allies will not use any of our weapons, except in response to aggression.

I don't believe a limited nuclear war is possible. Throughout the postwar years, the United States has made clear that U.S. strategic forces are coupled to the defense of Western Europe. In 1979 NATO reinforced that link with its dual-track decision to deploy longer range INF missiles in five basing countries in NATO Europe unless an arms agreement with the Soviet Union made deployment unnecessary. The deployment of Pershing II and ground-launched cruise missiles will provide an unbroken spectrum of deterrence of potential Soviet aggression—from conventional forces to strategic nuclear systems in the United States. Striking confirmation of how U.S. forces are coupled to the defense of Western Europe was provided by none other than Soviet Defense Minister Dimitriy Ustinov on April 6 in East Germany: "If Washington is calculating that we will retaliate to the use of Pershings and cruise missiles only against targets in West Europe, it is profoundly deluded. Retribution will inevitably follow against the United States itself, too."

Like all of NATO's weapons, the ground-launched cruise missiles and Pershing II's were developed not to be fired but to deter war. If we maintain a balance of force, there will be no aggression, and NATO will successfully keep the peace for another four decades.

Q. Your economic policies have come under attack from Europe's social democratic governments. Recovery is now underway in the United States and West Germany. Is the worst of the slump over, or is there still a danger that mounting national debts by Latin American and Eastern European countries will throw us into a world economic crisis?

A. The positive figures for U.S. GNP growth in the first quarter and a plethora of other bright economic signals indicate that the worst of the slump is behind us. Inflation is still under control, and interest rates continue to fall.

The recovery now underway in several major countries is the key to easing the financial pressure on many developing countries in Latin America and elsewhere. If we keep our markets open and resume a high level of international trade, then international debts can be serviced. We are strengthening the resources of key international institutions such as the International Monetary Fund. So, while we are still out of the woods, I am increasingly optimistic about the future of the world economy.

In a few weeks Chancellor Kohl and I will join our counterparts from other industrialized countries at the Williamsburg economic summit and compare notes on the brightening of the world economic picture since our last summit in Versailles and consider how we can work more closely together to sustain the recovery.

Q. With the invention of the steam engine, many people feared for their jobs. Today the electronic revolution has already replaced jobs once performed by people. What needs to be done to turn this trend into a positive development?

A. Unfortunately some of the unemployment which is due to structural changes within our economies will not be eliminated with the economic recovery which has begun in both Germany and the United States. Some people who lost their jobs will never regain the positions they lost because of technological change; the jobs of the future will increasingly lie in high-technology and service industries, and training for those types of positions is essential.

We industrial nations must never turn our backs on our basic industries—we will always need them. But neither must we attempt to prop up industries employing outmoded means of production. We must encourage our firms to retool and our workers to retrain. And we should allow market incentives to encourage the flow of resources—labor and capital—into modern methods of production and new industries. Here in the United States, the tax laws of 1981 and 1982 contain important provisions which encourage investment in new machinery and equipment.

Clearly, if our workers are to find jobs in this new age of technology, they must begin now to learn the skills that will be needed. We have recently begun a publicly funded job training program here, but the bulk of the retraining must be done by the private sector. After all, the individual firms in the private economy know far better than do we in government exactly which skills they will need in the future. By matching the skills of our people to the demands of the labor, we will turn the electronic revolution to our advantage. Our people will then enjoy the increase in real quality of life that will be possible through modern, efficient technology on our farms, in our factories, and in our offices.

Q. Do you have any special message for the German people?

A. The peoples of the United States and the Federal Republic are bound together through their shared values, beliefs, and interests. Together we will face many challenges in the coming years. I am confident that we will meet those challenges successfully because of our deep commitment to Western values, our belief in democracy, and our faith in God. We are dedicated to the peaceful competition of ideas and individual and national freedom. The Federal Republic and the United States are firmly devoted to the cause of peace, and we will maintain the defensive forces necessary to ensure our security.

At the same time, we will be uniting in our efforts to reduce the threat of war through negotiations in Geneva, in Vienna, in Madrid, and wherever the possibility of progress toward a more secure future exists. The United States has made proposals, endorsed by our allies and supported by the peoples of the Western democracies, to reduce drastically the warheads on strategic

ballistic missiles, to eliminate an entire category of nuclear weapons, to ban chemical weapons, reduce to equal levels of military personnel for the Warsaw Pact and NATO in central Europe, and halt the destabilizing spread of nuclear weapons to new countries and volatile regions of the world. I hope the Soviet Union will join with the German and American people in our mutual efforts to build a cathedral of peace as the people of Cologne built theirs—with the deepest commitment and dedication. As I said to your *Bundestag* last June, "if we construct the peace properly, it will endure as long as the spires of Cologne."

Q. They say the burden of his office makes the President the loneliest man in the world. Do you feel lonely?

A. How could I feel lonely with so many people giving me advice? But I know what you're asking and the question is yes and no. Yes, to the extent that I know the responsibility for so many critical things is based on my decisions. It is sometimes staggering for a President to think that his decisions will affect 230 million people in the United States and billions around the world.

But, at the same time, I'll give you a no answer for several reasons. First, a faith which gives me a sense of strength and also a sense of continuity with others who have held this office through even more critical times, President Lincoln, for example. Second, Nancy shares with me my life; she is my partner in this life, and she is always there. And third, well, I wish you could read the letters I get from people sending me their prayers. They pray for my well-being, and I can't tell you what a warm feeling that is.

Q. What has been your biggest disappointment during your Presidency? And what was your happiest experience?

A. Most disappointing, well, let me tell you my saddest experience, because it is so fresh in my mind. Nancy and I went out last week to Andrews Air Force Base to meet the bodies of those Americans who were killed in the blast in Beirut. There was a ceremony in a hangar with the flag-draped coffins. I gave some remarks which were very difficult to get through, because they told exactly what these people meant to the country. And sitting in front of me were the families, and it was obvious what these dead Americans meant to them. Nancy and I walked up and down

several rows of family members expressing our sorrow as best we could and trying to be of some comfort in letting them know the nation appreciated loved ones' sacrifice. But there was an overwhelming sense of loss that were the only release.

Now, as for the happiest experience that's tough, because we have been happy here. Right at the beginning the Administration it was a very hard time welcoming home the hostage Iran. Of course, there were some economic victories on Capitol Hill—the fact that the economy is finally starting to move. Those were exhilarating days when the space shuttle made their beautiful landings out in desert. My visit to your country last year was a most satisfying experience I suppose I could go on and on with memories and you wouldn't have a room to put my answers to the other questions.

Q. What is your personal secret for keeping so youthful, dynamic and full of energy?

A. I'm often accused of being a realist, but I think that really helps you over a lot of things. I don't believe it's a secret that having the warmth of a loving woman like Nancy also makes life worthwhile and enjoyable. As for full of energy, I have a gym right here in the White House working out. I've added an inch and a half to my chest in the process. Staying active is very important. And, I said this before, but there's nothing better for the insides of a man than the outsoles of a horse. Here in Washington and at Camp David, I ride as often as a handsome Hanoverian. I just think the positives of life add up if you do them.

Q. In November of last year Austria gave you a "live" present—a Lippizaner horse. Considering your busy schedule and many obligations, have you ever been able to take Amadeus?

A. The copy of your magazine that you shared with me brought back memories of that marvelous presentation of the Lippizaners on the South Lawn last fall. So far, the laws really Amadeus to be quarantined haven't allowed me the opportunity to ride the magnificent horse, but I hope to do so soon.

¹Text from Weekly Compilation of Presidential Documents of May 16, 1984.

President's Radio Address of May 21

year we set aside a special day to pay a special tribute to our men and women in uniform. Today is Armed Forces Day and, on behalf of a grateful nation, I would like to offer them our respect and appreciation.

Their job is unusually difficult not because it involves hardship and danger, or because it requires long separations away from families and loved ones, or even because it may demand the giving of one's life in defense of our country. The difficulty of the military profession grows out of these plus the fact that our service men and women are constantly faced with several of the most fundamental questions we ask as individuals and as a nation—the questions of war and peace and the use of force in our world.

Americans have asked these questions again and again for more than 200 years. They're still debating them today. One of the reasons these questions persist is because there are no easy answers. The answers lie in seeming paradoxes, underlying truths that may be contradictory on the surface.

The most fundamental paradox is that if we're never to use force, we must be prepared to use it and to use it successfully. We Americans don't want wars, but we don't start fights. We don't maintain a strong military force to conquer or coerce others. The purpose of our military is simple and straightforward.

We want to prevent war by deterring others from the aggression that starts wars. If our efforts are successful, we will have peace and never be forced into battle. There will never be a need for a single shot. That's the paradox of peace.

The men and women in our Armed Forces also live with a second paradox. They spend their entire time in service preparing to fight and preparing for a war, but we and they pray will never come. As individuals, these men and women want peace as much as we do as a nation. In fact, they want it even more,

because they understand that war is not the romantic heroism we read about in novels or see in the movies but the stark truth of suffering and sacrifice and the plain promise of youth.

Our service men and women know first-hand the horrors of war and the blessings of peace, but they also know that just wanting peace is not enough to guarantee that peace will be sustained. As George Washington said, "To be prepared for war is one of the most effectual ways of preserving peace."

Today, Americans are again asking important questions about war and peace. Many have been debating two very important questions: How could we prevent nuclear war, and how could we reduce American and Soviet nuclear arsenals?

The answers to these questions are not found in simple slogans, but again, in paradoxes. To prevent nuclear war, we must have the capability to deter nuclear war. This means we must keep our strategic forces strong enough to balance those of the Soviet Union.

It must be absolutely clear to the Soviets that they would have no conceivable advantage in threatening or starting a nuclear war. In seeking to reduce American and Soviet nuclear arsenals, we must convince the Soviet Union that it is in our mutual interest to agree to significant, mutual arms reductions. And to do that, we cannot allow the current nuclear imbalance to continue. We must show the Soviets that we're determined to spend what it takes to deter war. Once they understand that, we have a real chance of successfully reaching arms reduction agreements.

Last month I sent to the Congress a proposal to modernize our intercontinental ballistic missile force. By building the MX Peacekeeper and small, single warhead missiles, we will not only preserve our ability to protect the peace, we will also demonstrate that any Soviet quest for nuclear superiority will not work, that it is in everyone's interest to end the arms race and to agree to mutual arms reductions.

There's a direct relationship between modernization programs, like the MX Peacekeeper, and the twin objectives of deterrence and arms control. The MX and other modernization measures will help us to achieve our fundamental goal, and that is to strengthen the peace by seeking arms reduction agreements that make for more security and stability by reducing overall force levels while permitting the modernization of our forces needed for a credible deterrent.

I know that the paradox of peace through a credible military posture may be difficult for some people to accept. Some even argue that if we really wanted to reduce nuclear weapons, we should simply stop building them ourselves. That argument makes about as much sense as saying that the way to prevent fires is to close down the fire department. It ignores one of the most basic lessons of history, a lesson that was learned by bitter experience and passed down to us by previous generations.

Tyrants are tempted by weakness, and peace and freedom can only be preserved by strength. So, let us resolve today, as we honor the brave men and women who serve in our Armed Forces, to give them the support they need to protect our cherished liberties and preserve the peace for ourselves and our children.

Text from Weekly Compilation of Presidential Documents of May 30, 1983. ■

President Addresses Cuban-American Community

President Reagan's remarks at the Cuban Independence Day celebration, Miami, Florida, on May 20, 1983.

It's a great pleasure for me to be with a group of Americans who have demonstrated how much can be accomplished when people are free. Many of you arrived in this country with little more than the shirts on your backs and a desire to improve your well-being and that of your family. You came with a willingness to work and, yes, a consuming passion for liberty. There's a name for this kind of spirit. It's called the American spirit, and there's no limit to what it can do.

But let me interrupt myself here and say something about that American spirit. We could also say it's a Western Hemisphere spirit, because one of the great, unique things about this Western Hemisphere is that in all of our countries—yours, from the islands of the Caribbean to South, to Central America, and to North America, from the South Pole to the North Pole, with all of our countries, we can cross the boundary line into another country, and we're still surrounded by Americans, because we are all Americans here in the Western Hemisphere.

Examples of this spirit abound. Jorge Mas, chairman of the Cuban-American National Foundation, came here 20 years ago, worked as a milkman to support himself. Today he owns a construction company that provides hundreds of people with meaningful employment. And when he isn't running his company, he's immersed in activities like this one, trying to protect the freedom that has been so important in his life. Jorge Mas, thank you for all that you've done and all you're doing.

But Jorge's success story is no isolated example. There are so many. You know them—people like Armando Codina who came here alone as a child, his parents unable to leave Cuba, so he was sent to an orphanage and then to a foster home. It took courage for this little boy to begin his new life. But now, at 35, he has a string of business accomplishments of which any individual many years his senior would be proud. The world renowned ballet dancer, Fernando Bujones, is a Cuban American.

In my Administration, we have Jose Manuel Casanova. He is the U.S. Executive Director of the Inter-American Development Bank.

And I have an announcement to make today that concerns another outstanding Cuban American, Dr. Jose Sorzano. He is currently our Representative on the Economic and Social Council of the United Nations. He's a distinguished scholar, specializing in political philosophy, history, and Latin America. And I want you to know—to be the first to know—that I intend to nominate Dr. Sorzano to be one of our nation's highest diplomats, to the post of Deputy U.S. Representative to the United Nations.

One of the TV cameramen with us today is Eduardo Suarez. He came to America just a few short years ago and recently won a Florida Emmy for his excellence as a television news photographer. Eduardo, congratulations.

The list goes on and on. People from every walk of life, of every race and family background, have made their mark in just about every corner of American society. A few months ago, I was honored to welcome to the White House a famous runner, Alberto Salazar. I didn't know what to say. He gave me a pair of running shoes—[laughter]—but I'm not sure what kind of a race he wanted me to run in. [Laughter]

Clearly, this country in America, the United States, has been good for you. But you have also been good for all of America and for the United States. And, I add, for Miami. Twenty-five years ago, there were those who thought Miami had reached its peak and was on the way down. The economy seemed stagnant. There was little hope in sight. Today, Miami is a vibrant international center, a gateway to Latin America.

The stark contrast between your life and that of the neighbors and loved ones that you left behind in Cuba stands as evidence to the relationship between freedom and prosperity.

About 10 million people still live in Cuba, as compared to about 1 million Cuban Americans—people with the same traditions and cultural heritage. Yet the Cubans in the United States, with only one-tenth the number, produce almost two times the wealth of those

they left behind. So, don't let any fool fool you: What's happening in Cuba is not a failure of the Cuban people; it's a failure of Fidel Castro and of communism.

The Soviet Union with all its military might, with its massive sub of the Cuban economy, can't make a system produce anything but repression and terror.

It reminds me of the story—I'll pen to collect stories that the Soviet people are telling each other, the Russian people. It indicates their cynicism in their own system. This is a story of a commissar who visited one of their collective farms, and he stopped the farmer, workman that he met, and asked about life on the farm. And the man said, "It's wonderful. I've never heard anyone complain about anything since I've been here." And the commissar then said, "Well, what about crops?" "Oh," he said, "the crops are wonderful." "What about the potatoes?" "Oh, sir," he said, "the potatoes," he said, "there are so many that if we had them in one pile they would touch the foot of God." And the commissar said, "Just a minute. In the Soviet Union there is no God." And the farmer said, "Well, there are no potatoes either." [Laughter]

Cuban Americans understand freedom better than many of their fellow citizens that freedom is not just the heritage of the people of the United States. It is the birthright of the people of this hemisphere. We in the Americas are descended from hearty soul-pioneers, men and women with the courage to leave the familiar and start fresh in this, the New World. We are by and large, people who share the fundamental values of God, family work, freedom, democracy, and justice. Perhaps the greatest tie between us is seen in the incredible number of cathedrals and churches found throughout the hemisphere. Our forefathers took the worship of God seriously.

Our struggles for independence and the fervor for liberty unleashed by noble endeavors bind the people of the New World together. In the annals of human freedom, names like Bolivar, Martí rank equally with Jefferson and Washington. These were individuals of courage and dignity, and they left a legacy, a treasure beyond all imagination.

New Colonialism

today, a new colonialism threatens Americas. Insurgents, armed and acted by a faraway power, seek to im- a philosophy that is alien to rying which we believe and goes inst our birthright. It's a philosophy holds truth and liberty in contempt is a self-declared enemy of the wor- of God. Wherever put into practice, as brought repression and human rivation. There is no clearer example his than Cuba.

The people of Cuba have seen their ng independent labor movement— ch existed before 1959—destroyed a regime that shouts slogans about concern for the workers; the suppress- of the church, including the right of church to broadcast and print God's d. It is a new fascist regime, where om of speech and press of every osition group has been stamped into ground with ideological zeal. And it sn't stop there. Young Cubans are ssed into the military and sent to way lands, where hundreds have killed, to do the bidding of a ign government, defiling their hands e the blood of others, not serving own interests, but propping up ers who have no popular support. But the people of Central America, ur support have chosen a different e—freedom, pluralism, and free omic development. They, and we, committed to this course and will tolerate Mr. Castro's efforts to pre- it. They, and we, want Central erica for Central Americans, and 's the way it's going to be. The declining Castro economy con- as to make a grotesque joke out of eological claims that Marxism is e people. Nearly a quarter of a ury after the Cuban revolution, the an people continue to face shortages rationing of basic necessities. One of the most prosperous countries in f Latin America, it is rapidly becom- the most economically backward in egion, thanks to the communist em.

They say there are only two places e communism works: in heaven e they don't need it— [interj]—and in hell, where they've dy got it. [Laughter] And now, there is strong evidence Castro officials are involved in the trade, peddling drugs like

criminals, profiting on the misery of the addicted. I would like to take this oppor- tunity to call on the Castro regime for an accounting. Is this drug peddling sim- ply the act of renegade officials, or is it officially sanctioned by the present Government of Cuba? The world deserves an answer.

On this day, we celebrate Cuban in- dependence, something special for the people of the United States as well as Cuba. Eighty-five years ago, we joined together and fought side by side, shed- ding our blood to free Cuba from the yoke of colonialism. Sadly, we must acknowledge that Cuba is no longer in- dependent. But let me assure you: We will not let this same fate befall others in the hemisphere. We will not permit the Soviets and their henchmen in Havana to deprive others of their freedom. We will not allow them to do that to others. And some day Cuba, itself, will be free.

A Time To Act

The United States stands at a cross- roads. We can no longer ignore this hemisphere and simply hope for the best. Jose Marti, the hero of Cuban in- dependence, a man who spent so many years of his life with us in the United States, said it well: "It is not enough to come to the defense of freedom with epic and intermittent efforts when it is threatened at moments that appear critical. Every moment is critical for the preservation of freedom."

Now is the time to act reasonably and decisively to avert a crisis and pre- vent other people from suffering the same fate as your brothers and sisters in Cuba. Ironically, our biggest obstacle is not foreign threats but a lack of con- fidence and understanding. There are far too many trying to find excuses to do nothing. If we are immobilized by fear or apathy by those who suggest that because our friends are imperfect, we shouldn't help them, if those trying to throw roadblocks in our path succeed and interpose themselves at a time when a crisis could still be averted, the American people will know who is responsible and judge them accordingly.

But as I told the Congress a few weeks ago, we've still got time, and there is much that can be done. The Congress can, for example, enact those trade and tax provisions of the Carib- bean Basin Initiative that will put the power of free enterprise to work in the

Caribbean. The Congress rightly believes that we must not totally focus our ef- forts on building the military capabilities of our friends. I agree. That's why 75% of what we've asked for is economic, not military, aid.

But we must realize that our friends cannot be expected to stand unarmed against insurgents who have been armed to the teeth by the Soviet-Cuban-Nicaraguan axis. Any excuse for not providing our friends the weapons they need to defend themselves is a prescrip- tion for disaster. And again, those who advocate ignoring the legitimate defense needs of those under attack will be held accountable if our national security is put in jeopardy.

Teddy Roosevelt is known to have said, "Speak softly and carry a big stick." Well, there are plenty of soft speakers around, but that's where the similarity ends. [Laughter]

Let there be no mistake. What hap- pens in Latin America and the Carib- bean will not only affect our nation but also will shape America's image throughout the world. If we cannot act decisively so close to home, who will believe us anywhere? Knowing this, I recently nominated a special envoy, a strong leader, an individual eminently qualified to represent us in this vital region and to work closely with the Congress to ensure the fullest possible bipar- tisan cooperation. He's a man in and for whom I have the highest confidence and respect, a man you know well, former Senator Richard Stone.

When Senator Stone is confirmed, he will be directly involved with those seeking regional solutions to the prob- lems in Central America. We are fully supportive of good faith efforts like the so-called Contadora Group, seeking to calm tensions and avert conflict. We hope that they'll be able to make prog- ress, and we welcome the participation of all nations in the Americas which have a vital stake in Central America.

The Cuban People

There is, of course, one top priority item on the agenda I've yet to mention. The Cuban people, as is the case in most Communist dictatorships, have been cut off from information. Many of the folks who've come to America in recent years, for example, didn't even know that Cuba had tens of thousands of troops in Africa, much less know about the

casualties they've suffered. The greatest threats to dictators like Fidel Castro is the truth. And that's why I'm urging the Congress to approve legislation for the establishment of Radio Marti.

And let me state one thing for the record. There have been certain threats made about jamming the frequency of our domestic radio stations should we broadcast to Cuba. Such threats are evidence of the frightened and tyrannical nature of Castro's regime. I can guarantee you today, we will never permit such a government to intimidate us from speaking the truth.

Cuban Americans play a unique role in the preservation of our freedom. Your Hispanic heritage enables you to relate better our good will to our friends in neighboring countries to the south. But you also have a responsibility here at home. I think one of our most dangerous problems in America is that many of our own people take our blessed liberty for granted.

In 1980, a Cuban scholar named Heberto Padilla came to the United States after spending 20 years under Castro. He marveled at what he saw, something that he hadn't even noticed during his visit here 20 years ago. When visiting the campuses of our major universities, he said, "I am struck by something that will be obvious to all Americans: No one, government official or colleague, has asked me what I was going to say in the seminars and courses that I'm going to give this fall. This is new for me. Simple, but true. It is difficult to ask anyone born into freedom to realize exactly what she or he possesses."

Mr. Padilla went on to explain that freedom is invisible. It is the absence of the government censor, the absence of the secret police, the absence of an agent of repression.

I couldn't help but think when those beautiful young people were here singing our two national anthems, so many—and so many of you—only know

about the Cuba that some of us know about, the free Cuba, from hearing us talk about it. And you have a great responsibility to make sure that your sons and daughters, growing up, know of that other Cuba and share in your hopes and dreams. And we all have a responsibility to see that our young people in America who have come along at a later time know about a Cuba that was free.

Perhaps the best gift that you can give to your fellow citizens—and you've already contributed so much to our well-being—is a better understanding of that which they cannot see—the human freedom that surrounds them. Perhaps you can help them understand something that you know instinctively—the awesome responsibility that we have as Americans. For if we fail, there will be no place for free men to seek refuge. I'm counting on you to help me explain the threats in Central America, the threats you recognize so clearly.

Each generation of Americans bears this burden, and we're grateful to have you with us, sharing this heavy weight upon your shoulders. Teddy Roosevelt, a man who fought alongside your forefathers for Cuban independence, said, "We, here in America, hold in our hands the hope of the world, the fate of the coming years; and shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of men."

Today, let us pledge ourselves to meet this sacred responsibility. And let us pledge ourselves to the freedom of the noble, long-suffering Cuban people. *Viva Cuba Libre. Cuba, sí; Castro, no.*

Thank you. Thank you. Thank you for having me here with you today, and *vaya con Dios.*

¹Text from Weekly Compilation of Presidential Documents of May 30, 1983. ■

News Conference of May 17 (Excerpts)

I'm gratified that a bipartisan consensus on arms control is emerging from the recommendations of the Scowcroft Commission [President's Commission on Strategic Forces, chaired by Brent Scowcroft]. Their report combined into one package three of our top priority goals—modernization, deterrence, an arms control. And I'm integrating the arms control recommendations into our START [strategic arms reduction] proposals. I will also support their proposals to develop a small, single-warhead missile for more stable deterrence in the future.

Many in the Congress have shared their thinking on arms control with us. Close cooperation can show the Soviet that we Americans stand united, ready to negotiate in good faith until we succeed in reducing the level of nuclear weapons on both sides.

Working together and exploring initiatives such as a proposed mutual buildup of strategic nuclear forces, we keep America strong and achieve arms reductions that strengthen the peace and benefit all mankind. I congratulate both Appropriations Committees for their bipartisan approval of the MX Peacekeeper missile, recommended by the Scowcroft Commission. I look forward to prompt approval of this vital program by the full House and Senate. It'll be one of the most important arm control votes of the 98th Congress.

The Scowcroft Commission demonstrated it could take a complex issue and achieve bipartisan agreement. The question now is whether the Congress can also reach a consensus with resolution and unity to strengthen our national security, reduce the risk of war, and, ultimately, achieve reductions of nuclear weapons.

.....

Q. With the Syrians balking at joining the Middle East negotiation how will you and Ambassador Habib [Philip C. Habib, special representative of the President to the Middle East] manage to encourage them to take part in the withdrawal? And, really, what reason do you have to optimistically that this will take place?

. For one thing, the Syrians are on. They were invited by Lebanon to in and help them in the troubles were going on in Lebanon, and now non has said they're no longer need- d has invited them out. But, at the time, the Syrians have repeatedly that when the other forces leave, the Israelis leave, and so forth, too, will leave Lebanon. Now, I you they're saying some different today, but I also know that a er of their Arab allies are urging to stick with their word and to when all forces are prepared to And I can't believe that the s want to find themselves alone, ated from all of their Arab allies.

What specifically is the United s willing to do to encourage to leave? For instance, is the d States willing to offer a iating role to the Soviets, if that I help, or willing to offer U.S. rry and economic aid to the s to encourage them to raw their troops from Lebanon?

I think they should be able to see ey would have the same kind of nship with us that other countries in the Middle East have. I don't hat the negotiations should in- viting the Soviet Union into the East. I don't see what reason ave to be there. Possibly there is re on the Syrians coming from the s, who now have several thousand r military forces in there in addi- the missiles and so forth.

The situation in Poland seems getting worse, not better. Can plain then, why you have decid- welcome the Soviets into long- negotiations on grain, and why ould not be viewed as simply to attempt to curry favor with mers for 1984?

No. I do not think it's that. And, know, I had always disagreed sing grain as a single economic n, back when it was imposed as an go, and lifted the embargo. All e have done is agreed to sit down e Soviet Union to explore the a long-term agreement. And I hat there are a couple of reasons

of them, it will, I think, restore ing of what we lost with the em- in the eyes of the world—restore eing viewed as a dependable pro- That is one thing. Another thing I think the benefit will accrue to

us, certainly, as much as to them. And, if you want to look at it another way, this is a case in which the Soviet Union which has extended itself so far in building up its military buildup—we're not offering any credit deals or anything of that kind. They're going to have to buy cash-on-the-barrelhead. And that's hard cash that they will have to come up with.

Q. Since it will result in more grain being exported to the Soviets, how do you justify that with our position, our pressure on the European allies to restrict our trade, Western trade with the Eastern bloc?

A. No. The only conversations we've had—and I think we've resolved them very well; there's peace among us with regard to East-West trade. And the only problems we had were subsidized credit and trade that was going on in which the Soviet Union was being allowed to purchase at below market value. And so this and—just as this is different than the gas deal. In that instance, our allies were making themselves dependent on the Soviet Union and were providing cash badly needed by the Soviet Union. So, there's a little difference between buying and selling.

Q. Six weeks ago you said that there were serious grounds for questioning Soviet compliance with arms control agreements and that you might have more to say about that. And since then, the United States has confirmed that the Soviets have again tested the missile that has been raising U.S. concerns. With the talks resuming today with the Soviets on a new arms control agreement, do you and the American people have a right to know if you believe the Soviets have violated past ones?

A. It isn't so much as to whether we believe, it's a case of whether you have the evidence to actually pin down an infraction. And you said they tested the weapon again. We, even, aren't sure that this is the same weapon or that they're not testing two weapons. But with the information that we have, from our own trying to verify what is going on, yes, we have reason to believe that very possibly they were in violation of

the SALT agreement. And we have ap- pealed to them for more facts, more in- formation on the weapon they tested. So far, they have not provided that infor- mation to us. So, all we can tell you is that we have a very great suspicion, but again you can't go to court without a case and without the solid evidence. And it's just too difficult, and we don't have that.

Q. You've described the Sandinista regime as being oppressive and inimical to our interest in the Western Hemisphere. Why don't we openly support those 7,000 guerrillas that are in rebellion against it, rather than giving aid through covert activity?

A. Why, because we want to keep on obeying the laws of our country, which we are obeying. [Laughter]

Q. Do you think that if the Sandinista government remains in power in Nicaragua that democracy and freedom can survive in Central America?

A. We have tried to negotiate. We have tried to talk and to relate on a bilateral basis with the Nicaraguan Government, the Sandinista govern- ment.

The only objection that we have to them is, they're not minding their own business. They are attempting to over- throw a duly elected government in a neighboring country. They are supplying direction. They are supplying training. They're supplying arms and everything else that is needed to guerrillas that are trying to overthrow that government.

All we've said to Nicaragua, and from the beginning is, "Become a legitimate American state. Quit trying to subvert your neighbors, and we'll talk all kinds of relationship with you."

But here is a country, a government, that was not elected, that then threw out part of its own revolutionary forces because they wanted legitimate democracy, and yet at the same time that it's complaining because those same forces—those are not remnants of the Somoza government that they threw out of office; those are some of their former allies. And all they want from them is for that government to keep the pro- mises it made to the Organization of American States, which were to have

elections, to restore human rights, to observe all the democratic principles.

The Miskito Indians are also fighting because they were chased out of their villages, their villages burned, their crops were destroyed or confiscated by this revolutionary government, and the Miskito Indians are fighting for their lives. But what we've said to them, and will say again, if they'll just start minding their own business, they can get along with all the rest of us.

Q. Now that Israel has signed its troop withdrawal agreement with Lebanon, do you intend to lift the embargo against the supply to Israel of F-16 aircraft?

A. This is a matter now that must go to consultation between the State Department—they handle that—and the Congress, and that consultation is about to begin.

Q. Given the uncertainties about whether the withdrawal agreement in Lebanon will succeed, what are the prospects for getting our own U.S. Marines out of Lebanon and is it likely that the number of American troops may, in fact, increase in the near future?

A. You have to remember what the multinational forces went in there for. The multinational forces are there to help the new Government of Lebanon maintain order until it can organize its military and its police and assume control over its own borders and its own internal security. So, it could be that the multinational forces will be there for quite a period.

And we have to remember 8 years of Lebanon being totally divided with, literally, warlords, and their own independent militias, and so forth, and that's the function and the purpose for them being—for our multinational forces being there.

Q. Do you see their number increasing in the near future?

A. I haven't seen any sign of that. This would depend a lot on Lebanon and their needs and whether they could demonstrate needs for this.

...

Text from Weekly Compilation of Presidential Documents of May 23, 1983. ■

Secretary Shultz Visits the Middle East

Secretary Shultz departed Washington, D.C., April 24, 1983, to visit Egypt, Israel, Lebanon, Jordan, Syria, and Saudi Arabia. (He was in Paris May 8-11 to attend the OECD ministerial meeting; see following article.) He returned to Washington on May 11.

Following are remarks made on various occasions during the trip.

Cairo, Egypt

**Remarks,
Apr. 26, 1983**

President Mubarak. It's a very good opportunity that I received the Secretary of State here in our country for the first time in this area. We welcome him here in Cairo, and we had very long discussions with him concerning the bilateral relations and American-Egyptian relations which we consider very good relations. It's a very good platform.

We discussed also the problems of the Middle East and the negotiations which are going on between Israel and Lebanon, with the help of the United States, so as to come to a conclusion or an agreement for the complete withdrawal from Lebanon. We exchanged all views, and I received a message sent by President Reagan which deals with the same issues here concerning problems of the Middle East. The negotiations were very fruitful. We exchanged all views, and we hope that the trip of the Secretary of State to this area will conclude to something beneficial for the whole region.

Secretary Shultz. I appreciate the President's comments and his good wishes. I believe that the anniversary of the return of the Sinai here and our travels around to show what peace has brought is a very good reminder to everyone that negotiations work and that the political process can achieve results that violence and rejection can't achieve. So in that spirit, we will continue on with your suggestions and thoughts in mind. We'll do everything that we can to help out in bringing about a resolution of the Lebanon issue, and we also will be keeping very much in mind the interest that you've expressed and the encouragement that you

have given for continued effort on this basic peace process.

Q. What was discussed here at what was discussed here that would in fact, enhance the possibility for reaching a troop withdrawal agreement on Lebanon?

Secretary Shultz. I think the emphasis that I would get from it is the urgency of arriving at a solution and importance of the removal of all forces if you are really going to have solution and in a manner that is content and honors the necessity of a sovereign Lebanon to rule itself. There are familiar phrases, and I think the suggest that the views of the President of Egypt and the views of the President of the United States are identical or issue.

Q. Are you going to propose an American version—

Secretary Shultz. I'm going to spend a little time listening, first of all. We don't come with any preconceived plan, and at the same time, I think even out here in the Middle East it appreciated how much progress the Lebanese and Israelis—with help from Phil Habib and Morris Draper [Phil Habib, special representative of the President to the Middle East, and Morris Draper, special negotiator for Lebanon]—have already made. So I think the important thing will be to bring about a solution in terms of the bilateral relationship between Israel and Lebanon.

Secretary's Itinerary

April 24	Depart Washi
April 25-27	Y
April 27-28	ra
April 28	Le no
April 28-30	ra
April 30-May 1	Le no
May 1-3	ra
May 3-4	Le no
May 4-6	J
May 6-7	ra
May 7	Saudi
May 7-8	ra
May 8	Le no
May 8	ar
May 8-11	ra
May 11	Arrive Washing



(Wide World photo)

to right: Egyptian Foreign Minister Kamal Hassan Ali, Secretary Shultz, and Egyptian President Hosni Mubarak after their meeting. Following (center) is U.S. Ambassador Alfred Atherton and Ambassador Philip Habib, special representative of the President to the Middle East.

Q. Would you discuss the role for Palestinians in the negotiations?
Secretary Shultz. There is no role for the Palestinians in the negotiations between Lebanon and Israel. There is a role for them in agreeing to withdraw from Lebanon so that Lebanon can have the chance to operate as a sovereign nation and we expect that they will honor their commitment that I understand they have given the Government of Lebanon that they will withdraw.

Q. Do you agree with this view?
President Mubarak. The Palestinians have nothing to do with the negotiations between Lebanon and Israel or the withdrawal. And we agree because the withdrawal of all forces in Lebanon is a principle which we declared several years here.

Q. [Inaudible]
Secretary Shultz. We are talking about the military forces when we talk about the withdrawal of foreign forces. We are not talking about nonmilitary forces, and of course, the PLO [Palestine Liberation Organization] will have to find a place to receive them.

Q. What advice do you have for the

PLO in connection with President Reagan's peace plan?

President Mubarak. Reagan's plan we supported from the beginning, and we said several times that it is a golden opportunity to support Reagan's plan to go ahead with it. So I asked to come to a comprehensive settlement for the whole problem. That's why we several times urged the Palestinians to declare their linkage with Jordan so as to help the President of the United States with still supporting vehemently or actively his initiative. I think such a linkage to be declared as soon as possible. It's very attractive so as to solve the negotiations for the comprehensive settlement.

Q. Do you feel that it is possible to get the Israelis to withdraw on this trip?

Secretary Shultz. We will see. It's certainly possible, but we'll see.

Q. Did you discuss the level of American economic assistance to Egypt during your bilateral discussions?

President Mubarak. We always discuss this problem whenever we meet with each other. It's one of our bilateral relations.

Jerusalem, Israel

Arrival Statement,
Apr. 27, 1983²

Foreign Minister Shamir. It is a pleasure to welcome you on your first visit to Israel as Secretary of State. As an outstanding leader in your country, and in the free world, your presence here demonstrates the American commitment to peace and stability in our region.

In the course of our talks and contacts with you, we came to appreciate your earnest desire for a deeper understanding of our concerns and objectives. We believe that this understanding will serve to harmonize our relations and to advance us and our common goal to peaceful coexistence in our region.

Your visit here will no doubt contribute to the solution of the pending problems on the Lebanese issue. These problems are not easy, but the solution to them will turn out to be another step in the road to peace in the Middle East. I wish you and Mrs. Shultz and your colleagues a pleasant and rewarding stay in Israel.

Secretary Shultz. I thank you very much for the words of welcome on a personal level. We have met together many times now, and I look forward to continuing our friendship as well as our discussions. And I thank you also for the thoughtfulness and content of your comments. Of course, I can't help but observe that it's not everybody that can be his own interpreter. It's a pleasure for me to be in Israel. My wife and I have fond memories of our earlier visits to your beautiful country. And we are glad to be back.

President Reagan has sent me here to work closely with you on new steps toward peace. We come in friendship, with the attitude that our countries have common goals and common tasks. We want this period to be remembered as a time of successful collaboration in the tradition of the unique relationship which binds us. Our immediate task is to bring peace to Lebanon, restoring Lebanon's sovereignty, withdrawing all foreign forces, and ensuring peace and security on your northern border. As you noted, a number of difficult issues remain, but so much has already been accomplished in this negotiation that none of us can allow it to fail. We will also be talking about bilateral relations and about the broader process of helping to bring peace between Israel and all its neighbors. President Reagan is commit-

ted to this process as he is committed without qualification to Israel's survival, security, and well-being. I look forward very much to my talks here in Israel.

Dinner Toasts, Apr. 27, 1983³

Foreign Minister Shamir. This is your first visit to our country in your capacity as Secretary of State. I know, however, that you have been here before and you have had a personal acquaintance with Israelis in the past, including some who were students.

Although considerable time has passed since your last visit, you have maintained an affinity with Israel and a keen sensitivity to the special concerns of our people. I am, therefore, gratified at this opportunity to continue our dialogue and share with you our views and perceptions.

This city of Jerusalem and its past history demonstrate some of the characteristics of our people. Destroyed by foreign invaders many times, it rose again and again from the ashes, was rebuilt by the people of Israel, and restored to its ancient glory. Its houses are built of rock, very tough granite that comes from the hills of Judaea and Samaria that surround this city. Jerusalem is not just a collection of buildings. It is the heart and soul of the Jewish people, the inspiration for many psalms and poems in our tradition and culture.

Our devotion to peace, to freedom, to the dignity of the human being, and to democracy stems from the teachings of kings and prophets who lived here in Jerusalem. Many of these teachings and values are cherished equally by the American people. These common attributes are the basis of our partnership. They enable us to work together and overcome differences of opinion and views which may arise from time to time. They sustain the friendship and alliance between us, which are so vital to the stability of this region.

We have learned, with considerable sacrifice, that peace in this part of the world is far from easy to achieve. Instability and tension are chronic. Conflicts and violence are endemic, and a high state of military preparedness is a normal prerequisite to survival. There are no shortcuts and no easy formulas. Against this background, the Camp David accords were a remarkable breakthrough. They should be upheld and supported as the only realistic means of moving forward toward a more stable Middle East.

The primary goal of your present mission is Lebanon: We are in complete agreement that a free, sovereign, and independent Lebanon is an important objective for both our governments and for the future stability of the region. We are also agreed that the security of Israel's northern border should be assured, so that it will no longer be exposed to attacks by terrorists for this purpose. Finally, we both want to secure an early withdrawal of all foreign forces from Lebanon.

Lebanon has a special personality, distinguishing it from the countries around it. It should be enabled to maintain and develop its own way of life without interference. Clearly, this can happen only in an atmosphere of peaceful and good-neighborly relations between Lebanon and Israel.

In your efforts to help achieve these common goals, we will give you our full support. We have a vital interest in your success, as we have a vital interest in a peaceful and friendly relationship with Lebanon and its people. As you continue in your mission, our sincere wishes for success accompany you. We feel confident that your endeavors on behalf of the cause of peace and stability will ultimately succeed.

Will you join me in raising a toast to the President of the United States and to the abiding friendship between our two peoples.

Secretary Shultz. I thank you very much for your kind words of welcome here this evening, at the airport today, and for your cordiality throughout the day.

This, as you noted, is my first visit to Israel as Secretary of State but not my first visit here. I came first in 1969 as Secretary of Labor. My wife and I have also come as private citizens to this magnificent city and this beautiful and vibrant country. It has always been a source of joy and inspiration. And I might say when we come to this hotel and look out the window at the old city of Jerusalem, it is a breathtaking sight that is gripping. And we look forward to it and are inspired by it whenever we have the opportunity to see it.

According to some of my predecessors in office, the joy of a negotiating trip to the Middle East has a rare and stimulating quality of its own.

I'd have to tell you that in my other Cabinet post, when I was in the government the last time, I always used to sort of look up to the Secretary of State as the senior member of the Cabinet. But a story I have run into recently has given me a little different insight into the office. It seems that one of my precedes-

sors and the then-Pope died the same day and as it happened, they both went to heaven, and they were shown into their respective quarters. The Pope was shown a little room, sort of Holiday Inn type room, and the former Secretary of State was shown a room that had a huge vaulted ceiling like this and a Betamax and a sauna in the "john" all the luxuries you could imagine. And the Pope was a little bit put out and said, "Well, there must be some mist I want to see God." And so he had an audience and God said, "No, there has been any mistake, after all. You're the 263d Pope we've had up here. This is first time we've ever had a Secretary of State." I just hope it isn't the last time.

Today, I return on President Reagan's behalf, with serious purposes.

- To demonstrate our commitment to Israel's security and well-being;
- To show the importance my country attaches to its longstanding and intimate friendship with Israel;
- To work with you, in a spirit of partnership, to bring a positive outcome to the exertions and tragedies of the Lebanon war, ensuring security on your northern border and restoring Lebanon full security and sovereignty; and
- To discuss with you broader questions of fulfilling Israel's age-old dream of peace.

This afternoon I had the privilege again paying my respects at Yad Vashem. No one with any spark of human feeling can visit that shrine without profound emotion. It tells so much about the history of this people and this country. How tragic it is that the people who have suffered so much in struggle even here, in the Jewish state for safety and peace. My country, which has been a friend and supporter of Israel since the founding of the state, will rest until Israel enjoys the right that nations want—namely to live in peace with its neighbors, to play a full part as a member of the international community, and to face a secure and prosperous future.

The United States and Israel have had differences of view on some questions, as we all know. But those differences stand out only because they are set against the background of a generation of friendship and a profound unity of moral values. Through patient and intimate dialogue among friends, we can narrow and resolve our differences. That is how I view my mission.

I am here also, as you know, to concentrate on helping Israel and Lebanon conclude an agreement that will lay the basis for withdrawal of all foreign forces

Lebanon. Restoring Lebanon's full sovereignty and authority over all its territory will enable that country to live peacefully, secure, and friendly with its neighbor Israel. The human losses suffered by all parties in the conflict represent an outcome that will ensure that a tragedy never recurs—and an outcome that establishes security for all peoples of the region.

Substantial progress has been made in our negotiations with Lebanon up to this point, though difficult issues remain. I want to express my admiration and respect for the able negotiators—Director General Kimche, Ambassador Fattal, Ambassador Habib, Morris Draper, and all their colleagues.

The negotiation has gone on for 4 months, as of today. If the remaining issues were easy—if there were no important considerations on both sides—these issues would already have been settled. They have been debated, analyzed, and agonized over. Now it is the time to resolve them. As the Bible tells us, every thing there is a season, and this is a time to debate and there is a time to decide. Now is the time to decide. As in every negotiation, there must be compromise. For every risk that is taken, there is gain. And the risks of failure are far greater than any risks of an agreement as it is now being made.

If we succeed in Lebanon, that country will regain true sovereignty, independence, and integrity. It will be able to build its flourishing society in safety and dignity and, as the Foreign Minister said, play its unique role in this region. We will have enlarged the circle of peaceful relationships between Israel and its neighbors.

If the peace process continues. It must continue—and it must advance. To cease our efforts is to allow bitter wounds to fester and to invite future conflict. President Reagan is committed to working with you on the noble enterprise of making peace. For the ultimate guarantee of security is peace. And the greatest gift and legacy we can leave to our children is peace.

I know how much this dream must mean to the people of Israel. As some of you may know, I was here in Israel just a few days after President Sadat's visit to Jerusalem. I felt there then a powerfully moving tide in human attitudes. You can feel it palpably in the atmosphere: the yearning of the entire Jewish people for peace. A people who had been committed to do battle for survival time and time again were infused with a sense of the possibility of not probability of peace. I never forget the moment, when the

people of Israel, who had made so many sacrifices in defense of their country, were uplifted by a great vision. Let no one try to tell me that the Israeli nation does not want peace. Let us all dedicate ourselves to ensure that no more young lives will be wasted—that no more families will be bereaved.

Let me propose a toast to your President and Prime Minister, to you and your colleagues, and to the brave people of Israel who, in the words of the sages, love peace and pursue it with all their might.

Beirut, Lebanon

Arrival Remarks,
Apr. 28, 1983¹

Secretary Shultz. I've just had the occasion to meet with the ambassadors from the countries contributing to the multinational force and to thank them wholeheartedly for the immediate response their governments have made when we had the tragic bombing of the U.S. Embassy here in Beirut.

Of course, I am here to help in this process of working out an agreement for the departure from Lebanon of all foreign forces. President Reagan has sent me to Lebanon on a mission of peace. The travail of this brave country has touched the hearts of the American people. Beginning with the heroic efforts of Ambassador Habib last summer, the United States has undertaken with all its energy to help Lebanon rise from the ashes of war. For 4 months now, we have been engaged in negotiations to begin the withdrawal of all foreign forces and the restoration of Lebanon's sovereignty over all its territory.

I am here to help bring those negotiations closer to successful conclusion. Last week, in the senseless bombing of our embassy, Americans and Lebanese died together. It was a crime against both our people, and it tied us even closer together by the very special bond of shared sacrifice. If those who committed this crime thought that they could deflect us from our course, they were grossly mistaken. The vitality and energy of your people leave no room for doubt of Lebanon's rapid recovery from war.

The American people thank their Lebanese friends for the sympathy and support given to us in last week's hour of tragedy. I am determined to reciprocate this friendship by a redoubled effort to help you bring your country closer to peace.

Statement,
Apr. 28, 1983²

I visited with the families of the Americans who were killed in this tragedy and, of course, that brought home to me so vividly the human dimensions of this tragedy. Today I had a chance to shake hands with the Lebanese who helped us and who worked around the clock to dig out and



(Wide World photo)

Before meeting with Lebanese leaders, Secretary Shultz, with U.S. Ambassador to Lebanon, Robert Dillon, briefly tours site of the American Embassy in Beirut, destroyed by a bomb blast.

who were here. Earlier I had a chance to thank the ambassadors from the countries who joined us in the multinational force, who pitched in, and now I have a chance to see this evidence of the physical damage.

Of course, it leaves us all, I am sure, with a sense of deep sorrow and tragedy. It's simply incredible to see such enemies of peace, but, at the same time, it's also inspiring to see that peace has friends who rally and help. I am sure that all of us feel here—Ambassador [to Lebanon Robert] Dillon and all his colleagues—not only the sympathy and tragedy but also the necessity to continue our effort to find peace and stability here in Beirut, here in Lebanon, and here in the Middle East. And that is the President's determination—that is my determination—and we will do everything possible that we can to achieve the result.

Q. Do you know who did the bombing at this point?
Secretary Shultz: No, we don't.

Baabda, Lebanon

Statement,
Apr. 28, 1983⁶

Secretary Shultz. This has been a very rewarding day here in discussion and, of course, a moving day in visiting our employees at the American Embassy and seeing that site, and rewarding in talking with President Gemayel, Foreign Minister Salem, and their colleagues.

We've had a very full review of all the issues here just as we did in Israel. I can see that there are quite a number of difficult issues, but at least I think we can now have some definition of them. And I'm also very much impressed with the good spirit and the systematic way in which all of this was approached by President Gemayel and his colleagues. So I thank you very much for your cordiality and excellent lunch and for all of the information.

Remarks,
May 1, 1983⁷

Q. Could you tell us how the talks are going, some indication after your day yesterday and your overnight here?

Secretary Shultz. They are going constructively, and we are working very hard. I think the schedule of the meetings you are familiar with. We met yesterday morning with President Gemayel and then we joined the Prime Minister, when he arrived, in a larger group, and we started the process of just going through the draft agreement from top to bottom. We continued on with that until, I think, around 8:15 or something like that. We had a short adjournment and came back and had a working dinner with President Gemayel and got back around a quarter to 12:00 or something on that order. Then we came over here and started at 9:00 until now to just sort of go through a few things that we would like. We'll come back again as soon as President Gemayel returns from Mass and we'll have another meeting and then go back to Jerusalem.

I have sort of given up on the optimism/pessimism, moving forward or backward, or whatever, and I just would say that it is very hard, conscientious work on everyone's part. The spirit of wanting to reach an agreement is certainly present, and the spirit of regarding whatever is reached as something to

be worked at in good faith after agreement is also very present, and I think that was important to hear that statement made strongly.

Q. Is the end in sight with these negotiations?

Secretary Shultz. [Laughter] I don't know. It depends on your vision.

Q. Can you characterize the degree of progress you think is being made at this point?

Secretary Shultz. I've said I have sort of given up on the inching ahead and the optimism/pessimism. I think the best characterization is that we've been working very hard and constructively and in good faith to conclude an agreement. We've gone through the agreement from one end to the other, and I think we have a very thorough understanding of the position of the Government of Lebanon. So that's where we are.

Q. Do you have a set of ideas to take back to Mr. Begin?

Secretary Shultz. Oh, we have a jillion ideas.

Q. You seem to indicate that the implementation might be as difficult as the negotiation of the agreement. Do you think that's—

Secretary Shultz. No, that was an observation about the character of the discussion that came through in the discussions, that the reason why various things being discussed are being gone into so thoroughly is that there is clearly an intent to live by whatever is agreed to. And, therefore, you better take it seriously now because you're going to live with it. It was more than that idea.

Q. Is it too early to talk about tangible progress? Is it still the groundwork in preparation for the progress?

Secretary Shultz. Oh, no. We're right down in the dirt of this thing, in the details of this thing. We're way beyond that kind of thing.

Q. Do you have any plans yet for going to Syria to talk to them?

Secretary Shultz. The situation is, as I think I told you on the plane, we have asked to be received. They've said they would receive us and then gave some dates. One of the dates was tomorrow and, obviously, we're not going to be able to go there tomorrow, but I certainly hope that we're in the posture to go on one of the dates suggested.

Q. Lebanese officials have said

that it shouldn't take more than 8 weeks to achieve the actual withdrawal. Is that your estimate, as v

Secretary Shultz. The subject of the time when the agreement is reached and takes effect—that's part of the agreement, the start and finish of withdrawal.

Q. Is that 8-10 weeks? Is that possible?

Secretary Shultz. I don't want to break away from my policy of not discussing the specifics of the agreement.

Q. People in the United States going to be interested in knowing about what happened at the residence last night. Can you tell us in your words what you know about it?

Secretary Shultz. What happened at the residence?

Q. Yes sir, the two mortar ro

Secretary Shultz. I was asleep as you sometimes do when you're a you're sort of vaguely aware of noises—and I was—and that's about what I know about it. Lots of people have said that people are sending y greeting and things like that, but I don't—

Q. Did you wake up from the noise?

Secretary Shultz. I had a pretty good night's sleep. As I said, I was vaguely aware of the fact that that taking place, but lots of times during World War II, I heard those kinds of sounds.

Q. So you think it was a great or a message?

Secretary Shultz. I don't have a clue. I don't know.

Q. Will that affect your plans staying overnight in the future?

Secretary Shultz. I didn't hesitate to stay last night, and if it is called by the needs of the situation, I would hesitate again.

Q. Could we have your assessment on the progress of the talks?

Foreign Minister Salem. I would like first to thank Secretary Shultz, is giving so much of his time to reach agreement. As you should be aware now, we have a very, very difficult situation; the problems are extremely complicated. There is no magic rod, and effort such as the one being invested by Secretary Shultz, upon the instruction of President Reagan, such efforts are absolutely essential if we are to ma

progress at all. It is quite clear that discussions that were going on were reaching a stage where we were really just approaching a stalemate, and, therefore, it was very essential that Secretary Shultz give it his time and his attention, and I believe that we are making progress.

We are making progress in the areas where the difficulties are being identified, and the difficulties are being identified on very seriously on both sides. We may agree or we may not, but certainly it is progress to clearly identify the problems and to clearly commit ourselves, both sides, to work in good faith and to work, as it were, night and day. I think we worked 15 hours yesterday—to resolve these points.

There is a way, I believe the effort that President Reagan and Secretary Shultz are putting into this—that will be the way. We do not see any alternative at present to reach an agreement with Israel on this highly complicated problem.

Is it too early, then, for us to start narrowing the differences between the two sides? You're still defining differences?

Foreign Minister Salem. I also believe we are narrowing the differences because there were many points in common. Some of them were minor, and I believe some of the minor ones have been identified or have been put aside, and we are zeroing in on the basic difficulties. The main difficulties are really quite serious and quite complex, and it may take several meetings before we can make progress. There are, it seems, different conceptions. There are different interests, different fears on each one of the points involved. We are hopeful that intensive efforts will bring us real results at the bottom line very soon.

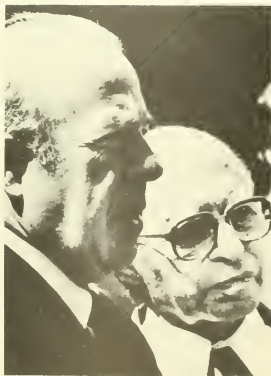
Do you think everything that you have agreed on so far will also be acceptable to the Syrians?

Foreign Minister Salem. We have an agreement with the Syrians that once we reach an agreement with Israel, we go to them and we ask them, in light of this agreement, which will ensure the withdrawal—the complete withdrawal—of their forces, and they will then work out with us a plan for their withdrawal. It is possible that once we discuss with the Syrians and with the PLO, they will want to know some of the details, and they would want to question us about the agreement and that point, and I think it is a natural.

I believe any agreement that Lebanon will sign will be an agreement of which we could be proud, because we are able to get the Israelis out and all the non-Lebanese forces out of Lebanon. It is an agreement which I am sure all the Arab countries will support because the alternative will be the occupation of Lebanon, which is unacceptable to the Arab world. Therefore, I cannot conceive of any agreement being acceptable to Lebanon being opposed by any Arab country.

Q. Was there any real progress made on any one major issue in the last 15 or 20 hours of talks?

Foreign Minister Salem. It's really difficult to say that there is major progress on any of the main difficulties that



(Wide World photo)

Secretary Shultz with Israeli Prime Minister Menachem Begin during a press conference.

are still remaining. What I believe we have made is that with 15 hours yesterday with the Secretary, I believe he understands better the Lebanese position. He already understood the Israeli position, and this team will be working very hard on finding language that will bridge the gaps. Several languages were submitted today. Some of them are subject to discussions; some of them are really not adequate at all. And what may be acceptable to us may not be acceptable to Israel. So we have to see how it is received.

Q. This is on the security arrangements and the mutual relations?

Foreign Minister Salem. Yes, yes. On almost all the basic points there were, let's say, American formulations of points made by the Israelis and by the Lebanese. These formulations were discussed with us, they'll be discussed with the Israeli team this afternoon, and we expect to see Mr. Shultz on Tuesday and then we'll see what the reaction is.

Q. Are you more pessimistic now that you'll be able to reach an agreement?

Foreign Minister Salem. As Mr. Shultz said, really these matters are beyond optimism, beyond pessimism. You have to face hard political facts with a great deal of realism and a great deal of conviction. We in Lebanon cannot afford to be pessimistic; otherwise, we lose our country. We have to be optimistic. We have to keep working very hard on finding a way out. I believe we'll find a way out. The road is difficult, it is not easy—many problems. But I think we'll do that.

Jerusalem, Israel

Remarks,
May 1, 1983⁸

Secretary Shultz. I have just met with four representatives of families who have family members who are missing in action or prisoners. It is a very sad and deeply moving thing to speak to those people and to see how deeply involved they are, and also, at the same time a source of joy to see how totally confident they are in the support they have of the Prime Minister and all members of the government, and no doubt, the people of Israel, in supporting them and wanting desperately to have the return of their loved ones.

It is hard after a meeting like that for me to say anything much about the other discussions, and even the discussion with the Prime Minister, except to say that as always the discussions are very penetrating and always in a good spirit and the desire of doing everything we can to find an agreement and to find the conditions for peace and stability in this case between Lebanon and Israel but more broadly as well.

Prime Minister Begin. May I express my deep appreciation and gratitude to the Secretary of State that he was kind enough to receive the families of the missing and the

prisoners. The families suffer very much, and they know how deeply impressed the Secretary was during the meeting with them. I'm also positive the Secretary of State will do whatever he can to help in this case of great human suffering.

We had a talk today with the Secretary, my colleagues, the Foreign Minister and the Defense Minister on one hand, and the Secretary with me. We discussed the attitudes of both sides. The negotiations are continuing. I will have to say that there are still differences of opinion—we haven't solved them yet. And again, I want to thank the Secretary for his good will, for all the efforts he is making. Let us hope that ultimately the efforts will bring a positive result. This is what for the time being we can tell you.

Remarks,
May 2, 1983⁹

Secretary Shultz. We've just finished another of the series of meetings in connection with our efforts to help Israel and Lebanon reach an agreement, and as we do, we continue to narrow the focus of the things that are of greatest concern outstanding. We expect to have another meeting with Ministers Shamir and Arens tomorrow morning, and after that I hope to go to Beirut and have another set of sessions there. But as always here, our meetings have been conducted with a grace and a style and a constructive spirit that tends to make the meetings themselves very worthwhile and interesting, and the Prime Minister gives a very friendly and warm atmosphere to the whole thing as we discuss these serious issues. It's very helpful.

Prime Minister Begin. I would like to express our deep gratitude to the Secretary of State and his colleagues for the great effort the Secretary is making during his stay in the Middle East. I have to say, I think I will express the opinion also of the Secretary of State, that there are still outstanding problems which have to be discussed both in Jerusalem and in Beirut. The Secretary will be going after another talk with my colleagues, the Minister of Foreign Affairs and Defense, to Beirut, and then we shall again meet, so the atmosphere is wonderful in our talks, and we wish our friend, the Secretary, full success in his talks while he is in Beirut.

The issues were clarified here, and

when we will be in a position to decide about the issues, then we shall be also able to tell you about the results of all the efforts we are all making in this wonderful atmosphere of the friendship between our two countries, the United States and Israel.

Remarks,
May 3, 1983¹⁰

Secretary Shultz. We've just completed another meeting with Minister Shamir, Minister Arens, and all of their associates. And it's been again a thorough discussion of the issues, and we will now go back to Beirut with a good clear idea of the remaining issues and the position of Israel on them. We'll be discussing the whole package with the Government of Lebanon, hoping that we can keep narrowing the focus of the issues and get closer and closer to an agreement. It's been a very constructive and helpful meeting here this morning, and people worked late last night getting prepared for it. And I think now we have a good clear notion of where we can go in these discussions.

Foreign Minister Shamir. We are very grateful to the Secretary of State for the great efforts he has invested in our negotiations with Lebanon about an agreement. And as he is now going to Beirut, we would wish him full success in reaching an agreement about all the pending problems between us and Lebanon.

Baabda, Lebanon

News Briefing,
May 4, 1983¹¹

Secretary Shultz. We have been meeting for many hours today, and into the evening yesterday, with representatives of the Government of Lebanon—with President Gemayel, with the Prime Minister, with the Foreign Minister, and their colleagues. As a result of our discussions, we now have an explicit and clear idea of the position of the Government of Lebanon. Our plan is now to return to Israel, and we will present this material to the Government of Israel and have their reaction. So, that's where we are and that's our program.

Q. Is this the final plan that you will present to the Government of

Israel or will you have to come back here again after you've gone to Is

Secretary Shultz. The Government of Lebanon has really extended its these discussions, and we have all worked at it very hard. The Prime Minister has been with us through and we have now a solid position of theirs so we'll present that, and where we go from there. It is very desirable to come to a conclusion as rapidly as we can.

Q. Do you think that that conclusion—that is to say, that you can in fact, achieve a complete withdrawal agreement by this weekend?

Secretary Shultz. It remains to be seen, and we'll have to have the view of the Government of Israel. They have to look at the material and then give us their view about it.

Q. Do you expect the Lebanese and the Israelis to sign some sort of agreement before you leave, ever the Syrians haven't yet agreed to Or do you just have an agreement then you will leave and someone will do the selling job with the Syrians?

Secretary Shultz. Again, it depends on the reaction of the Government of Israel to the material that we will be bringing as to how rapidly we can I am scheduled and plan, in any case go to Damascus on Saturday. President Assad has indicated that he will be in Beirut on Saturday, so if we have a number of minds between Lebanon and Israel that time, that would be very positive.

Q. In saying that the Lebanese Government has extended itself, you not saying now that the ball very much in Israel's court to accept or reject what you've negotiated?

Secretary Shultz. I'm not putting pressure on anybody. They have their own pressures to consider and the objectives. The Government of Lebanon and the Prime Minister and his colleagues have worked at this very hard and thoughtfully, and I mainly want to pay a compliment to the Prime Minister, the Foreign Minister, and President Gemayel for the constructive and hardworking effort that they have put in.

Q. Is it necessary for the Lebanese to go to the Arab world, particularly to Syria, before you accept final agreement on this deal?

Foreign Minister Salem. I think it's better say a few words and then then

Minister will, of course, speak in his statement.

Thank you very much for your kind words and for his very intensive efforts with Israel in an attempt to reach an agreement. We do not have an agreement. We have given Mr. Shultz a statement on all the points raised in the proposed agreement. He knows where we stand. This is not the way Lebanon does this. Lebanon has done this at least three times before. There have been conflicts of views, fears, and concerns that have not led in the past to the achievement of ideas and, therefore, to the attainment of an agreement. Lebanon appreciates deeply the efforts of Secretary Shultz because Lebanon wants to free itself, and the initiative is the only concrete step we see ahead of us to free Lebanon from occupation and to preserve the integrity and dignity of this country. What we want, therefore, we do with pride and with hope that this will be an agreement.

We have not in any way compromised the basic principles that we have from the very beginning to govern our relations with Israel in the context of an agreement. The principles that have been enunciated before remain. Our efforts with the Arab countries are continuing. We have been, for the past 30 years, talking to the Arab countries; we are talking to them today; we talked yesterday; we will be talking tomorrow. Therefore, we will not be doing anything we were not doing with the Arab countries. Again, to the Arab countries not to seek approval, because we are a sovereign state, like all Arab states—determine their affairs in light of their own interests. We go to the Arab states to coordinate with them, to inform them on the positions we are talking, and to take their views into account because in many matters they are affected. Lebanon is an integral part of the Arab world. In no way do we intend to violate or compromise any basic principle that we have with the Arab countries. And, therefore, we have always been in line with them and in full agreement.

Is an agreement still possible? A signed agreement?
Foreign Minister Salem. Yesterday I met me, and I told you Mr. Shultz that I am from Lebanon and by a realist. I will leave it at that.

Q. Yesterday you said that you couldn't see this happening in the next few days. Although you wouldn't rule out miracles, you said it couldn't be done by a magic wand. Has there been some miraculous thing done on the part of the Secretary?

Foreign Minister Salem. We have seen that he certainly is a very persuasive individual. Behind his gentle manner and method, he's a very tough fellow and I think if any agreement can be had, it is through the efforts of Secretary Shultz. Whether the ideas that Lebanon is proposing will be acceptable to Israel, now that's an open question. I would say if these ideas are acceptable, then we are on the way to an agreement.

Q. Are you confident that if Israel will accept [inaudible] that Syria will be prepared to withdraw its troops from Lebanon?

Foreign Minister Salem. We in Lebanon are confident that what is in the higher interests of Lebanon will be supported by Syria.

Jerusalem, Israel

**Remarks,
May 6, 1983¹²**

Q. Your reaction please?

Secretary Shultz. We are really pleased that the Prime Minister and the Cabinet of Israel have decided to accept this agreement. We recognize there is a tremendous amount of work to be done, but this is a milestone, and we are determined to keep on and do the additional things that are necessary to see that it works.

But at this moment, I just want to say how grateful I am for the hard work and efforts, constructive atmosphere, and earnest intentions throughout that the negotiators both here and in Lebanon have displayed throughout this period. I would point out that this agreement was very close to completion when I arrived due to the good work of the negotiating teams who had been here, with the help of Phil Habib and Morrie Draper. I had the pleasure of helping to put a little of the icing on the cake, but at any rate, we hope it's going to be a real good cake.

Now we are going on to Jordan to talk with King Hussein, and we'll check back here and give a report on our visits on our way out of the area.

Q. How long do you think it would be before an agreement will be formally signed? How long will it take?

Secretary Shultz. When the key governments have basically said they are in agreement, then the actual signing is a matter of the formalities.

Amman, Jordan

**Arrival Remarks,
May 6, 1983¹³**

Foreign Minister Kasim. I would like, on behalf of the Government of Jordan, to welcome you and Mrs. Shultz and members of your delegation.

You are coming to this area at the most sensitive, important time. I would like to assure you that during the hours that you will be spending with us here in Amman, you will be receiving every possible assistance that will help in promoting a comprehensive settlement, a peaceful settlement in the Middle East. I believe that Jordan has been and will continue to be a very positive element in the Middle East in the way that peace will be promoted and suffering will end in this part of the world. What we have heard a short while ago is, indeed, a very positive contribution. This is something we refer to as Mr. Shultz's achievement and his gain, and I think this will be inevitably a very positive contribution to the overall settlement that the region is in dire need of.

Secretary Shultz. Thank you, Mr. Minister, I appreciate your welcome. The fact that you and your wife have come to the airport to greet us is a very gracious extension of hospitality, and I appreciate also the content of what you have just said. I look forward to meeting again with King Hussein, and I expect that we'll have an opportunity to review the good news on the Israeli-Lebanon negotiations and give him a full briefing of what transpired and what the situation there is. And I hope also and I'm sure that we will have a chance to share ideas and information on the peace process more generally as you suggested.

I certainly will assure King Hussein, as I do you, and as the President does himself whenever he speaks on this subject, that President Reagan remains totally committed to doing everything that we can, he can, to help the people of the Middle East achieve a more peaceful situation. We remain dedicated

to that end and will continue working at it. We know there are difficulties, and we will never give up, we will keep on going. Now there is one phrase that I remember from the start of this trip, which was in Cairo, and it happened to coincide with the first anniversary of the return of the Sinai to Egypt. And what I said was that that shows that negotiation can work. Once again, I think we see in the agreement now pretty much in hand between Israel and Lebanon that negotiations can work. Negotiations can do things that violence and terror simply can't do. So I think this has to be our theme: Find a way to the negotiations that with all their difficulties and frustrations represent the real answer to the question of peace.

I'm looking forward very much to meeting with His Majesty, whom I met quite a few times before and regard as one of the thoughtful and creative and strong leaders of the world. So I especially look forward to seeing him on this occasion.

Departure Statement May 7, 1983¹⁴

Secretary Shultz. I would like to express my appreciation to His Majesty for receiving us. Last evening we had a very fine general meeting, and I had the privilege of a private meeting with His Majesty, and then he and the Queen were both gracious in giving us a lovely dinner at their palace. So we were treated, you might say, royally, and we appreciate it.

I think it was particularly noteworthy to me that His Majesty expressed to me—and on behalf of the President I expressed to him—continued support for the peace process. It is something that must proceed. It is a moment of frustration and dilemma but nevertheless not a moment to lose heart or to flag in our efforts. His Majesty asked me if that was the President's view, and I said it certainly was. The President remains completely committed to pursuing this process.

Of course we discussed the Israeli-Lebanon agreement and what is developing in Lebanon. And it was also very good to hear His Majesty express his complete support for the Government of Lebanon and that government's efforts to free itself of foreign forces and to become sovereign and in charge of its own territory again.

In summary we had a fine meeting, very worthwhile and constructive and these two definite items of continued support for a most meaningful debate.

Damascus, Syria

News Briefing. May 7, 1983¹⁵

Secretary Shultz. First, the schedule, which was that we met with the Foreign Minister and his party—first a little group, then a larger group, for a couple of hours or so. We discussed mainly the Lebanon negotiations but also such matters as the Iran-Iraq war and tensions in the Middle East in general. We then had a working lunch with the Foreign Minister and, following a slight break, about 4 hours of discussion with President Assad, which again covered a wide range of things but I would say at least half of it on the Lebanon situation.

In the interest of time, I'll just com-

from my experience in the Middle East nothing happens easily, so no one expected that this one would.

On the other hand, at least in my judgment, there are great incentives built into this situation for people to end to go along with it, but that's only my judgment. At any rate, no doubt Lebanese and the Syrians will be discussing this matter, and we have that we are ready to help as we can. President Assad gave me his assurance that I, or the appropriate U.S. representative, will always be welcome to do that. So that's where it stands.

Q. Are you saying that you may come back here to do the same sort of thing?

Secretary Shultz. There is no plan to do that, although I, Phil, or



(UPI photo)

The Secretary discusses a wide range of issues with Syrian President Hafez Assad, including the situation in Lebanon.

ment on the latter, since that is the thing we have been working on. Of course, the Syrians will speak for themselves about it, but I think it is fair to say that they are hardly enthusiastic about the agreement that Lebanon and Israel have worked out. Now, procedurally, as I understand it, what has to happen is that Lebanon—which brought a copy of a draft agreement as of, I think, late Tuesday here and discussed it with them—will, after Lebanon acts on the agreement, show them—although that's up to Lebanon—the actual agreement as it is has been finally shaped up. Then, Lebanon will have the negotiation with the Syrians about Syrian withdrawal and with the PLO about PLO withdrawal. My guess is that these will be very difficult negotiations, but this is okay. At least

somebody—of course, the Ambassador is here, and we will be keeping in touch with them as our Ambassadors do. In other words, the door is open for discussions with us, as well as with Lebanon.

Q. [Inaudible] possibility that there should be progress in that negotiation and you were required the final stages to try to close the deal, you would be willing to do that?

Secretary Shultz. I don't think that kind of a proposition, and I don't mean by my comment to imply that I really do come back.

Q. You're saying that you've been through a tough round, and they didn't like the agreement. You are saying the Lebanese are going to have tough discussions with them. What is the time frame looking down the road?

of any foreign troops getting out of Lebanon? It is not going to be a problem.

Secretary Shultz. In the first place, the agreement is built into the Israeli-Lebanese agreement a withdrawal period of 8-12 months. The start of any withdrawal depends on the assurances all around on the agreement everyone is going to do. I can't make a prediction on how long that will take but it will take a little while.

Q. In the interest of time, can you summarize very quickly just what the Syrian objectives are?

Secretary Shultz. I'd rather let the Syrians do that. You can imagine them doing very well, and they have expressed publicly quite a bit.

Q. But did they make clear that the principle, they are for the troop withdrawal still?

Secretary Shultz. It depends on the principle—at a certain level of principle, yes.

Q. Were you surprised at the intensity of their objections? Did it run deeper than you thought it would?

Secretary Shultz. We had a pretty good idea what their views are, and I don't say that we weren't surprised.

Q. Is it the remaining or the total Israeli presence that they object to, or, on a more philosophical level, the whole idea that Israel makes territorial gains from military aggression?

Secretary Shultz. How much they object from our discussion as compared to what they knew before we talked, I'm not sure, but I think we have started to deal with the proposition that what the agreement yields is complete Israeli withdrawal. And from the Arab standpoint, obtaining complete Israeli withdrawal is a very important matter.

Q. Can you just make clear if they object to the withdrawal based on the principle that has been worked out?

Secretary Shultz. We don't want to say anything that—as a clarification, I want to imply that I know that the agreement will bring that agreement here to deliver it. I'm sure they will come forward to discuss it, but of course, we're going to get it up to them. It is their agreement, and I don't want to say anything that would lock them into that.

Q. You think the door is open or closed to a rejection?

Secretary Shultz. I think the door is slammed.

Jidda, Saudi Arabia

**Arrival Remarks,
May 7, 1983¹⁶**

Secretary Shultz. First of all, I would like to say that it is a pleasure for me to be back in Saudi Arabia. I haven't been here in a little over a year now. I've enjoyed coming in and seeing this airport; it's just magnificent. There's an even better one near Riyadh; it just got finished. I say that with a certain partiality. Anyway, it's a pleasure to be back in the Kingdom and I look forward to discussions with His Majesty and the others who will be with him.

Q. Can we get some response of how the United States reacts to the Syrian move today?

Secretary Shultz. I think I really said all I have to say when we had our little gathering in Damascus.

Prince Sa'ud. May I say that on my part, I'd like to welcome His Excellency here. He has already mentioned how long he's been away from Saudi Arabia. We hope his next trip won't be so far in the future. We are looking forward to discussions that we will have with him today. His Majesty will hold the meeting with the Secretary this evening. We are looking forward to fruitful and wide-ranging discussions.

Q. Could you tell me what the Saudi view is of the agreement between Lebanon and Israel?

Prince Sa'ud. We are waiting to hear from His Excellency about the details of the agreement. We don't have the details of the agreement. We hear there is a breakthrough. We are hopeful that the implementation of the withdrawal of Israeli troops in Lebanon will bring back the independence and territorial integrity for all Lebanon for which we have been looking forward to and trying to assist the Lebanese Government. And we, therefore, hope that this round of discussions, this effort by the President and the Secretary, to bring this about will achieve a success.

Q. So you can tell us tomorrow what Saudi Arabia feels about it?

Prince Sa'ud. That depends on what we hear from the Secretary.

Q. What was the Syrian reaction in Damascus today?

Secretary Shultz. I've already discussed it, and I chose my words carefully. I've shifted gears to Saudi Arabia now.

Tel Aviv, Israel

**Interview,
May 8, 1983¹⁷**

Q. The perception seems to be that you came to the Middle East and you succeeded in getting an agreement between Israel and Lebanon but that you have failed to persuade the Syrians to leave, and, therefore, the mission is kind of awash. I realize it's more comfortable than that. How do you assess it now?

Secretary Shultz. I would say first of all, I came to the Middle East in light of the fact that Israel and Lebanon had made tremendous strides toward arranging their own agreement with a tremendous amount of help from Philip Habib and Morrie Draper as the U.S. representatives. And I would like to think I helped them some in putting it finally together.

Now we have, of course, other aspects to the withdrawal of all foreign forces. That means Syrian forces and PLO forces, and so we are working on that aspect of it, although it's a separate matter. And like everything else out here, it doesn't come easy, but we are moving ahead with the expectation that somehow or other we are going to be able to work this out.

Q. How much of a setback is it that the Syrians say they are not interested in participating in any way, shape, or form in anything that gives Israel some advantage for having invaded Lebanon?

Secretary Shultz. It's a Syrian point of view that they have expressed, and I think the answer to it is that basically what Lebanon had agreed to do in the security zone is to take responsibility with their own forces for providing security and stability in that zone. That's what Israel wants, and the Lebanese have assured us and told us time and again that's what the Lebanese want. They don't want their country torn apart again. So they're doing something that's in their interest as well as the Israeli interest as part of the security arrangements for this agreement. It seems to

me that assuming that the Government of Lebanon—Parliament—broadly endorses this, which I'm sure they will, it seems to me that's a proper decision for the Government of Lebanon to make.

Q. You know only too well the extent to which the Syrians and the Soviets are currently allied. We haven't been close to the Syrians in a good many years, and it might well serve their purposes to needle you a little bit. Do you think that their answer at this time may simply be to keep you from getting any of the credit and that after a decent interval they may change their minds?

Secretary Shultz. It remains to be seen what happens and the—everybody likes to needle me. That's all right, I'm used to it, and that's fine. If this agreement carries forward into complete withdrawal of all foreign forces and Lebanon becomes again a sovereign country with prosperity and peace, there will be plenty of credit to go around and the principal credit will go to the Government of Lebanon able to achieve that and, for that matter, to the Israelis, to the Syrians, when they withdraw, and the other forces that'll make this work.

Q. Do you see any signs that the Soviets might be encouraging the Syrians not to cooperate?

Secretary Shultz. I noticed that the TASS statement was bitterly critical of the Israeli-Lebanon agreement, so I assume they don't like it. But I don't know how they can oppose it and still think that they're for a sovereign Lebanon with all foreign forces withdrawn. You've got to start with some foreign forces willing to withdraw, and the thing in this agreement is that the Israelis have expressed their willingness to withdraw completely, given conditions that had been put there and conditions which are basically good for the Lebanese.

Q. You've just come from Saudi Arabia. It's known the Saudis, too, have some influence with Syria; I think it's about a half a billion dollars, their aid program each year. Are you hopeful that the Saudis will twist some Syrian arms on this?

Secretary Shultz. The Saudis, of course, will speak for themselves like all countries, but I would say we were received immediately and most graciously by King Fahd, and he sat with us for well into the morning. I consider that

the discussions we had were very satisfactory from the standpoint of our objectives.

Q. What are the dangers if this thing begins to unravel? What do you see as a possible scenario?

Secretary Shultz. We're not working that side of the street. We're on the problem-solving side of the street, and we're working to see that things do stay together and move forward. There are certainly plenty of difficulties. We're well aware of them, and, however, we approach these difficulties with the attitude of "let's work them out."

Q. How much time do you have before the Israeli-Lebanese agreement might start to unravel?

Secretary Shultz. I don't see that there is any tension on that score. We've got to get done those things that the parties do that actually bring the agreement to the stage where it is signed and is properly ratified by their respective governmental bodies and that should be able to happen fairly promptly. Once that has happened, then you have something that is explicit and final; not that it isn't final now, but all of those ratification processes do take time and they're important. So they have to be gone through.

Q. Isn't it true that if the Syrians choose not to participate, the Israelis will not withdraw and they have already threatened to make a minor pullback, set up a fence, and just leave it at that? Isn't that possible if nothing happens in a finite period of time?

Secretary Shultz. In the first place, there's the process of getting the agreement approved, ratified, and so forth. That's independent of anything. Then comes the implementation of the agreement and that, of course, would basically start with the beginning of withdrawal. For that to happen, we know that there has to be clear evidence that there is going to be a simultaneity of withdrawal of Syrian and PLO forces. And that's something that the Government of Lebanon will have to be working on and will have to be trying to see how that can be put together, while not tying them explicitly together because the Syrians, of course, maintain that they're in Lebanon on a different basis than the Israelis are in Lebanon and they're not connected in any way. Nevertheless, the withdrawal has to be going on more or less simultaneously.

Q. Do you anticipate that in a few weeks you're going to be back out here again trying to resolve the Syrian-Lebanese side of the equation?

Secretary Shultz. I'm off to Paris little bit later for an OECD meeting, then there's the Williamsburg summit and the NATO meeting and a lot of things going on, so I'm ready to do job wherever it's most needed, but I am a tremendous number of able people around here whom I'm privileged to work with, and so there are lots of strong shoulders to carry the load.

Q. On the Israeli-Lebanese agreement, there are previous agreements that have been worked out with previous Secretaries of State on shuttled agreements that turned out to have some secret codicils which we did all know about at the time. What about this time? Are there any aid packages that we haven't heard about or some new relationship?

Secretary Shultz. No, there are new aid packages that haven't been heard about. There is a substantial flow of aid from the United States to Israel that goes through the Congress and that's highly publicized. There's not secret about it and other aspects of relationship with Israel. By the same token we have publicly said long ago that we feel that Lebanon deserves help and the help of others in the industrialized world, and we have been trying to provide it. We have a bill in the fiscal 1984 budget right now on behalf of Lebanon—that's going forward, there's nothing secret about it.

Q. Before you made this trip, there were some people who thought that perhaps your approach was somewhat naive. Among other things you didn't really construct a safety for yourself for the possibility of failure. You also used the phrase—

Secretary Shultz. I don't believe failure.

Q. You used the phrase "peace winner." But out here, very often, has been a bigger winner. If you had the possibility to reconstruct the technique for this mission, would have made many changes? Or has it gone the way you hoped?

Secretary Shultz. I really have had the time to go back and second guess. We're right in the midst of things. I think the thing that we have known from the beginning is in all things, the more promptly you're able to get things accomplished, no doubt the

er off you are, assuming that what get accomplished is done thoroughly carefully so that the objectives of parties are understood and onably met.

Q. Throughout these discussions, are Israeli-American relations ever a major issue? Was it ever in any kind of jeopardy had it not gone the way it

Secretary Shultz. I started on my mission here with a lengthy conversation with the Prime Minister, during which I touched on a number of things. It was a very warm and constructive meeting, and there was no tension in it.

Q. Taking a look right now, how realistic can one realistically expect, and how realistic is the word realistically, that we will be able to get foreign forces out of Lebanon? This summer, this year?

Secretary Shultz. I don't want to lay down a time because there are a lot of unknowns and difficulties, but they are going to be worked at and are being worked at hard and promptly, so that we can get the better.

Q. An editorial in one of the international newspapers the other day stated that shuttle diplomacy may have had its day, that this being the last major effort may be about to be the last one. Do you share that view?
Secretary Shultz. I don't know whether you wrote that editorial and whether you got tired of it or what. It's a long process, but I suppose people will do whatever works.

Q. Is it a fitting role for the Secretary of State of the United States to be bouncing back and forth between world capitals and occasionally getting shot at?

Secretary Shultz. If it accomplishes something constructive, I think the United States has always been willing to do it and do what is necessary to solve problems in a constructive way around the world. And if that calls upon the Secretary of State to do something other, Secretaries of State have always been willing to step up to the line and do the same with others.

Future Remarks,
8, 1983¹⁸

Secretary Shultz. As we come to the end of this trip, we wanted to come back to Israel and to touch base once again with my counterpart, the Foreign



Back in Beirut for the second time in 3 days, Secretary Shultz and Ambassador Habib meet with Lebanese President Amin Gemayel at the Presidential Palace to discuss troop withdrawal from Lebanon.

Minister, and his delegation, the Defense Minister, and others. And so we had a complete review of the additional information we've accumulated and of precisely where we stand and what we each are going to do.

I think, at this point, we can once again say what a great thing it is to have the agreement between Israel and Lebanon. We know that there are difficulties ahead, but we intend to understand these difficulties and work with them and do everything that we can to see that the kind of resolution that we all want comes out of this great effort that's been made by the Government of Israel and the Government of Lebanon to provide the right kind of conditions for withdrawal, for security, and to get all the foreign forces out of Lebanon so it can be sovereign and can have a chance for a peaceful and prosperous existence, and in so doing, among other things, be a good neighbor with Israel.

Foreign Minister Shamir. When you and Mrs. Shultz arrived in Israel some 10 days ago, we were full of hope that your mission would be colored with success. I do believe that today we can safely say that the strenuous work that you and your colleagues invested during these days and nights have succeeded in bridging some of the differences which prevailed between Lebanon and Israel.

The Government of Israel has taken an important decision, confident in the friendship and alliance between our two

countries. Throughout the long months of our negotiations with Lebanon, aided by the untiring efforts of Ambassadors Habib and Draper and their colleagues, we had always borne in mind our commonly held goals, namely the withdrawal of all foreign forces from Lebanon to enable the Government of Lebanon to assert its own sovereignty in its country and to ensure the safety and security of Israel's northern frontier and the towns and villages of the Galilee.

I believe that the agreement we reached with your aid, if it will be scrupulously kept by all parties, has achieved that goal. Israel, for its part, will implement this agreement as soon as possible in order that a better future will be the part of the peoples of Lebanon and Israel. We share your conviction that peace is the best guarantee for the security of both Lebanon and Israel—a peace to be based on what the agreement has tried to accomplish, namely that Lebanon will never again serve as a platform for hostile elements bent on wreaking havoc in Israel. I know that you share these goals and for this I can only express to you my own gratitude. Your personal efforts during this mission have evoked all our admiration. I am certain that these efforts will not be in vain. I wish you and Mrs. Shultz a safe voyage and God speed.

Beirut, Lebanon

**Departure Remarks,
May 8, 1983¹⁹**

Secretary Shultz. I've just spent about an hour and a quarter, I guess, with President Gemayel and the Prime Minister and the Foreign Minister and Ambassador Tueni and presented to him a picture of what I have learned as a result of traveling around Jordan and to Syria and to Saudi Arabia. We discussed our mutual assessment of the situation and steps that need now to be taken.

Ambassador Habib and Ambassador Draper will remain here and continue work on the matters that are still ahead of us in bringing this all to a successful conclusion. That is, to get all the foreign forces out of Lebanon and for Lebanon to secure itself.

I think I can fairly say that the shelling in this neighborhood in the last couple of days has been a very disturbing matter, and they have managed to arrange a cease-fire as of the moment so things are quiet, and, naturally, it is being urged upon everyone to hold their fire. And it is being pointed out that those countries that are occupying Lebanese soil have a responsibility to control any fire that comes from areas they occupy.

So it is the responsibility of an occupying power to maintain a lawful situation in their area. At any rate, we are proceeding and President Gemayel is proceeding with what needs to be done, as are the Israelis and others. And Ambassadors Habib and Draper are here to help them, so we are getting on our way.

Q. Do you have any sense as to who might be behind the firing, and do you see it as pressuring President Gemayel to back away from the agreement?

Secretary Shultz. The question of who is behind it has been raised and raised. Everybody says that they are not behind it. In fact, they are trying to stop it. The fact of the matter is that it has erupted all of a sudden again. And so we are trying to stop it. We are trying to help in every way we can to put it down. The effort to the carrying forward on this agreement and other arrangements will continue and they haven't been derailed. They are not going to be derailed because, I think, what people can see is, in front of them now, the chance for the withdrawal of all foreign

forces. President Gemayel is absolutely confident that, when the foreign forces have departed, the Lebanese themselves will be able to control the situation.

Washington, D.C.

**News Briefing,
May 11, 1983²⁰**

Secretary Shultz. It was a pleasure to report to the President in person, as well as—during my trip—by cable and by telephone. Somehow, that is a little better kind of communication, when you can look somebody in the eye and talk it over.

But at any rate, during the course of the travels in the Middle East—I, of course, started out with good instructions from the President. And we were able to maintain a constant communication. I reported to him on the situation in Lebanon right now as I left it, and that is that the agreement between Israel and Lebanon is gradually settling down. I think just about all the 's have been dotted now and the t's crossed. And we expect to see that take final shape and be ratified.

Of course, once that is firm and in hand, then the next question is—and it is a question that is being worked on—is Syrian and PLO withdrawal. And I have no doubt that the Lebanese will call, formally, for that. And while I fully recognize—having been there—that there are problems and difficulties, nevertheless it is clear that there is a weight of opinion building up in the Arab world that this is the opportunity to bring about Israeli withdrawal from Lebanon, along with all foreign forces and support for that.

So I feel confident that, in the end, that will happen. And Lebanon will have a chance to, again, be a sovereign country and to be able to decide for itself how it wants to live and have a chance to be peaceful and prosperous.

I do want to say that I attended the OECD meeting, along with several other Cabinet officers. And, there, I think we found a very good reception to the developing economic recovery in the United States. Everyone recognizes how important that is. There was, I think, a good recognition of the importance of combatting protectionism, so that the recovery in various countries can interact and we can get the most possible mileage out of it.

There was general agreement on the East-West economic relationship area, something that had been discussed a great deal over the months. And that seemed to emerge in pretty good shape and without too much controversy. So, on the whole, the OECD meeting went well. And I had the privilege of a good visit with President Mitterrand about perceptions of what is going on around the world and, also, looking toward the Williamsburg summit.

Q. Why are you confident? Why do you think there is a chance of the Syrians not vetoing this? Are they saying anything to you that gives you any hope that they might go along?

Secretary Shultz. They have been very critical of the agreement. I think that we have to divide our thinking, because you can have reservations or you can disagree with the agreement—such as the Israeli-Lebanon agreement. But that is not really the question that we are asking them. We are asking them to withdraw. And they have said over quite a period of time, that they are ready to withdraw when the Lebanese ask them to withdraw.

So these are not unrelated subjects. But they do have some difference between them. And they haven't said they won't withdraw.

Q. Are you starting to feel that they are under some pressure from the Soviets not to withdraw?

Secretary Shultz. What pressure they are under from the Soviets, I do not know. I do know that the Soviets, a TASS article, attacked the agreement. But what the nature of discussion between the Soviets and Syria is, I do not know.

I'll give an illustration. The agreement is between Israel and Lebanon. The Syrians feel, and the Lebanese feel, that the question of Syrian withdrawal is an unrelated matter. The Syrians make a big point of the fact that their forces are in Lebanon on a different basis than the Israeli forces. So, there, nothing in the agreement about Syrian withdrawal. On the other hand, the Israelis make it very clear, as you would expect, that they won't withdraw except that there is simultaneous withdrawal of the PLO and the Syrians.

So you can't have it as part of the agreement, for good reasons. It,

Therefore, has become part of a side letter which the Israelis wrote to us and which we acknowledged. It's not a secret. But it's not part of the agreement—

Q. Then there are no secrets? Secretary Shultz.—and that's just a by-product in which the—

Q. You have made no secret comments that the American people not informed or know about? Secretary Shultz. I don't say that they aren't—that things haven't been said that are part of the record—there's going to be publication of everything that's been said, but—

Q. I don't mean said, I mean comments.

Secretary Shultz.—there are no commitments made on behalf of the United States that commit the United States to something or other that's a secret.

Q. What about the reports we're hearing of Syrian and PLO troops going back into Lebanon—this comes at a time when your agreement is being signed—it looks almost like a response to it. Is it? And is it happening?

Secretary Shultz. I have heard reports, as you have, that some PLO fighters reentered Lebanon. I would say, in fact, that that's a violation of the agreement under which they evacuated Beirut. And I think we ought to take note of that fact. And now, second, of course it's an unwelcome development. I want them to be moving out, not coming in. Nevertheless, we will continue to pursue our agenda which is to get this agreement nailed down formally and then to proceed to work on the Syrian and PLO evacuation of Lebanon along with the Israelis.

Q. Have you and the President discussed at this point the F-16 sale and what the status of that will be? Is that your trip is complete and the agreement has been agreed to?

Secretary Shultz. We talked about a little bit, but I don't have anything to add on that. That's a subject that the President has under review, and he'll decide what he's going to do in good time.

Q. Will you have to go back to

Damascus to iron some of these things out once the draft agreement is spelled out for itself, would you have to—

Secretary Shultz. I'm planning to stay home for awhile. I like it here. [Laughter]

Q. What is the next step then for you?

Secretary Shultz. Phil Habib is there. Phil Habib is one of our most experienced Americans at these negotiations. He's well-known to the Syrians. They like him. They respect him. And you could just see that when you're there with Phil. So, the United States has been, and will be, very well represented by Phil.

Q. How else do you appeal to the Syrians to join in? What appeals can be made to them to join in?

Secretary Shultz. First of all, the Lebanese will make a statement to them, I'm sure. And they'll have discussions with them. There are certain legitimate questions that the Syrians will raise that will have to be addressed. For example, the security zone that's set out in southern Lebanon abuts the Syrian border, so I think it's a legitimate question: How are you going to handle that? So there are a variety of things that that kind of that they'll, no doubt, talk about.

Other Arab countries are weighing in on the subject, so I'm sure that they'll be heard from. We are perfectly ready to talk with the Syrians about the situation, and I think we also go on, to a degree, the basis that everyone has spoken of the desirability of Lebanon having a chance to be sovereign. Certainly, Syria has spoken about Lebanese sovereignty all the time, so let the foreign forces get out and let's see what the Lebanese can do.

Q. Even still, you appear to be hanging your hat solely on the—for your optimism solely on the basis of the fact that the Syrians in the past have said they would withdraw. Do you have anything more solid to go on?

Secretary Shultz. I have only to go on the views of others. And while the discussions that I had in Syria were certainly not encouraging at all as far as their attitude toward the agreement is concerned, they didn't refuse to withdraw or anything of that kind. But we have to take these things one at a time. I think that the first thing is to get the agreement between Lebanon and

Israel nailed down and to have the broad spectrum of the various confessional groups in Lebanon have a chance to express themselves through the parliamentary process in Lebanon. Once other governments are able to see that here is an agreement that the Government of Lebanon has worked out, that the Government of Lebanon wants to sign, and that the Government of Lebanon's parliamentary process has endorsed, then it's a little hard to second-guess them. I think that's the position that they want to get in.

Q. How long can Israel wait for a Syrian withdrawal without trying to place some pressure of its own?

Secretary Shultz. There will be a period here—and, no doubt, a certain amount of discomfort—but there—it is something that we'll work along at and that can't go on forever, as your question implies. But I don't want to put down some length of time as a marker either. These are very difficult, tough issues, and the way to get at them is just to get at them and work at them.

Q. The opposition is already talking about a deadline of June 6, the anniversary of the invasion.

Secretary Shultz. We're not talking about any such time period as that. I'm not saying that's too soon or that it's too far off. Just not going to get pinned down by some sort of an artificial date. Our object is to achieve this result, and we're going to work at it and we're going to do it.

Q. The Government of Israel has announced that it will have nine new settlements in occupied territories. Do you see any connection between that announcement and your activities in the area? And do you find it helpful at this time?

Secretary Shultz. I would make the same comment on that that I've made on settlement activity, generally: That insofar as our efforts on the basic peace process are concerned, the President has said—going back to his September 1st speech—and we have continued to say that we don't think that new settlement activities are a constructive contribution to that end.

I think it's also the case that our

arguments with the Israelis will be a lot more meaningful if there is some evidence that we have an additional Arab leader coming to the bargaining table to speak on behalf of the Palestinians on the West Bank and Gaza and elsewhere. And as yet we haven't had that situation.

Q. Why don't you speak to them? Why does someone have to speak on behalf of them?

Secretary Shultz. The West Bankers and the Gazans, of course, have been speaking and talking, and people are getting around with them. Nevertheless, there has been, for quite some time, a mandate, as you know, given by the Arab League to the PLO to speak on behalf of the Palestinians and that mandate continues to hold.

¹Made after their meeting (press release 130 of Apr. 29, 1983).

²Press release 131.

³Made at the King David Hotel (press release 133 of Apr. 29).

⁴Press release 135 of Apr. 29.

⁵Made at the U.S. Embassy site (press release 136 of Apr. 29).

⁶Made upon departure from the Presidential Palace (press release 137 of May 2).

⁷Made at the Presidential Palace (press release 143 of May 3).

⁸Made after their meeting (press release 146 of May 4).

⁹Made after their meeting (press release 147 of May 4).

¹⁰Made after their meeting (press release 152 of May 4).

¹¹Made at the Presidential Palace (press release 158 of May 9).

¹²Made at the King David Hotel (press release 160).

¹³Press release 164 of May 10.

¹⁴Press release 165 of May 10.

¹⁵Made after their meeting with President Assad (press release 167 of May 10).

¹⁶Press release 168 of May 10.

¹⁷Held with ABC-TV's diplomatic correspondent Barrie Dunsmore (press release 171 of May 11).

¹⁸Press release 170 of May 11.

¹⁹Press release 172 of May 11.

²⁰Made after his meeting with President Reagan (press release 180 of May 13). ■

Secretary Attends OECD Ministerial in Paris

Secretary Shultz represented the United States at the ministerial meeting of the Council of the Organization for Economic Cooperation and Development (OECD) held in Paris May 9-10, 1983.

Following are the Secretary's statement in the OECD session on May 9, the text of the OECD communique issued May 10, with annex, and a news conference with Secretary Shultz and Treasury Secretary Donald T. Regan on May 10.

SECRETARY'S STATEMENT, MAY 9, 1983¹

It is a pleasure to be back at the OECD Council after an absence of 10 years. I appreciate this chance to share with you my Government's thinking on the work of today's session.

We meet at a time of hope for the world economy. As Secretary [of the Treasury Donald T.] Regan has pointed out, economic recovery is underway. After some very difficult years of recession and hardship in all our countries, the United States is headed in 1983 for a year of unmistakable and significant growth. We know that American recovery, as in the past, will be an important facet in stimulating recovery throughout the OECD area and in the developing world. Having wrung inflation out of our system—and if we all maintain the requisite discipline in our national policies—the world could be headed for a long period of sustained, noninflationary expansion.

This trend of recovery has a symbolic as well as an economic significance. It reminds us of the extraordinary resilience of the free political and economic institutions which we all share. For all our temporary setbacks, the free economies have brought about, since 1945, a generation of growth and prosperity unprecedented in history. On the other side of this cruelly divided continent, economic problems are structural and systemic. Inefficiencies are built-in; innovation is inhibited; stagnation is endemic; any effective economic reforms would weaken the grip of rigid central political control and are, therefore, excluded. Our economic difficulties are

largely problems of self-discipline, of tighter management of fiscal and monetary policy; their problems are inherent and fundamental.

Two conclusions follow from this. First, the industrial democracies represented in this organization must remember that they have a precious heritage. And second, it seems to me that we all have a special responsibility to address the problem of East-West economic relations with some care.

It is no accident that the ministerial council of last May and the heads of state and government at last year's economic summit agreed that the OECD should keep East-West economic and financial relations under review.

I am happy to say that since then the OECD and the International Energy Agency (IEA) have done some valuable research and analysis which enhance understanding of East-West trade and its implications. We urge these organizations to continue their important work. In a few moments, I will express my thoughts on areas for future exploration. Let me first explain my government view of the main issues involved.

Problem of East-West Trade

If the relationship between East and West were a normal relationship among states, we would not be here discussing this subject. As long as present conditions exist, these relations are not normal and cannot be treated as normal—for many reasons, economic as well as political. The issue is not waging "economic warfare" against the Soviet Union which would be futile but maintaining the health of the international economy in the unique conditions of East-West relationship, which is essential.

Of course, there are security concerns. We have learned from experience that some economic transactions with the Soviet Union and Eastern Europe can confer strategic benefits, ease constraints on resource allocation, or reduce dependencies. The United States and allies are examining some of these issues in other forums.

But the concerns we wish to raise at the OECD are, properly, economic concerns. The Secretary General's note on the subject, which I commend, provides

excellent analysis of the complications which East-West trade introduces to the global economic system. The United States believes that economic relations with the East must, at a minimum, be conducted on sound economic principles so as not to jeopardize either the security or the prosperity of the democratic nations. The OECD a legitimate and essential role to play in establishing and maintaining sound economic principles. It is appropriate here to contribute to the fine study of energy security just completed jointly by the OECD and IEA. I hope we will endorse this study at the meeting.

Any analysis of the problem must be done with an appreciation of the fundamental discontinuity between the free world market and the command economies and state trading systems of the East. With some exceptions, East-West trade has traditionally involved the exchange of relatively advanced Western technology for Eastern raw materials and semifinished goods. The machinery equipment which we sell them is more than simply additions to their industrial stock; these highly sophisticated products of our technological developments contain a part of our intellectual capital which conveys a certain advantage to the East not compensated for by the raw materials and semifinished goods we receive in return. The United States' inability to take full advantage of the capabilities of this equipment only heightens the imbalance.

Thus, there is a basic incompatibility between the Eastern and Western economies. As the Secretary General's report suggests, the main causes of the depressed state of East-West trade are to be found in the structural inefficiency of the communist central economic plan. For this reason, the degree of complementarity and interdependence between the East and West has not developed and probably will not develop between East and West. A simple fact is that manufactured goods produced in the East are frequently not competitive in the West, and the capacity of the Eastern countries to export additional raw materials is limited.

These facts suggest that East-West trade would remain at a low level if not for subsidies or other forms of political intervention that boosted it to artificially high levels. By the laws of comparative advantage, this practice—by definition—is inefficient and distorts the proper functioning of a world economy. It is the more pervasive problem we

face today is not political interference restricting East-West trade but political interference maintaining it. If the governments represented in this organization have differing views of the political implications of East-West trade, the fairest—and economically most efficient—compromise would be to agree to let sound economic principles govern.

Sound economic principles also tell us something about the debt problem. The Eastern countries' difficulty in servicing their external debt is aggravated, if not caused, by their inability to compete in world markets. It is clear in retrospect that more prudence could have been exercised in lending to certain East European countries in the 1970s. Gross hard currency indebtedness of the Soviet Union and Eastern Europe rose from \$8 billion in 1971 to \$90 billion in 1981—a growth rate of 24% per year.

Today, we are fully conscious of the dangers of such overextension, and it has taught us a lesson: We should apply to our economic relations with the East the same prudent commercial and financial criteria that we would apply to any other business venture. That these risks persist is shown by the hesitancy of the private sector to provide new financing. There are sometimes sound reasons for Western financial support for certain Eastern countries. As a general rule, however, the best course is to recognize that a price is paid whenever such economic activity is stimulated artificially by government in defiance of the judgment of the market.

A third problem in East-West economic relations is the attempt by the state trading countries of the East to use their monopsonistic power to shift the balance of advantage in their favor, such as by playing Western suppliers off against one another to obtain preferential credits, buy-back arrangements, or other special advantages. These anti-competitive practices have a great potential to do harm to all our countries. We will have to find ways to deal with this problem without, of course, resorting to anti-competitive practices of our own that would further distort the economic system.

There is much that the OECD can do to help us protect our interests, and our economies, in the face of these challenges posed by trade with the East. Let me make some specific suggestions in this regard.

The OECD and Its Work Program

In the course of the last year, this organization and its committees have

done a great deal of useful work in this area. I have already mentioned the excellent report of the joint OECD-IEA study on energy security. And progress has been made toward developing a new consensus on export credit policies.

The Secretary General's note on the subject of East-West trade and financial relations is a comprehensive and valuable summary of the current state of these relations. Its economic analysis is balanced and objective. It is firmly grounded on the findings of the trade committee. Its conclusions are valid, and they illuminate the need for governments to exercise caution in the conduct of East-West economic policy.

We strongly endorse the Secretary General's conclusions, as well as his proposals for further work to be done by this organization. The OECD has a major role to play in monitoring the patterns and trends in the West's trading and financial relations with the East. Only if governments have this kind of information can we even begin to assess the balance of commercial advantages or to consider what steps could be taken to protect Western interests.

The Eastern countries, facing lagging exports, are attempting to pay for an ever-larger share of their imports by compensation deals and barter arrangements. We all have an interest in having these inefficient practices monitored by the OECD.

I have already mentioned the state trading countries' attempts to play off Western suppliers against each other for special advantage. To safeguard against such manipulation, the United States has suggested that it would be in the common interest of Western nations to exchange information on major projects planned in the East. It need not involve proprietary information on major projects planned in the East. We believe that the OECD is well-situated and well-suited to play such a role.

We hope that the OECD will not shrink from the more active role I have described. The OECD's expert staff is a unique resource; it should not be confined to the simple gathering and basic analysis of data. We should strive constantly to broaden the kinds and quantities of information we share with each other on the subject of East-West trade, to enable us to assess the balance of advantages between East and West. We will then be in a position to correct imbalances in that trade and to formulate policies, individually and collectively, that will protect our common interests.

As a step in that direction we hope that clear conclusions will emerge from today's discussion and be reflected in our communique. We believe that the conclusions suggested by the Secretary General in his note are a good starting point for our discussion. We also endorse the Secretary General's proposals for strengthening the organization's work program, which are aimed at improving the quality of our assessments and our policy conclusions.

This extraordinary organization of democratic nations embraces many different points of view on the subject of relations with the East. There will not be unanimity here on the security or the political or even on all the economic dimensions of the problem. That is not the purpose of this organization. But the same economic realities hold for all of us. We face a common problem, and there are many things we can do together to protect our common interests and our peoples' well-being. Simple prudence requires it. We all know the ancient maxim—*Caveat emptor*: Let the buyer beware. Some sellers should beware also.

In the last analysis, we in this room have much more in common than we have that differs. We share a dedication to economic and political freedom, to the welfare of our people, and to the cause of peace. We have all learned by now that in an interdependent world economy, no one nation can meet its challenges alone. Much can be achieved, on the other hand, through cooperation. The United States is prepared to work together with you here in that spirit.

COMMUNIQUE, MAY 10, 1983²

1. At its meeting on 9th–10th May, the Council of the Organisation for Economic Co-operation and Development at Ministerial level agreed on a medium-term approach to sustaining and broadening the economic recovery now under-way. They agreed that increased sustainable non-inflationary growth in the OECD countries now must be aimed at in order to reduce the present very high levels of unemployment.

2. Ministers recognised that the powerful economic linkages among countries and regions imply a collective responsibility to shape policies so as to strengthen the international trading, monetary and financial systems.

3. Accordingly, their governments intend to:

- Take advantage of the room for

growth, which is now emerging in an important part of the OECD area, to promote job creation and higher employment;

- Continue to reduce inflation and overcome structural impediments to improved economic performance;

- Make use, individually and collectively, of the favourable conditions provided by economic recovery to reverse protectionist trends;

- Work to resolve international debt problems in a trade-expansive way as recovery and adjustment by debtor countries proceed;

- Provide more effective help to the poorer developing countries.

4. The meeting was chaired by Madame Colette Flesch, Vice-President of the Government of Luxembourg, Minister of Foreign Affairs, External Trade and Co-operation,



(Wide World photo)

During a ceremony chaired by French President Francois Mitterrand at the Elysee Presidential Palace, the Secretary and Japanese Foreign Trade Minister Sadanori Yamanaka, left, and Japanese Foreign Minister Abe Shintaro, second from left, discuss a French-manufactured translating device.

Minister of Economy and Middle Classes. The Vice-Chairmen were Mr. Shintaro Abe, Minister for Foreign Affairs of Japan and Mr. Kurt Furgler, Federal Counsellor and Head of the Swiss Federal Department of Economic Affairs. In addition to reviewing their economic policies, and trade relations among Member countries, Ministers considered the difficult situation of the developing countries and the policies needed if they are to benefit from economic recovery. They

discussed the dialogue with the developing countries, in particular preparations for UNCTAD VI [UN Conference on Trade and Development]. Ministers also reviewed East-West economic relations.

5. Finally, Ministers heard a report by Mr. William F. Birch, Minister of Energy New Zealand, on the results of the Ministerial Meeting of the Governing Board of the International Energy Agency, held on May, 1983, in Paris. They took note of the study, Energy Requirements and Security prepared by the Secretariat, and of the discussions on it, and endorsed the conclusions set forth in the Annex to this Communique.

THE TRANSITION TO SUSTAINED GROWTH

6. Ministers welcomed the further achievements in reducing inflation. They were very concerned, however, about the high rising levels of unemployment. It is there encouraging that signs of an up-turn have now emerged in several OECD economies. While uncertainties and risks remain, Ministers agreed that prospects for continuing recovery are better than they have been for several years, and that ensuring the transition to sustained non-inflationary growth and higher employment is the central policy.

Common Policy Principles

7. Ministers agreed on the following policy principles for all Member countries:

(i) Policies need to be set firmly in a medium-term framework to make clear the steadiness of policy intent. This will, of necessity, call for flexibility in the implementation of policies when circumstances require.

(ii) Pervasive economic linkages mean that the ability of individual countries to achieve domestic policy objectives depends importantly on the policies and performance of others. It is important for the consistency of policies that each Member country take account of the international implications of Member countries' policies taken together.

(iii) The achievement of greater exchange rate stability, which does not imply rigidity, is a major objective and commitment to be pursued. In this context they noted and welcomed the principles set out in the agreement by finance ministers of seven Member countries, announced in Washington on 29th, 1983.

(iv) Improved economic performance and higher employment require a balanced use of macro-economic and structural policies. Continued room emerges as inflation diminishes and supply-side responsiveness increases. To end:

- Macro-economic policies should be consistent with medium-term objectives of inflation control and steadier real growth; so countries have found a nominal income framework helpful in this respect.
- Policies to increase the profitability of

creating productive investment are re-evaluated.

- Collective bargaining should take account of the need to promote investment and maximise the scope for higher employment until inflation.

- Positive adjustment policies are necessary to enhance competition and the flexibility of markets, and to improve the allocation of resources.

- Labour market policies are important to alleviate the burden of unemployment, particularly on young people; targeted programmes, including training, can help to deal with the problem of structural unemployment.

- Facilitating stronger social consensus in many countries play an important role in achieving the necessary balance of policies.

3. While these policy principles are common to all Member countries, Ministers recognised that countries are in diverse situations. Not all countries have been equally successful in establishing the preconditions for economic performance. Appropriate policies therefore differ in emphasis from one country to another.

Monetary Policies

In a number of countries, accounting for 70 per cent of the OECD GNP, inflation is approaching the level of the 1960s. Confidence has strengthened; progress has been made in tackling structural imbalances; activity, which has been weak, is now trying to recover. Further declines in real interest rates should be aimed at. For such countries, Ministers agreed on the importance of taking advantage of the room that has merged for increased output and employment; in particular:

- As regards monetary policy, monetary aggregates should allow for output growth which is sustainable over the medium-term, continued control of inflation, permitting continued easing of interest rates. Current monetary policies are generally consistent with this approach. Targets for monetary aggregates should not be lowered in response to oil prices. Similarly, monetary policy should not accommodate any resurgence of inflationary wage and other income claims.

- Fiscal policy should be consistent with a medium non-inflationary growth, higher employment and higher employment. Structural deficits need to be reduced to make room for the investment needed to sustain growth and employment. Where future structural deficits loom large, it is important to act now to ensure that deficits on this scale do not materialise, thus permitting interest rates to ease. Given the strong international transmission of interest rates, such action will promote recovery in the world economy. The reduction of structural deficits should take care not to jeopardise economic recovery, and take account of the cumulative effects of simultaneous action in a large number of countries. Where measures to support activity are considered they should be designed to promote investment.

10. In some other countries, accounting for about 20 per cent of OECD GNP, further progress against inflation is required and structural impediments to better performance are more pronounced. As a result, growing room in the near-term is less. For such countries, Ministers agreed that perseverance with non-accommodating monetary policy is required, and structural budget deficits must be reduced further as part of a consistent medium-term approach. It is also particularly important that further efforts be made to reduce structural impediments.

11. In the remaining Member countries, despite serious efforts, inflation remains very high, while the international recession and chronic structural problems mean high rates of unemployment and underemployment. In such countries, Ministers agreed that limited flexibility of markets, structural imbalances, and difficulties in monetary and fiscal management are central problems, which must be addressed at their core. Improved economic performance remains primarily a task for domestic policies, although sustained recovery and lower interest rates in the OECD area, and an improving trade environment will make this easier.

TRADE, DEBT AND ADJUSTMENT

12. Ministers discussed the powerful linkages between growth, trade and debt which are now at work between creditor and debtor countries. They agreed on the importance of taking these linkages into account as fully as possible in the formulation of their macro-economic, trade and financial policies, and welcomed the work being done in the Organisation to help clarify the issues involved. They also recognised that the world recession had exposed problems of a systematic nature which need to be addressed.

13. Ministers noted that, during a period of severe and persistent economic and social difficulties, the world trading system has essentially been preserved. They recognised, however, that there has been a continuation and even extension of protectionist trade and domestic support measures to shelter weak industries and companies from the full impact of the recession and structural change. Such measures have contributed to slowing down the movement of resources into activities with greater growth and job-creating potential. A return to sustained growth requires more positive adjustment policies, more reliance on market forces and more productive investment.

14. Ministers agreed that, within the framework of their overall economic co-operation, strengthening the open and multilateral trading system is essential to support the recovery and the transition to sustained growth. They therefore agreed that the economic recovery, as it proceeds, provides favourable conditions which Member countries should use, individually and collectively, to reverse protectionist trends and to relax and dismantle progressively trade restrictions and trade distorting domestic

measures, particularly those introduced over the recent period of poor growth performance. They invited the Secretary-General to propose appropriate follow-up procedures. At the same time, they agreed that the work programmes now under way in the GATT and OECD to improve the trading system and its functioning should be actively pursued.

15. Ministers welcomed the co-operative efforts being made by the International Monetary Fund, the Bank for International Settlements, the governments of the debtor and creditor countries and the private banks to preserve the effective functioning of the international financial system. They also recognised the determined efforts now being made by many debtor countries to adjust to a less inflationary world.

16. The groundwork has thus been laid for evolving a medium-term approach to resolve debt problems in a trade-expansionary way as the recovery proceeds. The aim should be to maintain the basis for a continued flow of savings through world capital markets to countries where they can be productively used. A first element in such an approach is to maintain normal disciplines between borrowers and lenders. A second is that international lending will best serve the interests of both borrowers and lenders if external finance is used to develop efficient economies capable of, and enabled to, compete in world markets.

17. To this end Ministers agreed on the need for further efforts by both creditor and debtor countries to:

- Sustain a supply of finance to debtor countries, in support of determined domestic adjustment policies, that is sufficient to maintain or restore adequate levels of essential imports.
- Work towards mutually reinforcing action, within the framework of existing international agreements, to establish more predictable and transplant trade regimes, to reduce trade barriers and to pursue more market-conforming domestic structural policies.

DEVELOPMENT CO-OPERATION, DIALOGUE AND UNCTAD VI

18. Ministers welcomed and shared the importance attached to world economic interdependence, dialogue and consensus in declarations by developing countries, most recently at Buenos Aires. They reaffirmed their readiness to work, in a spirit of understanding and co-operation, with the developing countries and other participants at UNCTAD VI next month with the aim of reaching a common understanding of current world economic problems. In particular, they looked forward to discussing the contributions which developed and developing countries can make to further constructive dialogue and co-operation to:

- Ensure that all countries benefit from the economic recovery now getting under

way, and that economic and social progress can gain momentum in the developing world.

- Continue to work together on development co-operation policies to tackle the fundamental problems of underdevelopment and poverty.

19. Ministers recognised that the world recession has created acute difficulties, in particular for most of the poorer developing countries. Meeting this challenge will call for difficult and courageous policies on their part. As recovery proceeds, these countries should benefit from increased export demand and higher commodity prices. But Ministers recognised that external support remains of crucial importance to facilitate the resumption of their longer-term development. They therefore agreed to:

- Maintain and, as far as possible, to increase their aid with a view to realising their commitments to the international aid objectives particularly for the poorer developing countries.
- Work together with the competent international institutions to assist poorer developing countries in implementing the difficult policy reforms required for adjustment and resumed development progress.
- Ensure adequate funding from all contributors of the multilateral development institutions, in particular the International Development Association.

20. Ministers agreed on the desirability of diversifying the developing countries' sources of external finance, and in particular fuller use of the potential for direct investment.

21. Ministers stressed the commitment of their governments to pursue development co-operation policies beyond the immediate requirements of economic recovery. They recognised in particular, the importance of working with developing countries to strengthen and achieve greater stability in their export earnings. They also recognised the importance of technical co-operation, and reaffirmed their commitment to a strong centrally-funded system of United Nations technical co-operation.

EAST-WEST ECONOMIC RELATIONS

22. Following a decision taken by Ministers last year, the Organisation has carried out a thorough economic analysis of the evolution of trade and financial relations with the USSR and other Eastern European countries. Ministers noted that these relations have, with some exceptions, evolved in a less dynamic way than those with more market-oriented economies and not met earlier expectations.

23. This purely economic analysis demonstrates that East-West trade and credit flows should be guided by the indications of the market. In the light of these indications, Governments should exercise finan-

cial prudence without granting preferential treatment. Ministers recognised, moreover, that practices connected with the state-trading system of centrally planned economies can create problems which need to be kept under close examination within the Organisation. More generally, they agreed that, in the light of changing circumstances, the Organisation should continue to review East-West economic relations.

ANNEX

CONCLUSIONS

1. Ministers assessed world energy requirements and security for the next two decades, bearing in mind the importance of adequate and secure energy supplies to the prospects for sustained economic growth. They noted with satisfaction the progress that had been made since 1973 in reducing dependence on imported oil by increasing energy efficiency and the use of alternative fuels, notably coal, gas and nuclear energy. This progress has contributed to the lowering of oil prices which is now bringing an important and welcome relief to the world economy. Ministers agreed, however, that such relief was likely to be temporary and that there is a risk of a renewed energy constraint on growth later in this decade unless the industrialised countries strengthen their policies to restructure their energy economies. Ministers noted, in this context, that dependence on imported oil, though reduced, remains high in many of their countries and that this remains the major risk to their energy security; that the contributions of coal and nuclear energy are running significantly below earlier expectations; that the prospect of growing imports of gas to help reduce dependence on imported oil could lead to heavy dependence by some countries on single sources of gas supply; and that the outlook for investment in the efficient use of energy and for the development of indigenous energy sources is less than satisfactory. They agreed that some of these problems could be accentuated by the uncertain outlook for oil prices.

2. Since industrialised countries as a whole will, in any event, continue to rely heavily on imported energy, smoothly functioning world energy markets over the long-term will be essential for their economic well-being. Industrialised countries must seek to reduce the risk of disruptions and be prepared to minimise the effects on their economies of any which occur. The balance between energy security and costs will have to be struck under the responsibility and in the circumstances of individual countries, having regard to their international commitments. Each country will, however, continue to develop strong and cost-effective energy policies based on that combination of market forces and government action which is best suited to its circumstances but including:

- Implementing and as necessary strengthening present policies to promote efficient use of energy and the continuing replacement of oil by other fuels;
- Rapid and, where appropriate, cooperative development on an economic basis of indigenous energy resources—fossil fuel, nuclear energy, hydropower or other renewable energies—to the maximum possible extent consistent with environmental and social factors and the need to secure supplies beyond the turn of the century;
- Seeking to remove impediments to trade in energy;
- Substantial programmes of research development and financial regimes;
- Pricing and fiscal measures which promote the rational use of energy and the development of indigenous energy resources;
- Diversification of sources of energy ports;
- Cooperation on a regional basis or otherwise appropriate to improve the overall flexibility of energy systems and to avert transit problems;
- Effective cooperative measures for dealing with disruptions in energy supply.

Ministers recognised that energy security and smoother functioning of world energy markets is not a matter for industrialised countries alone. More effective energy policies in the industrialised area should be the world energy situation and thereby the energy situation of the non-oil developing countries. They emphasised the important mutual understanding with energy exporting and importing developing countries to the achievement of these aims. Development of the indigenous energy resources, including new and renewable energy, of the developing countries could in its turn make an important contribution to improving the world energy situation.

Energy Efficiency

3. Ministers recognised the important potential contribution of improved energy efficiency to overall energy security and agreed give particular attention as appropriate to:

- Financial or other measures to stimulate the efficient use of energy and version from oil including help to industry and others to overcome the high initial investment costs of certain energy-saving fuel-switching measures;
- The development of energy conservation services capable of offering a comprehensive package which would include information on rational energy use and oil substitution provision and installation of equipment, financial advice tailored to the needs of customers;
- The publication of technical and financial information on the efficient use of energy and of any assessments which governments may make of long-term trends in energy demand, supply and prices;
- Demonstration by governments of their own operations of the value of energy efficiency;

- Inclusion of energy efficiency as an element in industrial policy;
- Energy efficiency in transport and in building sector through higher voluntary mandatory standards;
- Policies to overcome structural barriers which mute the impact of market signals.

Energy and Fiscal Regimes

Ministers agreed to pay particular attention to:

- Removal of those price regulations which discourage the development of indigenous energy or the displacement of oil by other fuels or the efficient use of energy;
- The pricing policies and where it exists liberalization of the tariffs of electricity utilities is not to impede the provision of funds for investment in new generating capacity;
- Reviewing energy pricing policy, with a view to energy prices being more transparent and more closely reflect market forces or the long-term costs of maintaining reserves, as appropriate;
- The structuring of fiscal regimes for oil and gas production so as to encourage timely investment.

Coal and Other Solid Fuels

Ministers agreed that to promote an economic basis further expansion of production and trade of coal and, where appropriate, of other solid fuels including lignite is desirable.

Their countries should continue to remove impediments to a major expansion of investment in electrical power generation and in transport; their countries should take steps to improve the infrastructure needed for increased production, transport and marketing of coal.

Coal-exporting countries should facilitate reliable coal exports in times of supply shortages.

Their countries should promote the development of a flexible and diversified coal marketing system, paying particular attention to the need for long-term contracts.

Coal use must be environmentally acceptable. Ministers agreed to accelerate cooperative efforts to promote strategies for efficient use of coal, including research, development and demonstration regarding advanced technologies, and to establish effective regulatory frameworks which allow coal production to choose the most economic means to achieve environmental goals. They will assess available and new technologies and review regularly the pace and impact of their innovation.

Nuclear Power

Ministers fulfil its important potential for contributing to overall long-term energy security. A major concern of all industrialized

countries, nuclear power will have to play a major and increasing role in many countries. Ministers:

- Stressed the importance of encouraging stable trade in nuclear equipment, fuel cycle services and nuclear fuel. Export and import regulations must be predictable, and based on the strict respect of current non-proliferation policies;
- Agreed that member countries would maintain reliable standards of nuclear reactor safety and continue to co-operate in various fora on these matters. Procedures for the approval of reactors and nuclear facilities should be as clear and expeditious as possible;
- Stressed the importance of international co-operation on spent fuel storage and waste disposal. They appealed to the governments of those countries in a position to do so to stimulate further progress in developing and applying effective and timely methods for managing the back end of the fuel cycle in ways best suited to their national situations and compatible with international agreements. The competent bodies of OECD were requested to work together on periodic consultations on the progress of Member governments in the waste disposal programme;
- Requested the competent bodies of OECD to identify for prompt examination new possibilities for research and development in advanced technologies that support these conclusions.

Action on these lines will provide the basis for both institutional impediments and public acceptance concerns on nuclear power to be vigorously addressed and allayed wherever possible.

Gas

8. Ministers agreed that gas has an important role to play in reducing dependence on imported oil. They also agreed, however, on the importance of avoiding the development of situations in which imports of gas could weaken rather than strengthen the energy supply security and thus the overall economic stability of Member countries. They noted the potential risks associated with high levels of dependence on single supplier countries. Ministers stressed the importance of expeditious development of indigenous OECD energy resources. They noted that existing contracts are currently insufficient to cover expected gas demand by the mid-1990s, and agreed that in filling this gap steps should be taken to ensure that no one producer is in a position to exercise monopoly power over OECD countries. To obtain the advantages of increased use of gas on an acceptably secure basis, they agreed that:

- Their countries would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources. Additional supplies from other sources would be obtained from as diverse sources as possible, taking into account supply structures, the share of gas in

energy balances, and the geographical situation of individual countries. In assessing the full costs of gas supply sources, gas companies and, as appropriate, governments will consider security factors;

- Their governments would either encourage gas companies and other undertakings concerned to take or take themselves the necessary and appropriate cost-effective measures suited to each country's situation to strengthen their ability to deal with supply disruptions; these measures could include increased gas storage facilities, contingency demand restraint programmes, improved fuel-switching capabilities accompanied by adequate stocks of oil or other alternative fuels, a more flexible grid structure, greater flexibility of contracts, more surge capacity, measures to accelerate intra-OECD trade on short notice through standby contracts for supplies in a disruption, and interruptible contracts with consumers;

Action should be taken to develop at economic cost indigenous gas resources, particularly in North America and the North Sea, which show promise of alleviating overall or particular pressures on energy imports;

- Concerned Member governments noting the potential for further development of North American gas resources and noting that part of the Norwegian Troll field may be declared commercial by 1984, would encourage their companies to begin negotiations on deliveries from these sources as soon as possible, with a view to making supplies available at prices competitive with other fuels in the mid-1990s;

Trade barriers and other barriers which could delay development of indigenous gas resources should be avoided or reduced;

- Their governments would encourage the companies concerned to undertake feasibility studies, if appropriate, in cooperation with member governments, to determine the economic, engineering, technical and financial factors, relevant to possible imports from a variety of non-OECD sources;
- Governments within one region where there is scope for effective cooperation should invite gas companies operating in their jurisdictions to address and negotiate on a commercial basis cooperative arrangements to meet a disruption of supplies to any one country or to the region as a whole;

Special attention should be given in the annual country review process in various international organizations to the future pattern of gas supplies, to the progress on the development and implementation of security measures, and to whether gas imports into the OECD from any single source constitute such a proportion of total supplies as to give rise to concern about the timely development of indigenous resources and the vulnerability of supplies, either for an individual Member country or collectively;

- In considering the degree of vulnerability, relevant factors include the share of imports in total gas consumption and in total primary energy requirements, the reliability of particular sources, the flexibility of other

supplies, sectoral distribution, stocks and fuel-switching possibilities;

• An in-depth exchange of views about this question would take place within the normal review process whenever considered necessary. To allow a full assessment of its energy situation, the country concerned shall inform the other member states if it plans major changes in its energy policy or gas supply pattern which are significant in the context of development of indigenous OECD resources and vulnerability of gas supplies.

Ministers expressed the view that special attention should be given in relevant international organisations to the gas import situation of individual countries and regions.

Oil

9. Ministers noted that since 1974, considerable progress has been made in improving energy security as far as oil is concerned. A continuation of these efforts will be necessary, however, as oil will remain by far the most important factor in OECD energy imports. Thus, in the year 2000 oil will still constitute more than 75% of all OECD energy imports. Ministers therefore agreed on the importance of strong co-operative arrangements for handling a major oil supply disruption and, in the case of IEA Ministers, on the need for continued improvement of the existing emergency allocation system, and the need to continue to encourage oil companies to support the improvement and, if necessary, the operation of the system. To strengthen their overall emergency preparedness, Ministers also agreed to continue to pay particular attention to the continued adequacy of their countries' oil stocks in terms of amount, structure and flexibility.

Other Energy Resources

10. Ministers reaffirmed their readiness to pursue policies both at the national and international level, aiming at exploitation of other indigenous energy resources such as hitherto unharnessed hydropower.

NEWS CONFERENCE, MAY 10, 1983^a

Q. What is your comment on the departure today of the Soviet diplomats from Lebanon, and how dangerous do you think the situation is since last week?

Secretary Shultz. The departure of the Soviet group from Lebanon has been described by them as something that happens annually at the end of the school year. I have no way to debate that, but it does happen regularly.

As far as we are concerned, the situation in Lebanon is that there is an agreement between Israel and Lebanon calling for, among other things,

withdrawal by Israel. We look now to withdrawal by Syria and the PLO [Palestine Liberation Organization] so that Lebanon can get itself free of all foreign forces, and we continue to work for that objective. I might say that I had a meeting this afternoon with the Foreign Minister of Iraq who has publicly supported, he has told me, the withdrawal of Syrian and PLO forces. The Egyptians have also called for that, the Jordanians have also called for that, and I understand the Saudi Arabians have also called for that. So there is a certain rate of Arab opinion developing so that withdrawal of all foreign forces from Lebanon is what is called for. There will be Israeli withdrawal so that Lebanon, as a country, can be sovereign and peaceful and prosperous. That is the objective the United States is working for.

Q. I address this question to you and Secretary Regan jointly. Can you tell us what you gentlemen think you have accomplished here at the OECD meeting in the last 2 days, and whether or not President Mitterrand's statement last night in any way clouds the prospects of success for the Williamsburg summit?

Secretary Shultz. President Mitterrand's statement was an eloquent statement of his view; it was a special bonus for us in attending this session, and I do not see that it in any way clouds; it helps to put forward ideas for the Williamsburg summit. I had the privilege of a meeting of an hour and a half this morning; it was very fruitful and worthwhile.

In a general way, I think that we feel that we have come here, we have joined with our friends in the OECD countries, and we have found a great sense of common purpose and unity and recognition that we do have serious problems, and we also see the prospect of some answers. Particularly everyone has pointed to the prospect of economic growth, everyone has noticed that there has been substantial headway, more in some countries than in others, but as a general proposition, substantial headway. I think that we can look to the future with much more confidence. I say that as a result of the communique as such, but even more by virtue of the discussions that we have had and getting a sense and a feeling of the outlook that people have.

Q. What specific things have come from the meeting?

Secretary Shultz. There are a great

many specific things in the communique that will be undertaken. I think, however, that the main point is the sense of communication and interaction and the sense of common purpose. I feel that if you contrast the statements here that came out of the GATT [General Agreement on Tariffs and Trade] ministerial of November, for example, did not happen to attend that meeting but I have heard a great deal about it, I think the atmosphere was much stronger and healthier on the subject of open trade here than it was there. So we have made some headway and some progress.

Q. What kind of example do you think the Soviets are giving the Syrians in connection with the troop withdrawal agreement, and do you foresee a possibility of the Syrians triggering some kind of [inaudible] sabotage the agreement?

Secretary Shultz. I do not have a idea of what advice the Soviets are giving the Syrians: I am not privy to that. However, I have seen the article in TASS attacking the Israeli-Lebanon agreement, so they have made their view of the matter clear.

I would only say this: that Lebanon is a country that has suffered like no other country has in recent years. If you took the casualties in Lebanon and scaled them according to the size of the U.S. population, you would be talking U.S. terms about casualties about in the order of 10 million. Imagine what our country would be like if we had that level of casualties. Now we have an agreement between Israel and Lebanon for withdrawal and for Lebanon to have a chance. We are calling upon Syria and the PLO to withdraw so that Lebanon can have a chance. I should think all countries by this time would look at it that way and say to themselves that about time that we took a constructively attitude and got on the side of peace for a chance for people to conduct their lives. I would call upon the Soviet Union to take another look and get on the side of peace in Lebanon.

Q. Can you please tell us about your talks this morning over breakfast with Mr. Hayden [Australian Foreign Minister] on Southeast Asia?

Secretary Shultz. This was a first meeting between Mr. Hayden and myself—he having just taken office some 5 weeks ago—and so we reviewed various issues common to the region, as it happened his Prime Minister, Bob Hawke, is a friend of mine from year

t, so we exchanged greetings back and forth on that regard. It was a general meeting, getting acquainted and airing his views of what some of the recent issues are. Mr. Hawke will be returning in Washington in mid-June, and Hayden will be in Washington in July for the ANZUS [Australia, New Zealand, U.S. security pact] meeting, so we will have a lot of contacts with the new Australian Government coming up.

Q. On the OECD agenda, I have a question. One of the sore points on the European agenda is, of course, how does the American Administration evaluate the agreements in the North-West trade area? We got the results that basically the East-West ties are on the back burner in Williamsburg. In light of the communique and your statements, there are a lot of points where you could evaluate this aspect differently, that Williamsburg you might have still been conflicting areas.

Secretary Shultz. I am sorry to say that even the press cannot stir up a riot in this area. There do not seem to be any sore points that I can find. We have discussed a wide range of issues in the market orientation to trade and financial arrangements. We have discussed energy matters. We have discussed security matters in another forum—not in the OECD forum of course, that is entirely different. As a general proposition, what has come to me to have happened in this area is that there has been a great deal of discussion among those concerned, and we have argued and struggled to make our views clear to each other and usually over a period of time a consensus of views has emerged. That is beginning to take shape, and it is not that controversial at this point. Every day—certainly we are—pleased with what this is coming along.

Q. What was the result of your meeting with the Iraqi Foreign Minister.

Secretary Shultz. We discussed mainly three things. First, that the Iraqi-Iranian relationship—we have a relationship—could be stronger. We discussed the Iran-Iraq war and our desire to see it end and some possible ways of going about that. Also we discussed the Lebanon situation, and I reported the views of the minister on that. I might say that I would not have reported anybody else's views here like that except that I asked him if I could say that

he favored Syrian withdrawal, and he says that he said it publicly so there is no reason why you cannot say that.

Q. Have you planned to go back to Damascus?

Secretary Shultz. My plan is to go back to Washington tomorrow morning, and I do not have any immediate plan to go back to Damascus. I might point out that Ambassador Habib remains in the area and is well-known in Damascus and knows the area well and may very well travel there on behalf of the United States.

Q. [Inaudible]

Secretary Shultz. We know that the Syrians object to the Israeli-Lebanon agreement; that is not really the point. The point is will they withdraw? It has been said by many that they will withdraw when the Government of Lebanon asks them. I have a pretty good idea that they will get asked.

Q. Have you any indication of whether the clarifications sought by Israel have been acceptable to the Lebanese?

Secretary Shultz. My understanding is that, as is usual in agreements of this kind, there is a lot of effort to dot the i's and cross the t's, and it is a bit of a struggle. But there is no special problem that should impede us connected with it.

Q. Are you disappointed that the Lebanese Assembly has not acted yet in any way to formally approve the agreement?

Secretary Shultz. The Lebanese Assembly will act, I am sure, as soon as things are ready for them. I think that they are working at that very hard.

Q. Do you think that President Mitterrand's suggestions on a reform of the EMS are: a) a good thing, b) feasible?

Secretary Regan. There is no doubt that at some point in time, the nations in the world will discuss in more detail monetary problems and the currency fluctuations that have characterized the world's currencies over the last 3 or 4 years. I do not think the time is quite ripe for that at the present moment. I think Mr. Mitterrand also indicated that there needs to be a lot more planning, a lot more discussion, a lot more consideration before any type of real conference would be called on this. I also point to the study that we released on April 29 concerning monetary policy and convergence of currencies and the statement that was jointly issued at that time by the G-7 nations of which both France and the United States subscribed.

Q. Do you think that President Regan will pursue his Middle East plan, and what guarantee is the United States likely to give to Jordan in the future to participate in negotiations, and what do you think about what happened yesterday in Amman?

Secretary Shultz. President Regan will pursue his plan for peace. President Regan is dedicated to doing everything he can to help bring peace to the Middle East and to other troubled areas of the world—so you can be sure that he will pursue that.

I think that the prospect of peace must be a major incentive to people in any region. To pursue, the United States does not have to persuade people, it is obvious that it is in their interest, so I would expect that people would pitch in and pursue it.

As far as the two explosions in Jordan are concerned—I guess that is what you are referring to—I do not have very much information about it other than they occurred. So I will not comment about it.

Q. How is your visit coordinated with that of Mr. Weinberger? Do you know if the Secretary of Defense is seeing Mr. Tariq Aziz?

Secretary Shultz. The visit was, I think, fortuitous in the sense that it is an extra chance to talk with people in the region by a high official of the government, but it was not planned that way particularly. These meetings take place from time to time, and Secretary Weinberger is here on that kind of a visit. As far as I know, he has no plan to see the Iraqi Foreign Minister.

Q. Why do you think the Soviet Union should pay any attention to what you are saying about Lebanon?

Secretary Shultz. I can speak for the United States as a country dedicated to peace, and I call upon the Soviet Union and other countries to show equal dedication. I thought myself that it was a great thing to see the Lebanese, with all of the difficulties they have, struggling to find an agreement with Israel and by the same token, the Israelis negotiating in a troubled situation to bring about withdrawal and to try to establish a modicum of peace on their northern border. People are trying, trying to construct a peaceful world. Everyone has signed statements saying that is what they are for; let them come through and join in the peace process. I do not think that words will necessarily do it, but there is no need to despair; we might as well try.

Q. What do you mean by "join in the process"?

Secretary Shultz. Join others in calling on the Syrians to withdraw from Lebanon.

Q. Can I just ask Secretary Shultz one thing on the Williamsburg summit in light of the last 2 days at the OECD? Early this year you said that you would hope for a rather informal or unstructured summit. Do you think that anything can be accomplished in terms of solving, or even moving toward solving, these complex and interrelated issues at a summit that is as informal as you have foreseen?

Secretary Shultz. The President and other heads of state do feel that the most will be accomplished at the summit if it is informal, conversational, with, certainly, an orderly process of working through various subjects. This will provide them with an opportunity for a genuine exchange of views on a lot of these subjects. I do not think that you expect that heads of the state are going to come at this issue with a sense of a solution in some kind of definitive one per one sense. What heads of state can contribute, it seems to me, is a sense of the relationship among these issues and a greater understanding of how they effect the various countries involved, so that as they proceed with their own policies, they do so with a great sense of how the interactions are likely to be around the world. It is those kinds of things that you tend to get out of a summit.

Furthermore on matters such as the prospects for economic growth without inflation, I think those will be very well served if the protectionist pressures can be kept in a balance, perhaps rolled back a little bit, and here getting a feel for mutual determination to do so is often very helpful as you go your own processes in your own country. So these are all aspects of what may come up at the summit, but I do not think that people go there expecting to find five answers to four questions.

Q. Do you think that the Saudis are still going to exert pressures upon the Syrians with the petrodollars?

Secretary Shultz. I did not say that they were, so the word "still" is not an operative one. I do not have any comment to make about whatever the nature of the discussion between the Saudis and the Syrians may be, other than to note that the Saudi Foreign Minister at the airport did make a comment about the importance of Syrian withdrawal.

Q. Do you have any confidence that any initiative toward Vietnam can settle the problems of Kampuchea and Laos?

Secretary Shultz. I think in that situation we have—one where a Soviet-sponsored country with some 180,000 troops or more has invaded Kampuchea, has moved into Laos—is causing trouble on the Thai border, and what we and others have called for is for them to withdraw to their own country. In that regard we are supporting the effort of the ASEAN [Association of South East Asian Nations] countries and also the People's Republic of China which has the same viewpoint. Whether the Australian Foreign Minister will be able to accomplish something in that regard, I do not know, I wish him well, but our policy is very clear.

Q. Are you willing to meet with the Soviets and discuss with them on the question of their getting on the side of peace?

Secretary Shultz. We meet with the Soviets—I do and others do—from time to time. We are always interested in peace; it has many dimensions. Somebody brought up Kampuchea, we have been talking about the Middle East, we have very constructive efforts going in southern Africa, we have lots of problems in Central America. There are many places where we can be more constructive, let alone in the field of arms control where the President has put forward sweeping proposals for reductions in nuclear armaments and in conventional arms—the MBFR [mutual and balanced force reductions] talks are going on in Vienna, there are talks going on in Madrid. There are a great many forums where various dimensions of what it takes to build peace are under discussion.

Q. Should they be brought into closer consultations, particularly on the Middle East?

Secretary Shultz. The point I made in the Middle East was in response to questions and in response to an article TASS, more or less officially attacking the agreement reached between Israel and Lebanon. How you can attack that agreement and feel that you are for peace in Lebanon, I do not know. It is an agreement to start the process for removal of foreign forces, so I do not think it takes a conference; it takes them to urge the Syrians to withdraw the Israelis have agreed to withdraw.

Q. Do you, after these 2 days of talks here, feel that the United States has more responsibility for protecting the fragile world recovery, and in particular are you more interested in world growth as a way of helping the developing countries, which have in many cases, borrowed very heavily from the American banking system?

Secretary Shultz. The United States has been, remains, and continue to be very much interested in world economic growth, noninflationary, healthy growth. It is good for us; it is good for our friends and allies; it is good for the developing countries as well as our industrial neighbors so we have been in favor of that, we continue to be. All of those sentiments were reinforced at the meetings here and there is a continued thrust in that direction. We are glad to be aboard, if anything, leading the charge.

¹Press release 178 of May 11, 1983.

²OECD press release.

³Press release 179 of May 17. ■

Middle East: Negotiation and Reconciliation

Secretary Shultz's address before the Business Council in Hot Springs, Va., May 13, 1983.¹

The Middle East has been the focus of most constant American diplomatic efforts for more than a decade now. I don't have to educate this group in the reasons why the Middle East is so important to the United States. It is a region of vital economic importance and strategic location; we have many friendships and relationships in the area, including a deep moral commitment to Israel and many friendships and ties with moderate Arab countries. And the United States is in a unique position to promote progress in the great task of reconciliation between Israel and its Arab neighbors.

This last point is worth emphasizing. Sometimes foreign policy seems a frustrating endeavor; we have so many problems on our plate, and some Americans must wonder whether our moral exertions are worthwhile. They would have been with me in the Middle East. In the Middle East, we see the remarkable phenomenon of Arabs and Israelis, locked in conflict for generations, looking to the United States as one great power able to help them find a way out. Both sides trust our honesty, they respect our good faith, they find reassurance in our impartiality as they face the risks and challenges of peace. Even those who disagree with us on many issues want us to succeed as a counterbalance to others whose motives are more suspect.

This special trust in the United States is the main reason for the success we have had. I found it deeply moving to travel in the Middle East and see the admiration for America and the faith in the United States that peoples and governments in the Middle East show so openly. I can't say an awful lot of it comes from the experience of people in this area. In the American business community, the people that we have out there, I think, are among the very best ambassadors that we have anywhere. You know that the United States is not just strong but just, not only powerful but fair. It is an extraordinary tribute to our country—it is a tribute to the basic decency and generosity and goodness of the American people. I can tell you I

was very proud to be there as Secretary of State of the United States of America.

Let me say a little bit about my trip to the Middle East and about the negotiation that was just concluded last week between Israel and Lebanon.

The Lesson of the Egyptian-Israeli Peace Treaty

By a symbolic coincidence, my trip began in Egypt at the time of the first anniversary of the final return of the Sinai to Egypt under the terms of the peace treaty with Israel. There is a lesson in this symbolism, which I emphasized over and over again: Egypt recovered its sovereign territory through a negotiation with Israel. The process of negotiation worked in a way that violence or rejectionism did not and cannot work. Egypt and Israel together vindicated the principle of solving problems through peaceful means. It is a cardinal principal of a decent world order, and the success of that process is an instructive example for others.

It is, of course, the principle that we are striving now to vindicate again in Lebanon.

The Lebanon-Israel Negotiation

The warfare that we saw last summer on our television screens was only the culmination of many years of bloodshed and turmoil in Lebanon. Lebanon is a beautiful country, with a proud and capable people who have long played a productive role in the economy of that part of the world. The Lebanese have had their internal political difficulties, but the delicate political balance within Lebanon was shattered during the 1970s largely by the involvement of external military forces—the Palestine Liberation Organization (PLO), the Syrians, and the Israelis.

The war in Lebanon last summer taught its own kind of lesson. There was a profound yearning, particularly in Lebanon, to turn the aftermath of that tragedy into the beginning of something better. Out of chaos came hope. Last July and August the United States, represented by Ambassador Philip Habib, President Reagan's special emissary, negotiated a cease-fire in Beirut and the withdrawal of PLO

fighters from the Beirut area. U.S. Marines took up positions around Beirut to provide a sense of security. And let me tell you when you land there and you hear popping away going on all the time, boy, do those Marines look good.

[Laughter] Particularly that Col. Meade; he's about 10 feet tall. You're breaking your neck looking up at him, but he sure looks good.

I might say, the last time we stopped in Beirut happened to be Mother's Day. I went up to the Presidential Palace to talk with President Gemayel, and Obie [Mrs. Shultz] decided—she said, "Well, it's Mother's Day. There are probably a lot of lonely Marines around here, and I'm going to appoint myself Mother." So she went around to all of the Marines and called on them and pepped them up. It was sort of nice, I think. [Applause]

At any rate, then a new government in Lebanon, headed by its impressive young President—don't sell this guy short—Amin Gemayel, set as its first priority the restoration of a strong central government exercising full sovereign control over all of its territory. Lebanon sought the withdrawal of all external forces from the country. Israel sought reassurance that Lebanese territory would not become again a staging ground for terrorist attacks on the cities, towns, and farms of northern Israel.

Last December, negotiations began between Lebanon and Israel on the withdrawal of Israeli forces and the creation of a new relationship between Lebanon and Israel. Lebanon thus became the second Arab state, after Egypt, to engage in direct negotiations with Israel.

Again, the United States played a pivotal role. Phil Habib, assisted by Ambassador Morris Draper, shuttled back and forth and worked with the parties to encourage and support an agreement. After 4 months of talks, much progress has been made, but the negotiations were stalemated over a number of key issues. At the end of April, it became clear that more impetus was needed to force the pace of decisions and resolve the issues that remained. President Reagan decided it was time for me to go out there. I did, and I spent about 10 days shuttling between Beirut and Jerusalem to hammer out the final compromises.

It was clear to me when I got there that both sides wanted a solution. Sometimes in a negotiation, you know you're not going to get anywhere

because the people don't want it. In other cases, if you've had any experience with it, you can just feel it; people want to have success. You can feel that.

Many people did have doubts, but Israel really wanted to withdraw from Lebanon, and you heard that a great deal. In fact, both sides were negotiating in good faith over issues that were objectively very difficult. Both sides knew that a solution was necessary.

In that setting, I tried to put the point in a dinner toast the first night in Jerusalem. One of the things I've learned in this field of diplomacy is toasts are a big deal [laughter], and you really concentrate on the toasts and try to say something. What I said was, the issues have been debated, analyzed, poured over, agonized over. Now is the time to resolve them. As the Bible tells us, to everything there is a season. There is a time to debate and a time to decide. Now, I said, is the time to decide, and the risks of failure are far greater than any of the risks of an agreement.

It was an extraordinary experience for me on a personal level. The Government and people of Israel, who have yearned so long for acceptance and for security, and the Government and people of Lebanon, who have yearned for an end to a decade of horror and destruction, behaved throughout 2 weeks of intense negotiation with consummate dignity and graciousness. So much was at stake for their countries, yet they treated me and my colleagues with the greatest of courtesy and friendship throughout. And they did not shrink from hard decisions.

A week ago today the Israeli Cabinet announced its acceptance in principle of the agreement as it then stood, which Lebanon had already accepted. It was a victory for statesmanship on both sides.

The agreement provides for withdrawal of Israeli forces, which is the essential first step toward Lebanon's goal of withdrawal of all external forces. At the same time, Lebanon and Israel have agreed to security arrangements in the southern part of the country which supports Lebanon's ability to carry out its strong intention to keep the area free of terrorist activities.

I might say that was one of the big things going for us in the negotiation, that Israel wanted a secure southern Lebanon. And the Lebanese, who said, leave aside last summer's war, we're lost over a hundred thousand people; they said, if you don't think we want a secure

country, you don't have to persuade us of that. So the Israelis and the Lebanese, who were not at war with each other, both wanted a secure zone, so that gave you something to work with.

In addition, there are provisions looking toward the improvement in mutual relations which both sides desire, reflecting the shared objective of living in peace side-by-side as neighbors.

The agreement has many, many technical provisions, of course, but its real meaning is much more than technical. It offers hope that Lebanon, after more than a decade of civil war and external interference, will recover its sovereignty, independence, and security.

It offers hope that the international boundary between the two countries will be a border of peace, security, and friendly relations. It proves once again, in the Arab-Israel conflict, that negotiations can achieve results.

As you may know, Israel is not prepared actually to withdraw its forces until Syrian and the remaining PLO forces also leave Lebanon. There will be a negotiation between Syria and Lebanon on the subject of Syrian withdrawal, and we have all been seeing some of the beginnings of that negotiation and positions being taken.

I know Amin Gemayel well enough to know that he will vigorously defend Lebanon's sovereign right to determine its own future. In fact, he was beginning to get a little feisty with everybody telling him what to do and saying, we're going to decide what's good for Lebanon and carry on from there. He and his colleagues are showing courage and statesmanship, and they deserve the wholehearted American support.

When Lebanon makes its sovereign decision, with backing from the main constituent groups in the Lebanese national consensus, which I believe they will get, that decision will command a very considerable moral authority.

Syria, too, is a proud country, and it has legitimate security concerns with respect to Lebanon. I was able to tell President Assad that the purpose of my mission was to start the process of restoring Lebanon's sovereignty over all its territory, and withdrawing all external forces which would enhance the security and well-being of all Lebanon's neighbors. The Israeli-Lebanese agreement was a necessary first step, fully consistent with the security of all countries in the area.

The Syrian Government, too, treated us all with great courtesy. I know that

Syria, like Lebanon, will make its own sovereign decision on an issue so important to it. Both Syria and the United States regard a renewal of contacts and improved relations as in the mutual interest. And all parties will realize, I am sure, that the risks, if the withdrawal process fails, are greater than the risks of completing it. We are in touch with all the concerned countries, and we will try to assist as desired by the parties.

What we have already achieved, I said before, is the essential first step. The American people can be proud of what is, in essence, their accomplishment. They can be proud of the Marine whose presence around Beirut gives the people of Lebanon such a sense of assurance and confidence in the future.

There are risks in any diplomatic effort; there have been tragedies, such as the bombing of our Beirut embassy. I might say I spent a night in our Ambassador's residence and a few rounds went over. I learned later that some of the neighbors complained; they said, don't have him come back, he's bad for the neighborhood. [Laughter] But you go and you look at our bombed embassy—of course, it's a very real physical tragedy—and then go and meet, as I did, with the people who are working for us there in temporary quarters and you realize the extent of the losses—17 American lives, three times that number of Lebanese lives—the people there are still with us, the Lebanese sticking with us, and we have to say we have a shared sacrifice with them. But we also know that nothing significant ever accomplished without risks, and sometimes sacrifice.

Americans are not a timid people; the past generation this country has made an enormous contribution to the world's peace, stability, and well-being. Thus, we are being true to our heritage and to our moral responsibility. If the one who attacked our embassy thought it could intimidate the United States and derail our efforts, they were grossly mistaken.

The Peace Process

Let me say a few words, finally, about our broader objectives of Middle East peace. Last September 1, President Reagan made a major proposal to bring Jordan and the Palestinians into direct negotiations with Israel to decide the future of the West Bank and the Gaza Strip. It is a fair and balanced proposal which has its roots in the Camp David accords and UN Security Council Resolutions 242 and 338, which have

The U.S. and the Developing World: Our Joint Stake in the World Economy

Secretary Shultz's address before the Foreign Policy Association in New York on May 26, 1983.

on the bases of all our peace
plomacy in the Middle East over the
t 15 years. It derives, as well, from
tragedy of Lebanon, as a signal of
etermination to address one of the
derlying problems of the Arab-Israeli
flict which had had a spillover effect
Lebanon.

I am pleased to be able to tell you,
er my trip to the Middle East, that
friends in the Arab world are still
portive of President Reagan's ini-
ive and are actively working to put
ether a positive Arab response. In
view, Arab support for King Hus-
n to step forward as interlocutor on
Palestinian question would create
best possibility for a fruitful negotia-
. I am confident that Israel would
pond positively to such a step, despite
negative reaction to the President's
iative last September.

The fate of the Palestinians living in
West Bank and Gaza is both a
tical problem and a humanitarian
blem that cries out for the concern-
ention of all people of good will. A
ticular responsibility rests now with
Arabs, who would do a grave
ervice to the Palestinian people if
y miss this precious opportunity to
n a negotiating process. Only
ugh a negotiating process can the
stinian people hope to achieve their
imate rights and their just re-
ements. As Egypt and Lebanon
e shown, negotiation works; violence
rejectionism get nowhere.

We have only made a beginning, but
an important beginning. President
gan, I know, is determined to con-
e his efforts to carry the Lebanese
otiations, and the peace process, for-
rd.

There is no more noble enterprise
our country to be engaged in. Here
strategic concerns and our moral
erns coincide; our tradition of
ership and our hopes for the future
it in the same direction. It is a bipar-
n effort and an example of what this
try can accomplish when Americans
united.

So, even though difficult days and
ks and months lie ahead, I look to
future with confidence.

Press release 184. ■

More than three-quarters of the world's
population live in what we call the
developing world. For all our preoccupa-
tions with the problems of the Atlantic
alliance, U.S.-Soviet relationship, or the
Middle East, much of the world's future
is being shaped by what happens in
those hundred-odd nations embracing
the broad majority of humanity.

Most of the news that Americans
see or read or hear about the developing
world seems to concern political turmoil,
debt problems, the need for aid, or other
difficulties. These day-to-day events—
which do not give a complete or ac-
curate picture—are only surface
manifestations of some very fundamen-
tal changes taking place on our planet.
The evolution of the developing coun-
tries and the problems they encounter
challenge much of our conventional
thinking about both political and
economic development. And these events
and trends in the developing world af-
fect our own lives more directly than
most of us realize.

The importance of development is
not only economic but also political. The
challenge is not so much to our re-
sources as to our political insight into
the evolution of traditional societies in
the modern age. The broader problem is
not simply one of economic advance but
of international order.

Through all of its history, the United
States has championed the cause of self-
determination of peoples and national in-
dependence from colonial rule. We can
be proud of the role our country has
played in helping other peoples achieve
independence and the opportunities for
freedom that we have enjoyed. Since the
Second World War, the world has
undergone a vast transformation as
more than 100 new nations have come
into being. An international system that
had been centered on Europe for cen-
turies, and that regarded all non-
European areas as peripheral or as
objects of rivalry, has become in an
amazingly short span of time a truly
global arena of sovereign states.

In an era of technological advance,
instant communications, and giant
strides in public health, we have before
us the prospect of a world of spreading

opportunity and prosperity. But in an
era of nuclear weapons, political in-
stability, and aggressive ideologies, we
simultaneously face the possibility of
spreading anarchy and conflict. Which
prospect will dominate the future? That
depends on what choices are made now,
by both the industrial and the developing
nations—choices about the international
order and choices about national policies.
The vision and statesmanship of nations
and leaders will be tested as never
before.

The United States shares the hope
of the world's peoples that mankind will
choose the first path—toward a world of
progress, freedom, and peace. This is
the kind of world that Americans hope
to see in the remainder of this century
and in the next. We are prepared to in-
vest our fair share of effort and
resources to help bring it about. In the
pursuit of that goal, economic develop-
ment will play a central part. So I would
like to share with you today some
thoughts about the development pro-
cess—first its political, then its economic
dimension. I will describe the policies by
which this country is carrying out its
commitment to progress, freedom, and
peace in the developing world.

Political Evolution and Economic Development

We have enough experience now to see
that economic development is a complex
process with many pitfalls and far-
reaching implications. There used to be
a naive assumption that economic ad-
vance brought political stability almost
automatically. Perhaps we were extra-
polating too much from the success of
the Marshall Plan, in which a massive
influx of investment helped reinvigorate
democracy and stability in Western
Europe. It is a false analogy, however,
when the same results are expected
from economic development in new na-
tions struggling for a sense of political
identity, or starting from a much lower
level of economic advancement, or just
beginning the quest for forms of popular
government. And we have seen—par-
ticularly in the Iranian case—how too
rapid modernization imposed from the
top down can create such social disloca-
tions and tensions that the result is

political upheaval, not political stability.

Instability may well be part of the turbulent course of political and economic development in the Third World—just as it was, indeed, through the industrial revolution in what is now the advanced Western world. Growing consciousness and social participation in a traditional society may create new claimants on both economic resources and political power faster than new and untested political structures can accommodate them. The formation of free economic and social organizations, such as unions and cooperatives, may lag or be resisted, yet these perform a crucial representative function in the kind of pluralistic society that offers the best hope for progress. The development of free, broad-based political parties and legislative institutions for the peaceful brokering of competitive claims may also lag. Too often, doctrines of economic determinism take hold and serve as an excuse for centralized state power. The result is suppression of the very personal liberties, energies, and talents which are essential for economic advance.

The real meaning of development, after all, is what it means for the well-being, aspirations, dignity, and achievement of each individual. The process of development is fulfilled when every man and woman in a society has the opportunity to realize his or her fullest potential. We have seen in our own history how a free people, in a free market, create prosperity by their effort and imagination. But a society develops also by the free association of individuals, working together in voluntary and productive endeavors of every kind. Government has an undeniable role—as the accountable servant of the people; as the provider of public safety and the common defense; as the guarantor of human rights, due process of law, and equal opportunity.

This emerged in the West after a process of evolution that took centuries. In the developing world, a heroic effort is being made to compress it into a much shorter span of time. There are many success stories of political and economic development—in Latin America or in East and Southeast Asia. Many of these strong societies are now anchors of stability and poles of growth for their region. The ASEAN [Association of South East Asian Nations] countries of Southeast Asia are a good example. Many countries in East Asia are among the fastest growing economies in the world. The rapidly industrializing

countries of Asia and Latin America include some of our most important partners in safeguarding regional security and expanding economic prosperity.

The success of this increasing number of high-growth, stable societies in the developing world is instructive. While governments have played important facilitating roles, the developing countries that have grown fastest over the last decade have been those that opened themselves up to international trade and investment; thereby, they obtain the benefits of trade with other countries and of allowing the market to ensure the most efficient allocation of domestic resources. It is no coincidence that systems which give the freest rein to economic activity are the most successful in liberating the talents, energies, and productivity of their people.

There have been setbacks, as well as successes, in the developing world. Many countries in Africa are in difficulty. In some areas such as Central America, the effort to establish democratic institutions and economic reform is being opposed by radical forces, supported by Cuba and the Soviet Union, which seek to exploit economic hardship for the ulterior motive of establishing new forms of tyranny in place of the old. Yet the long-term course of political development in Latin America offers more grounds for hope than for discouragement.

The peoples of these vibrant, developing countries want, first of all, a voice in determining their own destiny. Therefore, they distrust ideologies and foreign forces that prescribe totalitarian rule and are notorious failures at providing economic advance. Our own democratic system, in contrast, embodies the values of freedom and progress, which the peoples of the developing countries see as not only relevant but sympathetic to their own aspirations.

Therefore, our policies toward the developing world must include a range of means and a depth of understanding.

- We must offer patient support for social and economic reform and for the strengthening of free political, economic, and social institutions.
- Sometimes we must offer security assistance to help ensure that the process of democratic evolution is not disrupted or overwhelmed by armed minorities backed by external powers and alien ideologies.
- And we must continue our proud record of leadership in international

trade and financial cooperation to promote economic development and progress in the developing world.

Our Joint Stake in the World Economy

Now just let me say some things about our joint stake in the world economy because here, again, I think we see transformation that I don't think you quite appreciate. The American effort important, first of all, for the reasons have already mentioned—in helping to shape a peaceful and secure international order for the remainder of this century and beyond. But it is also important, in the here and now, because the developing countries are already a major factor in the world's economic health. We have a significant stake in their progress. This has become increasingly evident in the last decade.

In the 1970s, despite the recession and the oil shocks, the developing countries were the fastest growing sector of the world economy. Their strong performance reinforced the expansion of world trade in the 1970s and provided the leading edge of world growth. It could be the case in the second half of the 1980s as well.

- The developing countries grew the rate of over 5% during the 1970s compared to just over 3% for the industrial countries.
- The developing countries accounted for most of the growth in American exports from 1975–80, and thus a significant share of the new jobs created in the United States in manufacturing firms during this period.
- One out of every five acres of America's farms produced for export developing countries.

During the most recent recession have seen that the same linkage work in reverse.

- About half the decline in our national product (GNP) last year came from deterioration in our international accounts, particularly our exports to developing countries.
- Our exports to Latin America declined by 22%, as the debt crisis resulted in a harsh retrenchment in the second half of the year.
- Without the decline in our exports, our GNP would actually have risen by 2% in the last half of 1982 instead of falling by a fraction of 1%.
- Stagnation in world trade has

a significant part of the drag on and the world's, recovery.

This intimate link between the "developing countries" and our own prosperity is financial as well as commercial. The lingering crisis of some heavily indebted developing countries can hurt our financial institutions if not handled deftly.

The historic lesson here is a simple one: Today the effective functioning of the global trade and financial system depends heavily on the participation, health, of the developing countries, as well as of the industrial countries. The reality of mutual interest between the Northern and Southern Hemispheres is at all reflected in either the doctrine of the Third World theory of "mutual dependency" or the aid program's obsolete sense of patronage. There is now a relationship of mutual responsibility. Our common task is to make this link a spur to growth in both hemispheres, instead of an entanglement of mutual decline.

Challenge of Development Today

President Reagan set forth at Cancun a pragmatic, constructive, and cooperative spirit with which the United States approaches the common challenge of promoting development. A positive North-South dialogue should now aim at the rapid restoration of economic health. That's the name of the game now—economic growth. Toward the end there is much to be done, and that can be done.

The global recession in the last 2 years hit the developing countries with exceptional force. World trade, which accounts for 20% of the income of developing countries, stagnated in 1981 and dropped in 1982 for the first time in 25 years. Governments under pressure in the industrial and the developing worlds adopted austerity programs and export restrictions. Many of the poorest developing countries have been devastated by declining commodity prices, which fell by 20% from 1980 to 1982. In this environment, the developing countries could not hope to achieve a kind of export growth that fueled a rapid advance in the 1970s.

Several large countries in Latin America have also seen their progress retarded by a burden of debt service made spectably heavy by stagnant world prices and declining new lending from commercial banks. By austerity measures, and by emergency international financing from the International

Monetary Fund (IMF), first steps have been taken to stabilize the financial situations of specific countries. But austerity alone cannot be a sufficient solution when so many countries are in trouble. If everyone practices austerity and cuts imports, this only chokes world trade and spreads the hardship further. The ultimate objective must be growth, not austerity.

A strategy for restoring growth in the developing countries will require sustained, concerted action by the international community, working with an attitude of joint responsibility. It will require, in particular, determined effort by many of the developing countries themselves, including in many cases difficult readjustment and discipline in domestic policies.

The United States, for its part, is leading the way to long-term global economic recovery—the single most important thing we can do to restore growth in the developing world. In the United States, inflation and interest rates are down, the leading economic indicators are up, and investor and consumer confidence are returning. Growth with low inflation has now also resumed in Japan, Germany, Britain, and others, which together with the United States account for about three-quarters of the production of the industrial countries. The challenge is now to turn this revival quickly into a true global recovery and sustained growth for the rest of the 1980s.

Expanding Trade

World trade is the key to this process. In the near term, trade is the transmission belt by which recovery in the North will produce faster growth in the South. Acceleration of growth in the industrial nations from about 2% this year to 4% in the mid-1980s would by itself add between \$20 and \$25 billion annually to the export earnings of non-oil developing countries.

In the longer term, trade is the primary source of external resources and impetus to growth for all countries. In 1980, the developing countries' export earnings of about \$580 billion amounted to 17 times their net inflow of resources from foreign aid. I say that, not to knock foreign aid but just to put perspective on what's going on here.

This is what underlies President Reagan's sustained and courageous

defense of free trade. As he said in March in San Francisco:

The United States will carry the banner for free trade and a responsible financial system. . . . In trade with developing countries . . . tariffs and quotas still play a significant role. Here, the task is to find a way to integrate the developing countries into the liberal trading order of lower tariffs and dismantled quotas. They must come to experience the full benefits and responsibilities of the system that has produced unprecedented prosperity among the industrial countries.

The United States cannot accomplish this alone. Only in collaboration with other nations can we maintain an open international trading system for all, but of particular benefit for the developing countries, over the rest of this century. It is truly encouraging that during the recent recession, industrialized countries, for the most part, have resisted the temptation to resort to new measures of protectionism. As we come out of recession, it is time to move ahead on new measures of trade liberalization, with special attention to the problems of the developing nations.

The General Agreement on Tariffs and Trade (GATT) was the framework for the reciprocal lowering of tariffs which helped fuel the unprecedented expansion of world trade in the postwar period. The GATT, with its evolving rules on liberalization of nontariff trade measures, is the key to our ability to maintain the free trading system so that it can be an engine of the coming recovery. Preparations should begin now for a new effort of trade liberalization in the GATT, with special, urgent emphasis on reducing barriers to North-South trade through mutual exchange of concessions. The GATT itself should be strengthened so it can not only spearhead new liberalization but also bring greater discipline to the so-called safeguard procedures which may otherwise frustrate developing countries' expanding access to markets in the industrialized world. In the same vein, the GATT needs to improve the mechanisms for dispute settlement and the ground rules for agricultural trade. No more tender subject exists than that, as you know.

Mutual liberalization of North-South trade is the most effective route to the broad and open markets that developing countries need to exploit their natural competitive strengths. Regional liberalization of trade among developing countries is beneficial as well.

In the United States, we need to

renew and improve our system of generalized trade preferences for those developing countries that can benefit most from such preferential treatment. We remain committed to seeking prompt congressional approval for the Caribbean Basin Initiative. And I might say that I'm pretty optimistic; we're finally going to get that this year. This is an innovative package of measures addressed to the unique development problems of the small economies of this region, including an integrated set of trade preferences, investment incentives, and aid.

Many developing countries have suffered during the recession because of the steep decline in the price of primary commodities they export. Recovery in the industrial economies should help remedy this problem. Commodity agreements—a device often suggested—have not been successful, by and large, in ameliorating wide swings in prices of these commodities and can themselves contribute to over- or under-investment in production. More effective have been arrangements to provide temporary financing to commodity-producing countries when their export earnings fall. The IMF has a compensatory financing facility of this kind. We should explore whether improvements in its operation are desirable rather than create new institutions with overlapping purposes.

Financial Support

Like the GATT in the trade area, international institutions exist to foster cooperation in providing essential financial support to the developing countries. The IMF, with its resources expanded by the new increase in quotas, will be strengthened in its capacity to assist the balance-of-payments adjustments of heavily indebted developing countries. The World Bank has a large capital base to support its essential role of intermediation between international capital markets and developing countries with limited access to those markets. These institutions are proving in the current period of difficulty that they are vital instruments for mitigating the problems of the present emergency and facilitating global recovery.

The right approach to the financial problems of heavily indebted developing countries is the one pursued consistently in the international financial negotiations over the past 12 months. (And I don't think people quite appreciate that, in their quiet way, Jacques De Larosiere, Tom Clausen, our own

Secretary of the Treasury and Chairman of the Federal Reserve and their counterparts around the world have done a terrific job. They really have.)

The objective must be to preserve these countries' creditworthiness and their ability to import new private capital to finance growth over the coming years. There is no point in more austerity than is necessary for this objective.

Sometimes you get the feeling people like austerity. There's no point in it except what you really have to do. The name of the game is expansion. With equal logic, any "quick fix" which impairs these countries' future ability to import capital is a very expensive "fix" for all parties.

More emergency assistance may be needed in some cases. There will be a continuing role for official financing in the transitional period until the debtor countries' own adjustment and expanding world trade reduce the relative burden of debt service. In coming years, the same expansion of trade opportunities we seek for all developing countries will be especially critical if the heavily indebted countries are to revive the high growth they achieved in the 1970s.

Investment, Savings, and Aid

The most important engine of growth for developing countries is not external aid but investment financed by domestic savings. This is true for most developing countries, including the largest recipients of aid. India, for example, last year achieved gross investment equivalent to 25% of its GNP—with 91% of that investment financed by domestic savings. On average, the developing countries devote about one-quarter of their GNP to investment, with 80% of that investment financed by domestic savings. Thus, adequate incentives for people to produce, save, and invest—as well as reliance on market prices to allocate scarce capital most effectively—are the heart of an effective strategy for sustained growth. I make that point, in part, to show the importance of domestic savings as the basis for investment and, also, to tip my hat to the countries involved who are doing it.

The lesson is that aid should not be seen as a substitute for domestic savings, that aid becomes less important as countries grow, and that sound internal policies are crucial to making the best use of both aid and domestic savings.

All growth everywhere depends on productive investment; all investment depends on savings. In a sense, there is a pool of world savings, and foreign aid represents a political, governmental extraction from that pool; it is not man that comes from heaven. But aid has proper, important role in development that is to provide a margin of investment resources to supplement domestic savings, where those savings have already been effectively marshaled by sound economic policies and incentives, or, in the case of the poorest developing countries, where governments have little or no access to international capital markets.

The economic aid program of the United States has increased each year since the Reagan Administration, even when many domestic expenditures have been cut. The United States has concentrated its aid increasingly where it is most needed—in the poorest developing countries. Our contributions to multilateral development banks are enough to support growth of their lending by 14%–15% per year. The United States continues to be the largest provider of official development aid—and should be—and over two-thirds of our aid goes to the poorest countries.

The World Bank's International Development Association (IDA) is the primary vehicle for channeling aid to many of the poorest countries in Africa and Asia. Of course, we've had a big struggle in fulfilling our pledges to IDA. Therefore, I am encouraged by the far-sighted action of the House of Representatives yesterday in approving for the fiscal year the full amount requested by the Administration toward meeting the U.S. commitment to the IDA.

President Mitterand of France has justifiably urged special attention to the economic crisis that now engulfs much of Africa, posing the danger, in his words, that Africa will become "the last continent of development." Falling per capita food production and low productivity in other sectors, indeed, portending human tragedy and prolonged turmoil in many African societies unless these trends are reversed. New approaches by Africans are needed to encourage private initiative and productivity. New efforts on the part of aid donors are needed to encourage and support urgent reform, particularly in

culture. There is much to be gained such reforms as market prices for farmers, exchange rates that encourage cultural production, and elimination of bias against agriculture in domestic investment and credit.

All developing countries have before them the opportunity to offer a favorable environment for private investment, including that from abroad. State direct investment from abroad for growth, adds know-how and technology, and helps open foreign markets. Such investment also pays for output of new production, instead of using a fixed repayment schedule. State direct investment in developing countries grew by 20% annually in the first half of the 1970s. It could grow at a similar rate again.

One way to expand the flow of state investment to the developing world is for developed and developing countries to agree upon ground rules to establish favorable conditions for it in the long term. I used to advocate there should be a GATT for investment, but it's been so difficult to get arms around that, that I'm now on a different kick. Bilateral tax treaties help, as can insurance and investment agreements as worked out between the United States and a growing number of countries. We're pushing investment agreements these days. We are ready, as well, to consider a bilateral insurance of investment, as requested by the President of the World Bank, and urge developing countries to try this approach.

Challenges for the Future

There are some of the challenges to development today and some of the policies we think are appropriate and effective. An objective assessment of the problems and opportunities we face to should inspire growing confidence that we are on the right course. The very which is at hand in major industrial countries can lead the way to full recovery through a revival of world trade. The institutions that underpin an open system of international trade and finance are strong and can be strengthened further to meet the exceptional pressures of this period and carry beyond. The industrial and the developing countries can achieve much constructive spirit of common responsibility, strengthening an international system that nurtures growth for

Next month is the sixth UN Conference on Trade and Development, to be held in Belgrade. The United States will send a strong delegation and will demonstrate its commitment to promote development. No one conference can resolve all the issues, but each can move some forward and help chart a course for the future.

The United States approaches these

tasks in a spirit of cooperation and with the conviction that growth is within the grasp of hard-working societies, working together. The reality of North and South is now that all of us are in one boat. We are all looking for a rising tide and calmer seas to speed us on our course.

¹Press release 195. ■

Question-and-Answer Session Following Foreign Policy Association Address

Q. There are a couple of questions that have sort of anticipated your speech and linking it to Williamsburg. Specifically, some in the audience want to know whether the question of Third World economic needs will come up at Williamsburg, what form those discussions might take, and, specifically, whether the topic of global negotiations might arise?

A. I'm sure that the subject will come up, and the important discussions, of course, are the heads of state discussions. The way this particular summit is being organized, the heads of state are going to see each other alone quite often. That is, it's arranged so that most of their time is going to be spent talking with each other instead of being surrounded by staff and ministers and what not.

I'm sure it will be more productive that way, and I know that a number, including President Reagan, have this subject very much in mind. As for so-called "global negotiations," to my mind it's become almost a slogan rather than some practical operational thing to do. At the same time we will be looking for practical ways, operational ways, to take steps that can really help in this process I have outlined.

Q. From what you know about the views of our principal allies, do you think that your essentially free trade and free enterprise approach to these problems will meet sympathy among the allies, especially from President Mitterrand?

A. Everybody says they're for free trade. It was an interesting thing to me

on hearing about and suffering through by the cable—I wasn't there—the GATT [General Agreement on Tariffs and Trade] Ministerial meeting last November—the struggle to get an affirmative statement out of that conference about free trade, and to contrast that with the sentiment at the OECD [Organization for Economic Cooperation and Development] meeting a couple of weeks ago where the assertion was made that we should not only stem the tide of protection but try to remove barriers that have grown up. There is that underlying sentiment.

Of course, there are pressures in every country to move in a protectionist direction. The biggest challenge that we face on this score stems from the debate that I expect will be very much a part of the next year's discussion about this issue. There are lots of people nowadays who are trying to make protection intellectually legitimate. It is very important that we assert to ourselves, in a sense, the concept of open trade and why it's good for us, that it helps us. Then when we do something that's against that conception, we, at least, know we sinned. We have the idea that that is bad, and we ought to try to do something about it. But if we allow, through this debate, the notion of protection combined with what's called industrial policy to lead us into a kind of an autarchic conception of our economy, then what we regard as sin will be virtue. If it's virtue, everybody will get in on it—[laughter]—and our economy will go down the drain. This is an important dimension of this debate, and it's important to keep your principles even if you can't live up to them fully.

Q. One or two questions about Williamsburg. Are there likely to be agreements on strengthening the yen

and other currencies vis-a-vis the dollar and, thereby, reduce the competitive disadvantage of U.S. exports?

A. I don't know what will happen. There hasn't been a prenegotiated communicate for people to argue over, and it's going to start with a discussion. Then we're going to engage in a herculean overnight task of trying to write up what happened instead of writing something up and then making it happen, which is the typical pattern. So I can't say for sure.

But let me make a comment on this question of the dollar-yen relationship, just to give you my view of the nature of the problem. That we have a dollar-yen relationship that leads historically very competitive U.S. companies to find that they can't sell competitively in third markets has suggested to them that there's something wrong with the relationship and that there is overvaluation of the dollar. I think that has asked the wrong question and has led us into a fruitless discussion. The dollar probably is about the right value. It's valued by a market process. What has happened is that the market process involving the dollar—large as our economy is—has become more heavily affected by financial flows than has been true in the past. We have become a safe haven for money; our real interest rates are higher than those abroad, and, for a variety of other reasons, there are big financial flows into this country. That strengthened the valid market value of the dollar.

However, if you said to yourself, "Suppose there were no financial flows and the value of the dollar had to relate itself to trade relationships? Would it be the same?" Obviously not. The value of the dollar would come down, and that's what our exporters and importers are feeling. It's a problem.

I state it to you that way, not feeling that I know what the answer is, but I know that is the problem, not trying to manipulate the value of the dollar, which you can't do. The market's too strong for you. Usually it's the other way around. People in audiences pose the problem to you in government. You're supposed to have the answer. I'm turning that around. I'm telling you what the problem is and saying to you, "Let's all try to think together how to get at this problem." I think it's of mammoth importance and quite probably the financial

flows that are dominating the situation won't persist forever.

Then when we have a different relationship emerge, we will have done a great deal of damage to our manufacturing capability, and that's bad. So we have to have some foresight. It's a tough problem. We are feeling a Switzerland effect. I have heard people say, "Switzerland isn't a country; it's a bank." It's exchange rate is dominated by financial flows, and, of course, that poses exactly this problem for its manufacturers. They've managed to work it out. We'll have to figure out how.

Q. If we could turn to the Middle East for a moment, what is your current view as to when or whether Syria will agree to withdraw its forces from Lebanon, and what are the incentives Syria really has to do so?

A. I don't know the answer to the first question, but I think we must work to bring about Syrian, PLO, and other withdrawals so that Lebanon is a country that can be sovereign over itself and reemerge with the prosperity and the beauty and the fun that was once Lebanon.

I view the agreement between Israel and Lebanon for Israeli withdrawal as a necessary first step. For those who feel especially strongly that Israel should get out, there's an opportunity there. It's easy. All you have to do is persuade the Syrians and the PLO to get out.

Is that possible? Here's the situation as I see it. First of all, the Syrians and the PLO have repeatedly said that they will get out as the Israelis get out. They've said that to me—the Syrians have, anyway. They've said it to the Lebanese as recently as the nonaligned summit in New Delhi, in the Fez Communiqué—a much more notable document than it's given credit for. It, in effect, calls for this. There are a great many statements on the record about what should happen.

I consider that Syria is an independent, proud country, and it will decide for itself what is in its best interests. I think it's in its best interests to have a prosperous, stable Lebanon free of all foreign forces across its border, rather than a partitioned Lebanon, which is what it will get out of failure to withdraw. It seems to me that is a fundamental incentive in the picture that must be regarded importantly.

I would note, also, that there are many legitimate questions that Syria raise as part of its withdrawal process: security issues and relationship issue with the Lebanese. For an illustration the security zone set up in the Israeli-Lebanese agreement has a common border with Syria, so there's a legitimate question there about the security concerns along that stretch of border, and so on. There are many legitimate questions to be negotiated. I hope that the Syrians will decide to do that, and that they'll have a lot of work to do with Lebanon. We'll be glad to help. We But it's basically a question for the Lebanese and the Syrians to address.

I would call your attention to one thing about the agreement. It was negotiated by a very strong-minded group of Lebanese. I sat with them 10 lots and lots of time. The chairman of the negotiating committee was Prime Minister Wazzan, one of the leading Muslims in the country and a very fine gentleman.

The agreement was agreed to by government in its proper authority. It was referred to the Lebanese Cabinet and endorsed unanimously and taken to its Parliament, which is broad based its representation, and endorsed. It agreement signed by Israel and Lebanon, and it has the full endorsement of the Government of Lebanon.

Q. Does the Soviet Union have role to play in bringing stability to area?

A. I would think that if the Soviet Union gets its arms out of not only the area but lots of other areas, and gets troops out of places like Afghanistan will contribute a lot of stability—[applause]—and a better attitude will be very helpful. We'll welcome it. [Applause]

¹Press release 195A of June 6, 1983.

Learning From Experience: The Responsibility of the Democracies

Secretary Shultz's commencement address at Stanford University, Stanford, California, on June 12, 1983.

"Commencement" says that something is about to begin, just as something ends. Don't worry about it too much—there are lots of worthwhile things to do in the real world, and you still have some fun while doing them. But if someone tells you it means a sharp transition from the world of learning to the world of work, don't believe it. The transition is more abrupt than real.

The week before last, for example, I happened to meet with an extraordinary American, our Ambassador to the Federal Republic of Germany, Arthur S. He's full of information and ideas about Germany, the Atlantic alliance, the American economy, and dozens of other subjects. He's lively and well and full of the future. He's 79 years old. He's been taking German lessons over the last 18 months. He's never stopped learning.

The message is that this habit of learning is a habit that will sustain you throughout your life. An old saw has it that experience itself is the best teacher. I mention this now that you have already paid your Stanford tuition. But I don't see only a half truth. Just as statisticians say that luck is something that is not to be prepared, experience teaches only those capable of grasping the meaning.

So, make use of the gifts Stanford has given you: the habits of careful observation, of an analytical ordering of what you see, of living with ambiguity and waiting for the evidence before drawing conclusions—the quality of mind that enables you truly to learn from experience.

Challenge to the Democracies

Nations, too, must learn and remember, if they are to maintain their peace and confront the future. In recent weeks, much of my time has been devoted to this country's relations with our closest friends and allies, the great democratic nations of the Atlantic community and Japan. A month ago, I attended a meeting in Paris of the Organization for Economic Cooperation

and Development (OECD), the descendant of the international agency that, 35 years ago, administered the Marshall Plan. Two weeks ago, I joined President Reagan in Williamsburg at the economic summit with leaders of our major industrial partners. And this past Thursday and Friday, in Paris, I took part in the semiannual meeting of foreign ministers of the North Atlantic Alliance.

As Dean Acheson said about the alliance, this unity "is not an improvisation. It is a statement of the facts and lessons of history."

When the Atlantic alliance was founded in 1949, the allies showed they had learned a lesson from the period before World War II—when the democracies had lacked the will to come together in the face of danger, when they had tried to evade their responsibility of maintaining their strength and permitted a dangerous imbalance of power to develop. Eventually they were forced to respond, but it was at a cost of millions of lives that might have been spared had they taken bold but prudent action beforehand. When the Atlantic alliance was formed, the purpose was to prevent war by ensuring that the cohesion, strength, and collective will of the democracies would never again be doubted by any adversary.

The alliance has succeeded in preventing war. Indeed, since its formation, the only use of military force on the Continent of Europe has been by the Soviet Union against its own "allies." But experience has also taught that the unity of the free nations is central to the achievement of any of our goals: peace, freedom, security, prosperity.

I want to say a few words now about how the democracies learning from the "facts and lessons of history" are responding today to a new set of challenges—in the realms of political affairs, economics, and security.

Political and Moral Unity

The first lesson is that what the democracies have in common is of overriding importance to us and to others throughout the world. Our common heritage gives us a common responsibility.

American students graduating today have many worries, I am sure. You must

be anxious about your careers and your future. Yet there is one category of worries that, I daresay, you do not have. You are not concerned that the threat of imprisonment or torture hangs over you if you say or write or do the "wrong" thing. You have no fear of the policeman's midnight knock on the door. Considering how few democracies there are in this world, what we have in common with our allies is, therefore, something precious: systems of constitutional, representative government; systems of law that guarantee basic political and civil rights and freedoms; open economic systems that give free rein to individual talent and initiative.

Most alliances in history have not lasted. The fact that the democracies have been held together by ties of political, economic, and security cooperation for more than three decades, through many profound changes in international conditions, is proof, I believe, that our unity of shared values and common purpose is something special.

At the same time, the grim lesson of history should warn us that even this great coalition will not survive without conscious effort and political commitment. Those statesmen who were "present at the creation" in the immediate postwar period showed enormous vision and courage. In a new era of history, it is up to all of us to summon the same vision and courage to assure that it survives and flourishes.

Therefore, it is of enormous importance that our moral unity is today being so effectively translated into political unity. It is important that old divisions within the alliance are narrowing, as shown by the fact that the ministerial meeting I just attended was held in Paris for the first time in 17 years. It is important that the alliance is attractive enough for new countries to want to join—the original 12 now number 16. It is important that the 24 industrial democracies grouped in the OECD have worked out a framework for a consensus on the difficult issue of East-West trade, based on a thoughtful analysis of the balance of interests in economic relations with communist systems.

Outside the formal alliance framework, British, French, and Italian soldiers now stand alongside our Marines protecting Beirut. Our Atlantic allies, Japan, and other countries around the world are supporting our efforts to promote the withdrawal of all external

forces from Lebanon, Britain, France, West Germany, Canada, and the United States are working together as a "contact group" to help reach a negotiated arrangement for the independence of Namibia. And all the diverse Williamsburg summit partners—including Japan—joined in an impressive joint statement on security and arms control.

Thus, for all our occasional squabbles, the democratic nations have not forgotten the paramount importance of the values and interests we have in common.

Our Common Prosperity

In the economic dimension as well, experience teaches that cooperation is essential. We now live in an interdependent world in which each country's well-being, primarily its own responsibility is, nevertheless, affected powerfully by the health of the global economy, for which the industrial democracies bear a special responsibility.

In the 1970s, the plagues of recession, oil shocks, and inflation spread across national boundaries. The impact was not only economic but political. There was great concern that these ills would weaken not only Western economies but the cohesion of Western societies. If democratic governments proved unable to deal effectively with

however, from the experience of the 1930s, when the failure of cooperation gave birth to widespread protectionism, which deepened the Great Depression. This time the free nations began the practice of holding yearly economic summits and intensified their cooperation in many other forums, multilateral and bilateral. So we can hope that the common sense of the body politic will prevail over the drive of special interests for protective treatment.

As the Williamsburg declaration testifies: "The recession has put our societies through a severe test, but they have proved resilient." Rather than economic stagnation, we are seeing the impressive capacity of open economies to regain their vitality. Growth with low inflation has resumed in the United States, Japan, West Germany, Britain, and other countries which together account for about three-quarters of the production of the industrialized world. If we have truly wrung inflation out of our system, and if we all maintain discipline in our national policies, the world could be headed for a long period of sustained noninflationary growth. Those are big "ifs," I know, but our experience should tell us that the job can be done and that we will be much better off as we do it.

It is essential that we resist protectionism, which could hinder this recovery. The Williamsburg summit

For all our temporary setbacks, the free economies have brought about since 1945 an era of growth and prosperity unprecedented in history. On the Eastern side of the divided Continent Europe, economic problems are systemic. Inefficiencies are built in; innovation is inhibited; effective economy reforms are excluded because they would weaken the grip of centralized Soviet political control. In contrast, economic difficulties are largely problems of self-discipline, of better management of fiscal and monetary policy to permit the inherent vitality of the free economic system to show its power. The weakness of Soviet-style economies is structural. We have reason for confidence, for our economic future is in our own hands.

Collective Security

Unfortunately, the Soviet system is not proficient in another sphere: the accumulation of military power. Therefore security must remain a priority area of cooperation. If the values and interests we have in common are truly precious, then we have a duty to defend the peace. The summit partners at Williamsburg made very clear that they have learned this lesson. Let me read to you from their joint statement:

As leaders of our seven countries, it is our first duty to defend the freedom and justice on which our democracies are based. To this end, we shall maintain sufficient military strength to deter any attack, to counter any threat, and to ensure the peace. . . . The security of our countries is indivisible and must be approached on a global basis. . . . We have a vision of a world in which the shadow of war has been lifted from all mankind, and we are determined to pursue that vision.

In an age of nuclear weapons, maintaining collective security is no easy task. "A nuclear war cannot be won, a must never be fought." That's a quote from Ronald Reagan. Our challenge is really twofold: we must both defend freedom and preserve the peace. We must seek to advance those moral values to which this nation and its allies are deeply committed. And we must do so in a nuclear age in which a global war would thoroughly destroy those values. As the President pointed out in Los Angeles on March 31, our task is "one of the most complex moral challenges ever faced by any generation."

Most alliances in history have not lasted. The fact that the democracies have been held together by ties of political, economic, and security cooperation for more than three decades, through many profound changes in international conditions, is proof . . . that our unity of shared values and common purpose is something special.

their economic problems, societies would be under continuing strain, social divisions would be aggravated, and we might have faced a demoralizing crisis of democracy. Increasing resort to protectionism, choking off world trade and compounding the recession, could have undermined relations between allies. These political divisions, as well as budgetary pressures, threatened to weaken the common defense.

The free nations had learned,

partners candidly acknowledged to each other that every country's record is spotty on this score. But they committed themselves "to halt protectionism, and as recovery proceeds to reverse it by dismantling trade barriers." New efforts of trade liberalization would be especially beneficial to the developing countries: in 1980, their export earnings of \$580 billion amounted to 17 times their net receipts from foreign aid.

We and our allies have agreed for decades on a twofold strategy for meeting this challenge. First, we are committed to ensuring the military balance, modernizing our forces, and maintaining vigilance. Second, we are prepared for and committed to constructive dialogue with our adversaries, to address the sources of tension, resolve political conflicts, and reduce the burden of danger of armaments.

We cannot find security in arms alone. We are willing to negotiate differences, but we cannot do so effectively if we are weak or if the Soviet Union believes it can achieve its objectives without any compromise. Therefore, both these tracks—strength and diplomacy—are essential.

Unfortunately, the democratic nations have tended to neglect their defense responsibilities. Some serious problems have resulted and are now coming home to roost. They underlie many of the current controversies. In 1970s, the trauma of Vietnam caused the United States to reduce its armed forces and reduce real defense spending, at the same time that the Soviet Union, in the wake of the Cuban missile crisis, was embarked on a relentless buildup in all categories of military power—strategic, conventional, and naval. Once the United States lost unquestioned strategic superiority over the Soviet Union, NATO's defense—which relies on the commitment of American strategic power—became much more complicated. Yet NATO conventional forces continue to be inadequate. Ironically, NATO's success in keeping the peace in Europe for more than three decades leads some to expect peace for granted and to forget the special role NATO has played in guaranteeing it.

The unprecedented expansion of Soviet power over the past two decades must not be ignored or rationalized away. Any president, any administration, would be forced to respond. We have seen too often that an imbalance of power is an invitation to conflict.

Therefore, this Administration, and our predecessors, are committed to maintenance of a military balance in Europe and globally.

Surely the burden of proof is on those who would undo the present military balance, or alter it, or conduct military experiments with unilateral concessions without genuinely reducing the levels of armaments on both sides.

At the same time, experience teaches that a balance of power, though

necessary, is not sufficient. Our strength is a means to an end; it is the secure foundation for our effort to build a safer, more peaceful, and more hopeful world. On the basis of strength, the cohesion of our alliance, and a clear view of our own objectives, we must never be afraid to negotiate.

This is our attitude to arms control. As NATO decided in December 1979, for example, we intend to modernize our intermediate-range nuclear forces in Europe to counter the Soviet deployment of over 1,000 nuclear warheads on their new intermediate-range missiles (SS-20s). But we are also willing to eliminate this entire category of nuclear weapons from the face of the earth; and we are prepared, as an interim step, to reduce these forces to any equal, verifiable level.

If negotiations do not succeed, however, we must be prepared to deploy at the end of this year as decided in 1979. The Soviet Union has no higher priority goal at the moment than to intimidate NATO into canceling its deployments unilaterally, thereby leaving the Soviet Union with its massive monopoly of new missiles and warheads already in place. As the summit partners made unanimously clear at Williamsburg, the alliance cannot, and will not, permit this to happen.

U.S.-Soviet Relations in the Context of U.S. Foreign Policy

*Secretary Shultz's statement before the Senate Foreign Relations Committee on June 15, 1983.*¹

I appreciate the opportunity to meet with you and to discuss this subject of great importance. As you have suggested, it has all sorts of dimensions to it that weigh on peoples' minds; it is a subject that I've thought about a great deal, of course. The President has. You might say that the President has taken the time not only to talk with me about this, but he has read through this testimony and made a few suggestions, which I found it possible to accept, and has signed off on the testimony. So I feel very confident in saying that I am speaking not only for myself but for the President in this statement.

The management of our relations with the Soviet Union is of utmost importance. That relationship touches virtually every aspect of our international concerns and objectives—political,

At Williamsburg and at NATO, we saw an impressive consensus on security and arms control. This is a firm ground for confidence that war will be deterred, that stability will be maintained, and that we will have a chance at least to reach reliable agreements making the world that you inherit a safer place.

Facing the Future

The final lesson I want to leave you with is this: experience teaches us that nothing is foreordained. Nations, like individuals, have choices to make. History is filled with many examples of nations and individuals that made the wrong choices; there are also many examples of foresight, wisdom, and courage.

Democracies are sometimes slow to awaken to their challenges. But once they are aroused, no force on earth is more powerful than free peoples working together with clear purpose and determination.

Therefore, I have confidence in the future. You new graduates, with your energy, talent, creativity, represent the promise of that future. Few others are so fortunate. Few others have such a responsibility.

And now, my congratulations to you, to your parents, and to Stanford, and my very best wishes to all of you. ■

economic, and military—and every part of the world.

We must defend our interests and values against a powerful Soviet adversary that threatens both. And we must do so in a nuclear age, in which a global war would even more thoroughly threaten those interests and values. As President Reagan pointed out on March 31: "We must both defend freedom and preserve the peace. We must stand true to our principles and our friends while preventing a holocaust." It is, as he said, "one of the most complex moral challenges ever faced by any generation."

We and the Soviets have sharply divergent goals and philosophies of political and moral order; these differences will not soon go away. Any other assumption is unrealistic. At the same time, we have a fundamental common interest in the avoidance of war. This common interest impels us to work

toward a relationship between our nations that can lead to a safer world for all mankind.

But a safer world will not be realized through good will. Our hopes for the future must be grounded in a realistic assessment of the challenges we face and in a determined effort to create the conditions that will make their achievement possible. We have made a start. Every postwar American president has come sooner or later to recognize that peace must be built on strength; President Reagan has long recognized this reality. In the past 2 years this nation—the President in partnership with the Congress—has made a fundamental commitment to restoring its military and economic power and moral and spiritual strength. And having begun to rebuild our strength, we now seek to engage the Soviet leaders in a constructive dialogue—a dialogue through which we hope to find political solutions to outstanding issues.

This is the central goal we have pursued since the outset of this Administration. We do not want to—and need not—accept as inevitable the prospect of endless, dangerous confrontation with the Soviet Union. For if we do, then many of the great goals that the United States pursues in world affairs—peace, human rights, economic progress, national independence—will also be out of reach. We can—and must—do better.

With that introduction, let me briefly lay out for this committee what I see as the challenge posed by the Soviet Union's international behavior in recent years and the strategy which that challenge requires of us. Then I would like to discuss steps this Administration has taken to implement that strategy. Finally, I will focus on the specific issues that make up the agenda for U.S.-Soviet dialogue and negotiation.

Together, these elements constitute a policy that takes account of the facts of Soviet power and of Soviet conduct, mobilizes the resources needed to defend our interests, and offers an agenda for constructive dialogue to resolve concrete international problems. We believe that, if sustained, this policy will make international restraint Moscow's most realistic course and it can lay the foundation for a more constructive relationship between our peoples.

THE SOVIET CHALLENGE

It is sometimes said that Americans have too simple a view of world affairs, that we start with the assumption that

all problems can be solved. Certainly we have a simple view of how the world should be—free peoples choosing their own destinies, nurturing their prosperity, peaceably resolving conflicts. This is the vision that inspires America's role in the world. It does not, however, lead us to regard mutual hostility with the U.S.S.R. as an immutable fact of international life.

Certainly there are many factors contributing to East-West tension. The Soviet Union's strategic Eurasian location places it in close proximity to important Western interests on two continents. Its aspirations for greater international influence lead it to challenge these interests. Its Marxist-Leninist ideology gives its leaders a perspective on history and a vision of the future fundamentally different from our own. But we are not so deterministic as to believe that geopolitics and ideological competition must inevitably lead to permanent and dangerous confrontation. Nor is it permanently inevitable that contention between the United States and the Soviet Union must dominate and distort international politics.

A peaceful world order does not require that we and the Soviet Union agree on all the fundamentals of morals or politics. It does require, however, that Moscow's behavior be subject to the restraint appropriate to living together on this planet in the nuclear age. Not all the many external and internal factors affecting Soviet behavior can be influenced by us. But we take it as part of our obligation to peace to encourage the gradual evolution of the Soviet system toward a more pluralistic political and economic system and, above all, to counter Soviet expansionism through sustained and effective political, economic, and military competition.

In the past decade, regrettably, the changes in Soviet behavior have been for the worse. Soviet actions have come into conflict with many of our objectives. They have made the task of managing the Soviet-American relationship considerably harder and have needlessly drawn more and more international problems into the East-West rivalry. To be specific, it is the following developments which have caused us the most concern.

First is the continuing Soviet quest for military superiority even in the face of mounting domestic economic difficulties. In the late 1970s the allocation of resources for the Soviet military was not only at the expense of

the Soviet consumer. It came even at the expense of industrial investment on which the long-term development of the economy depends. This decision to mortgage the industrial future of the country is a striking demonstration of the inordinate value the Soviets assign to maintaining the momentum of the relentless military buildup underway since the mid-1960s. This buildup consumed an estimated annual average of at least 12% of Soviet gross national product (GNP) throughout this entire period and has recently consumed even more as a result of the sharp decline in Soviet economic growth. During much of this same period, as you know, the share of our own GNP devoted to defense spending has actually declined.

The second disturbing development is the unconstructive Soviet involvement, direct and indirect, in unstable areas of the Third World. Arms have become a larger percentage of Soviet exports than of the export trade of any other country. The Soviets have too often attempted to play a spoiling or scavenging role in areas of concern to us, most recently in the Middle East.

Beyond this, the Soviets in the 1970s broke major new ground in the kinds of foreign military intervention they were willing to risk for themselves or their surrogates. This has escalated from the provision of large numbers of military advisers to the more extensive and aggressive use of proxy forces as in Angola, Ethiopia, and Indochina, and finally to the massive employment of the Soviet Union's own ground troops in the invasion of Afghanistan. In this way, the Soviet Union has tried to block peaceful solutions and has brought East-West tensions into areas of the world that were once free of them.

Third is the unrelenting effort to impose an alien Soviet "model" on nominally independent Soviet clients and allies. One of the most important recent achievements in East-West relations was the negotiation of the Helsinki Final Act, with its pledges concerning human rights and national independence in Europe. Poland's experience in the past 2 years can be considered a major test of the Soviet Union's respect—or lack of it—for these commitments. Moscow clearly remains unwilling to countenance meaningful national autonomy for its satellites, let alone real independence. Elsewhere in the world, the coming to power of Soviet-supportive regimes has usually meant (as in Afghanistan) the forcible creation of Soviet-style institutions and the harsh

regimentation and repression of free expression and free initiative—all at enormous human, cultural, and economic cost.

Fourth is Moscow's continuing practice of stretching a series of treaties and agreements to the brink of violation and beyond. The Soviet Union's infringement of its promises and legal obligations is not confined to isolated incidents. We have had to express our concerns about Soviet infractions on one issue after another—human rights and the Helsinki Final Act, "yellow rain" and biological warfare. We are becoming increasingly concerned about Soviet practices—including the recent testing of ICBMs [intercontinental ballistic missiles]—that raise questions about the validity of their claim of compliance with existing SALT [strategic arms limitation talks] agreements. Little else is so corrosive of international trust as this persistent pattern of Soviet behavior.

THE AMERICAN RESPONSE: BEYOND CONTAINMENT AND DETENTE

This assessment of Soviet international behavior both dictates the approach we must take to East-West relations and indicates the magnitude of the task.

- If we are concerned about the Soviet commitment to military power, we have to take steps to *restore the military balance*, preferably on the basis of verifiable agreements that reduce arms on both sides but, if necessary, rough our own and allied defense programs.
- If we are concerned about the Soviet propensity to use force and provoke instability, we have to make clear that we will *resist encroachments* on our vital interests and those of our allies and ends.
- If we are concerned about the loss of liberty that results when Soviet powers come to power, then we have to *ensure that those who have a positive alternative to the Soviet model receive our support*.
- Finally, if we are concerned about Moscow's observance of its international obligations, we must *leave Moscow no opportunity to distort or misconstrue its own intentions*. We will defend our interests if Soviet conduct leaves us no alternative; at the same time we will respect legitimate Soviet security interests and are ready to negotiate amicable solutions to outstanding political problems.

In designing a strategy to meet these goals, we have, of course, drawn in part on past strategies, from containment to detente. There is, after all, substantial continuity in U.S. policy, a continuity that reflects the consistency of American values and American interests. However, we have not hesitated to jettison assumptions about U.S.-Soviet relations that have been refuted by experience or overtaken by events.

Consider how the world has changed since the Truman Administration developed the doctrine of containment. Soviet ambitions and capabilities have long since reached beyond the geographic bounds that this doctrine took for granted. Today Moscow conducts a fully global foreign and military policy that places global demands on any strategy that aims to counter it. Where it was once our goal to contain the Soviet presence within the limits of its immediate postwar reach, now our goal must be to advance our own objectives, where possible foreclosing and when necessary actively countering Soviet challenges wherever they threaten our interests.

The policy of detente, of course, represented an effort to induce Soviet restraint. While in some versions it recognized the need to resist Soviet geopolitical encroachments, it also hoped that the anticipation of benefits from expanding economic relations and arms control agreements would restrain Soviet behavior.

Unfortunately, experience has proved otherwise. The economic relationship may have eased some of the domestic Soviet economic constraints that might have at least marginally inhibited Moscow's behavior. It also raised the specter of a future Western dependence on Soviet-bloc trade that would inhibit Western freedom of action toward the East more than it would dictate prudence to the U.S.S.R. Similarly, the SALT I and SALT II processes did not curb the Soviet strategic arms buildup, while encouraging many in the West to imagine that security concerns could now be placed lower on the agenda.

Given these differences from the past, we have not been able merely to tinker with earlier approaches. Unlike containment, our policy begins with the clear recognition that the Soviet Union is and will remain a global superpower. In response to the lessons of this global superpower's conduct in recent years, our policy, unlike some versions of detente, assumes that the Soviet Union

is more likely to be deterred by our actions that make clear the risks their aggression entails than by a delicate web of interdependence.

Our policy is not based on trust or on a Soviet change of heart. It is based on the expectation that, faced with demonstration of the West's renewed determination to strengthen its defenses, enhance its political and economic cohesion, and oppose adventurism, the Soviet Union will see restraint as its most attractive, or only, option. Perhaps, over time, this restraint will become an ingrained habit; perhaps not. Either way, our responsibility to be vigilant is the same.

PROGRAMS TO INCREASE OUR STRENGTH

In a rapidly evolving international environment, there are many fundamental ways the democratic nations can, and must, advance their own goals in the face of the problem posed by the Soviet Union. We must build a durable political consensus at home and within the Atlantic alliance on the nature of the Soviet challenge. We must strengthen our defenses and those of our allies. We must build a common approach within the alliance on the strategic implications of East-West economic relations. And we must compete peacefully and even more effectively with the U.S.S.R. for the political sympathies of the global electorate, especially through the promotion of economic dynamism and democracy throughout the world. Finally, we must continue rebuilding America's moral-spiritual strength. If sustained over time, these policies can foster a progressively more productive dialogue with the Soviet Union itself.

Building Consensus

From the beginning of this Administration, the President recognized how essential it was to consolidate a new consensus, here at home and among our traditional allies and friends. After 15 years in which foreign policy had been increasingly a divisive issue, he believed we had an opportunity to shape a new unity in America, expressing the American people's recovery of self-confidence. After the trauma of Vietnam, he sought to bolster a realistic pride in our country and to reinforce the civic courage and commitment on which the credibility of

our military deterrent ultimately rests.

The President also felt that the possibility of greater cooperation with our allies depended importantly on a reaffirmation of our common moral values and interests. There were, as well, opportunities for cooperation with friendly governments of the developing world and new efforts to seek and achieve common objectives.

Redressing the Military Balance

President Reagan also began a major effort to modernize our military forces. The central goal of our national security policy is deterrence of war; restoring and maintaining the strategic balance is a necessary condition for that deterrence. But the strategic balance also shapes, to an important degree, the global environment in which the United States pursues its foreign policy objectives. Therefore, decisions on major strategic weapons systems can have profound political as well as military consequences.

As Secretary of State I am acutely conscious of the strength or weakness of American power and its effect on our influence over events. Perceptions of the strategic balance are bound to affect the judgments of not only our adversaries but also our allies and friends around the world who rely on us. As leader of the democratic nations, we have an in-

ing major improvements of our ground, naval, and tactical air forces; we have also added a new Central Command in the Middle East that will enhance our ability to deploy forces rapidly if threats to our vital interests make this necessary. To deter or deal with any future crisis, we need to maintain both our conventional capabilities and our strategic deterrent.

We are also working closely with our allies to improve our collective defense. As shown in the security declaration of the Williamsburg summit and in the North Atlantic Council communique of just the other day, we and our allies are united in our approach in the INF [intermediate-range nuclear forces] negotiations in Geneva and remain on schedule for the deployment of Pershing II and ground-launched cruise missiles. That deployment will take place as planned unless we are able to reach a balanced and verifiable agreement at Geneva which makes deployment unnecessary.

Upgrading NATO's conventional forces is, of course, a collective alliance responsibility. At the NATO summit in Bonn a year ago, the President and the leaders of the Atlantic alliance reaffirmed that a credible conventional defense is essential to ensuring European security. We and our allies will continue our efforts toward this goal. At the same time, we have taken steps to

threats to our vital interests outside Europe, we are developing our ability to move forces, supported by our allies, to key areas of the world such as Southwest Asia. The allies are also working with us to contribute to stability and security in certain volatile areas, including Lebanon and the Sinai.

In Asia we are modernizing our forces and are working with our allies, especially Japan and Korea, to improve their ability to fulfill agreed roles and missions.

Reassessing the Security Implications of East-West Economic Relations

The balance of power cannot be measured simply in terms of military forces or hardware; military power rests on a foundation of economic strength. Thus, we and our allies must not only strengthen our own economies but we must also develop a common approach to our economic relations with the Soviet Union that takes into account our broad strategic and security interests. In the past, the nations of the West have sometimes helped the Soviets to avoid difficult economic choices by allowing them to acquire militarily relevant technology and subsidized credits. Possible dependence on energy imports from the Soviet Union is another cause for concern.

In the past year, we have made substantial progress toward an allied consensus on East-West trade. The Williamsburg summit declaration states clearly: "East-West economic relations should be compatible with our security interests." The NATO communique 2 days ago made a similar statement. Our allies agree with us that trade which makes a clear and direct contribution to the military strength of the Soviet Union should be prohibited. There is a general agreement that economic relations with the U.S.S.R. should be conducted on the basis of a strict balance mutual advantages.

Studies undertaken under NATO and OECD [Organization for Economic Cooperation and Development] auspices have for the first time laid the groundwork for common analyses. We expect in time to draw common policy conclusions from these studies. The communique of the OECD ministerial meeting of May 9-10 declared that "East-West trade and credit flows should be guided by the indications of the market. In the light of these indications, Government should exercise financial prudence with out granting preferential treatment." The United States seeks agreement that we not subsidize Soviet imports through

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escapable responsibility to maintain this pillar of the military balance which only we can maintain. Our determination to do so is an important signal of our resolve and is essential to sustaining the confidence of allies and friends and the cohesion of our alliances. This is why the Congress's support of the Peacekeeper ICBM program has been such a valuable contribution to our foreign policy, as well as to our defense.

At the same time, we have begun an accelerated program to strengthen our conventional capabilities. We are pursu-

ing a more equitable sharing of the burden of that defense. As a measure of the value of such steps, we estimate that last year's agreement with the F.R.G. [Federal Republic of Germany] on host-nation support will cost about 10% of what it would cost to provide the same capability with U.S. reserves or 3% of what it would cost to provide that capability with active forces.

The Soviets apparently believe they can weaken or divide the Western alliance if they can dominate outlying strategic areas and resources. To deter

terms of government credits. And this, we urge other Western governments to exercise restraint in lending or guaranteeing credit to the Soviet Union, allowing the commercial considerations of the market to govern it. Similarly, at the IEA [International Energy Agency] ministerial meeting in Paris on May 8, it was agreed that energy concerns should be considered on the full costs of imported energy, as gas; it was agreed that countries should seek to avoid undue dependence on any one source of gas imports and to plan future gas supplies from secure sources, with emphasis on indigenous "D sources."

The fruitful cooperative discussions these issues at the OECD, IEA, Hamburg, and NATO are only a beginning. Economic relationships are a permanent element of the strategic equation. How the West should respond to the Soviet challenge will should be a subject of continuing discussion in Western forums for years to come.

Peace and Stability in the Third World

Since the 1950s, the Soviet Union has played a major role in the developing regions of the Third World its greatest opportunities for extending its influence through aggression and exploitation of local conditions. A satisfactory East-West military balance will not by itself close off such opportunities. We must also respond to economic, political, and security problems that contribute to these opportunities. Our approach has four key elements.

First, in the many areas where Soviet activities have added to instability, we are pursuing peaceful diplomatic solutions to regional problems, to raise the political costs of Soviet-backed military presence and to encourage the emergence of Soviet-backed forces. Our interventions in the Middle East, while not complete, are addressed to this end. We are actively encouraging the Arab League [Association of South East Asian Nations] efforts to bring about a ceasefire withdrawal from Kam- bodia; we strongly support the world- wide campaign for Soviet withdrawal from Afghanistan; and we have made considerable progress toward an internally acceptable agreement on Cambodia. In our own hemisphere, we are working with other regional states in support of a peaceful solution to the conflict and instability in Central America. Second, we are building up the

security capabilities of vulnerable governments in strategically important areas. We are helping our friends to help themselves and to help each other. For this purpose, we are asking the Congress for a larger, more flexible security assistance program for FY 1984.

Third, our program recognizes that economic crisis and political instability create fertile ground for Soviet-sponsored adventurism. We are seeking almost \$4 billion in economic assistance to help developing countries lay the basis for economic and social progress. We are seeking congressional approval to raise IMF [International Monetary Fund] quotas and broaden IMF borrowing arrangements to address critical financial needs of some of the largest Third World nations. We urge the Congress to approve the full amount requested by the Administration toward

The central goal of our national security policy is deterrence of war; restoring and maintaining the strategic balance is a necessary condition for that deterrence.

meeting the U.S. commitment to the IDA [International Development Association].

Finally, there is the democracy initiative, an effort to assist our friends in the Third World to build a foundation for democracy. I might say it has been fascinating to me as this project, which is very small, has gotten started, to see the reaction to it. We held a meeting in the State Department with people from various parts of the world on the subject of free elections, and it was denounced by the Soviet Union. The interesting thing was, they noticed it. I was struck by the fact that in Mr. Chernenko's [Secretary of the Communist Party of the Soviet Union (CPSU)] speech yesterday one of the subjects that he brought out was the importance to them of destroying President Reagan's, in a sense, ideological initiatives. It seems we have their attention. But I think if we can put competition on the basis of ideological competition, of competition of economic systems, we'll walk away with it.

NEGOTIATION AND DIALOGUE: THE U.S.-SOVIET AGENDA

Together these programs increase our political, military, and economic strength and help create an international climate in which opportunities for Soviet adventurism are reduced. They are essential for the success of the final element of our strategy—engaging the Soviets in an active and productive dialogue on the concrete issues that concern the two sides. Strength and realism can deter war, but only direct dialogue and negotiation can open the path toward lasting peace. In this dialogue, our agenda is as follows:

- To seek improvement in Soviet performance on human rights, which you emphasized, Mr. Chairman [Senator Charles H. Percy], in your opening statement;
- To reduce the risk of war, reduce armaments through sound agreements, and ultimately ease the burdens of military spending;
- To manage and resolve regional conflicts; and
- To improve bilateral relations on the basis of reciprocity and mutual interest.

This is a rigorous and comprehensive agenda, and our approach to it is principled, practical, and patient. We have pressed each issue in a variety of forums, bilateral and multilateral. We have made clear that the concerns we raise are not ours alone, but are shared by our allies and friends in every region of the globe. We have made clear that each of our concerns is serious, and the Soviets know that we do not intend to abandon any of them merely because agreement cannot be reached quickly or because agreement has been reached on others.

Let me briefly review the state of our dialogue in each of these areas.

Human Rights

Human rights is a major issue on our agenda. To us it is a matter of real concern that Soviet emigration is at its lowest level since the 1960s and that Soviet restriction of emigration has coincided with a general crackdown against all forms of internal dissent. The Helsinki monitoring groups have all been dispersed, and their leaders have been imprisoned or expelled from the country. And the Soviet Union's first independent disarmament group has been harassed and persecuted.

We address such questions both multilaterally and bilaterally. In such forums as the UN Human Rights Commission, the International Labor Organization, and especially the review conference of CSCE [Conference on Security and Cooperation in Europe]—I might say where Max Kampelman [chairman of the U.S. delegation] is doing an absolutely outstanding job—we have made clear that human rights cannot be relegated to the margins of international politics. Our Soviet interlocutors have a different view; they seek to dismiss human rights as a "tenth-rate issue," not worthy of high-level attention.

But our approach will not change. Americans know that national rights and individual rights cannot realistically be kept separate. We believe, for example, that the elements of the postwar European "settlement" that were adopted by the parties to the Helsinki Final Act in 1975 form an integral whole; no one part will survive alone. Guided by this conviction, we and our allies have held at the Madrid review conference that movement in one "basket" of this settlement—such as the convening of a European disarmament conference—must be matched by progress in the other "baskets," especially human rights.

We insist on this balance because we believe that international obligations must be taken seriously by the governments that assume them. But there is also a deeper reason that directly concerns the question of security. In Europe, as elsewhere, governments that are not at peace with their own people are unlikely to be on good terms with their neighbors. The only significant use of military force on the Continent of Europe since 1945 has been by the Soviet Union against its East European "allies." As long as this unnatural relationship continues between the U.S.S.R. and its East European neighbors, it is bound to be a source of instability in Europe.

We have been just as concerned about human rights issues on a bilateral as on a multilateral basis. The need for steady improvement of Soviet performance in the most important human rights categories is as central to the Soviet-American dialogue as any other theme. Sometimes we advance this dialogue best through public expressions of our concerns, at other times through quiet diplomacy. What counts, and the Soviets know this, is whether we see

Arms Control

Let me turn to arms control. We believe the only arms control agreements that count are those that provide for real reductions, equality, verifiability, and enhanced stability in the East-West balance. Success in our negotiations will not, of course, bring East-West competition to an end. But sustainable agreements will enable us to meet the Soviet challenge in a setting of greater stability and safety.

The United States is now applying these principles in an ambitious program of arms control negotiations including INF, START [strategic arms reduction talks], MBFR [mutual and balanced force reductions], and the ongoing discussions in the UN Committee on Disarmament in Geneva. If we can reach a balanced agreement in the CSCE at Madrid, we would be prepared to participate also in a conference on disarmament in Europe.

No previous administration has put so many elements of the East-West military equation on the negotiating table. You are aware of the U.S. position in the various talks, so I need not go into great detail. I will, however, touch on a few main points.

START. In the strategic arms reduction talks the United States has focused on the most destabilizing strategic systems—land-based ballistic missiles. Our objective is to strengthen deterrence while enhancing strategic stability through reductions. The President has proposed reductions in ballistic missile warheads by one-third. In presenting a comprehensive proposal, he has indicated that all strategic weapons are "on the table." Although our respective positions are far apart, the Soviets apparently accept the proposition that an agreement must involve significant reductions. This is progress.

We have recently undertaken a full review of the U.S. position, which included an assessment of the Scowcroft commission's recommendations and some thoughtful suggestions from the Congress. One week ago, the President announced that he is willing to raise the deployed-missile ceiling in accordance with the Scowcroft recommendations. He also announced that he has given our negotiators new flexibility to explore all appropriate avenues for achieving reductions. It is now up to the Soviet Union to reciprocate our flexibility.

Confidence-Building Measures. We have also tabled a draft agreement on confidence-building measures that calls for exchange of information and

advance notification of ballistic missile launches and major exercises. We want to move forward promptly to negotiate separate agreements on these very important measures, which would enhance stability in a crisis as well as symbolize the common interest in preventing war. Yet another effort to prevent misperception of military activities on either side and thus to lower the risk of war, is the President's recent proposal to expand and upgrade crisis communications between Washington and Moscow. He, too, we hope for early agreement.

INF. In the negotiations on intermediate-range nuclear forces, "equal rights and limits" between the United States and the Soviet Union is one of our key principles. President Reagan's proposal of November 1981 sought to achieve the complete elimination of those systems on each side about which the other side has expressed the greatest concern—that is, longer range land-based INF missiles.

We still regard this as the most desirable outcome. Yet after more than a year of talks, the Soviets continue to resist this equitable and effective solution. In fact, their position has not substantially changed since it was first put forward nearly a year ago. The proposal made by Mr. Andropov [General Secretary of the CPSU] last December would allow the Soviet Union to maintain its overwhelming monopoly of longer range INF (LRINF) missiles while prohibiting the deployment of one comparable U.S. missile.

In an effort to break this stalemate, the President has proposed an interim agreement as a route to the eventual elimination of LRINF systems. Under such an agreement, we would reduce the number of missiles we plan to deploy in Europe if the Soviet Union will reduce the total number of warheads it has already deployed to an equal level. This would result in equal limits for both sides on a global basis. Reflecting the concerns of our Asian allies and friends, we have made it clear that no agreement can come at their expense. We hope that in the current round of negotiations the Soviets will move to negotiate in good faith on the President's proposal, which was unanimously supported by our partners at the Williamsburg summit.

MBFR. In the mutual and balanced force reductions talks in Vienna, NATO and the Warsaw Pact are discussing agreement on conventional forces in Central Europe, the most heavily armed region of the world, where Warsaw Pact forces greatly exceed NATO's. Last

er, the President announced a new eastern position in the form of a draft treaty calling for substantial reductions in equal manpower levels. Although the Soviets and their allies have agreed to a principle of parity, progress has been prevented by inability to resolve agreement over existing Warsaw Pact force levels and by problems of verification.

Chemical Weapons. In the International Committee on Disarmament in Geneva, the United States has introduced a far-reaching proposal for a comprehensive ban on chemical weapons—an agreement which would eliminate these terrible weapons from world arsenals. This initiative has been enthusiastically supported by our allies and friends, as well as by many nonaligned nations. Our emphasis on the importance of mandatory on-site inspections has been widely applauded. An independent, impartial verification system, observed and responsive to all parties, is essential to create confidence that the ban is being respected.

Nuclear Testing and Nonproliferation. In other areas, we have proposed the Soviet Union improvements in the verification provisions of two agreements to limit underground nuclear testing. So far the Soviet response has been positive. We have also initiated a dialogue with the Soviets in one area where our respective approaches very often coincide: nuclear nonproliferation.

We should not anticipate early agreement in any of these negotiations. The Soviets have their own positions, they are tough, patient negotiators. We believe that our positions are fair and even-handed and that our objectives are realistic.

Regional Issues

We now turn to regional issues which in the sweep of things historically have been the matters that are most affecting to our relationship with the Soviet Union. Important as it is, arms control has not been—and cannot be—the dominant subject of our dialogue with the Soviets. We must also address the threat to peace posed by the Soviet exploitation of regional instability and conflict. Indeed, these issues—arms control and political instability—are closely related; the increased stability that we seek to build into the superpower relationship through arms control can be undone by irresponsible Soviet policies elsewhere. In our numerous discussions with Soviet leadership, we have repeatedly

expressed our strong interest in reaching understandings with the Soviets that would minimize superpower involvement in conflicts beyond their borders.

The list of problem areas is formidable, but we have insisted that regional issues are central to progress. We have made clear our commitment to relieve repression and economic distress in Poland, to achieve a settlement in southern Africa, to restore independence to Afghanistan, to end the occupation of Kampuchea, and to halt Soviet- and Cuban-supported subversion in Central America. In each instance, we have conveyed our views forcefully to the Soviets in an attempt to remove the obstacles that Soviet conduct puts in the way of resolving these problems.

Last year, for example, Ambassador Hartman [U.S. Ambassador to the U.S.S.R.] conducted a round of exploratory talks on Afghanistan between U.S. and Soviet officials in Moscow. Any solution to the Afghanistan problem must meet four requirements: complete withdrawal of Soviet forces, restoration of Afghanistan's independent and non-aligned status, formation of a government acceptable to the Afghan people, and honorable return of the refugees. This is not the view of the United States alone. These principles underlie the discussions now underway under the auspices of the UN Secretary General, which we support.

On southern African problems, Assistant Secretary Crocker has held a number of detailed exchanges with his Soviet counterpart. Southern Africa has been a point of tension and periodic friction between the United States and the Soviet Union for many years. We want to see tensions in the area reduced. But this more peaceful future will not be achieved unless all parties interested in the region show restraint, external military forces are withdrawn, and Namibia is permitted to achieve independence. If the Soviets are at all concerned with the interests of Africans, they should have an equal interest in achieving these objectives.

As in our arms control negotiations, we have made it absolutely clear to the Soviets in these discussions that we are not interested in cosmetic solutions. We are interested in solving problems fundamental to maintenance of the international order.

It is also our view that Soviet participation in international efforts to resolve regional conflicts—in southern Africa or the Middle East, for example—depends on Soviet conduct. If

the Soviets seek to benefit from tension and support those who promote disorder, they can hardly expect to have a role in the amelioration of those problems. Nor should we expect them to act responsibly merely because they gain a role. At the same time, we have also made it clear that we will not exploit and, in fact, are prepared to respond positively to Soviet restraint. The decision in each case is theirs.

Bilateral Relations

The final part of our agenda with the Soviets comprises economic and other bilateral relations. In our dialogue, we have spelled out our view of these matters in a candid and forthright way. As we see it, economic transactions can confer important strategic benefits, and we must be mindful of the implications for our security. Therefore, as I have already indicated, we believe economic relations with the East deserve more careful scrutiny than in the past. But our policy is not one of economic warfare against the U.S.S.R. East-West trade in nonstrategic areas—in the words of the NATO communique—"conducted on the basis of commercially sound terms and mutual advantage, that avoids preferential treatment of the Soviet Union, contributes to constructive East-West relations."

Despite the strains of the past few years in our overall relationship, we have maintained the key elements in the structure for bilateral trade. We have recently agreed with the U.S.S.R. to extend our bilateral fisheries agreement for 1 year and have begun to negotiate a new long-term U.S.-Soviet grain agreement. Our grain sales are on commercial terms and are not made with government-supported credits or guarantees of any kind.

As for contacts between people, we have cut back on largely symbolic exchanges but maintained a framework of cooperation in scientific, technical, and humanitarian fields. A major consideration as we pursue such exchanges must be reciprocity. If the Soviet Union is to enjoy virtually unlimited opportunities for access to our free society, U.S. access to Soviet society must increase. We have made progress toward gaining Soviet acceptance of this principle as is indicated by the airing in Moscow this past weekend of an interview with Deputy Secretary Ken Dan.

Bilateral cooperative agreements are now in effect, and exchanges between the Academies of Science continue, as do exchanges of young scholars

and Fulbright fellows. *America Illustrated* magazine continues to be distributed in the Soviet Union in return for distribution here of *Soviet Life*, in spite of the absence of a cultural exchanges agreement. Toward the private sector we have maintained an attitude of neither encouraging nor discouraging exchanges, and a steady flow of tourists and conference participants goes on in both directions. The number of U.S. news bureaus in Moscow has actually increased in the last year.

PROSPECTS

Let me just say a word about prospects. It is sometimes said that Soviet-American relations are "worse than ever." This committee's staff, for example, has made such a judgment in a recent report. Certainly the issues dividing our two countries are serious. But let us not be misled by "atmospherics," whether sunny or, as they now seem to be, stormy.

In the mid-1950s, for example, despite the rhetoric and tension of the cold war—and in the midst of a leadership transition—the Soviet Union chose to conclude the Austrian State Treaty. It was an important agreement, which contributed to the security of Central Europe, and it carries an important lesson for us today. The Soviet leadership did not negotiate seriously merely because Western rhetoric was firm and principled, nor should we expect rhetoric to suffice now or in the future. But adverse "atmospherics" did not prevent agreement; Soviet policy was instead affected by the pattern of Western actions, by our resolve and clarity of purpose. And the result was progress.

There is no certainty that our current negotiations with the Soviets will lead to acceptable agreements. What is certain is that we will not find ourselves in the position in which we found ourselves in the aftermath of detente. We have not staked so much on the prospect of a successful negotiating outcome that we have neglected to secure ourselves against the possibility of failure. Unlike the immediate postwar period, when negotiating progress was a remote prospect, we attach the highest importance to articulating the requirements for an improved relationship and to exploring every serious avenue for progress. Our parallel pursuit of strength and negotiation prepares us both to resist continued Soviet aggrandizement and to recognize and respond to positive Soviet moves.

We have spelled out our require-

ments—and our hope—for a more constructive relationship with the Soviet Union. The direction in which that relationship evolves will ultimately be determined by the decisions of the Soviet leadership. President Brezhnev's successors will have to weigh the increased costs and risks of relentless competition against the benefits of a less tense international environment in which they could more adequately address the rising expectations of their own citizens. While we can define their alternatives, we cannot decipher their intentions. To a degree unequalled anywhere else, Russia in this respect remains a secret.

Its history, of which this secrecy is

such an integral part, provides no basis for expecting a dramatic change. And yet it also teaches that gradual change is possible. For our part, we seek to encourage change by a firm but flexible U.S. strategy, resting on a broad consensus, that we can sustain over the long term whether the Soviet Union changes or not. If the democracies meet this challenge, they can achieve goals of which President Reagan spoke at Los Angeles: both defend freedom and preserve the peace.

¹Press release 213 (the complete transcript of the hearings will be published by the Committee and will be available for the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402). ■

Strategic Modernization Program and Nuclear Arms Reduction

LETTER TO MEMBERS OF THE HOUSE OF REPRESENTATIVES, MAY 11, 1983¹

Thank you for your recent letter on our strategic modernization program and its relationship to our arms control proposals. Your letter represents the bipartisan spirit which I believe will help achieve our common goals of ensuring effective deterrent forces and equitable and verifiable arms reductions.

The fundamental U.S. goal in negotiations concerning arms reduction, and especially in our approach to the START [strategic arms reduction talks] negotiations, is to seek agreements that would enhance security and stability by reducing overall force levels while permitting modernization of U.S. forces necessary for a credible deterrent. As you know, the Scowcroft Commission noted that elements of our START proposal are consistent with and supportive of the Commission's findings. I agree wholeheartedly with the essential theme of the Scowcroft Commission's approach to arms control: the attainment of stability at the lowest possible level of forces.

The Scowcroft Commission's recommendations on modernization and arms control are integrally related. Our action with respect to these recommendations must be equally comprehensive. That is why I am now conducting a review of our START proposal with the intention of developing such modifications as are necessary to reflect the Commission's approach, which I share. To cite just one example, the Commission report recommended that the proposed limit on deployed ballistic missiles currently contained in the U.S. START position be reassessed since it is not compatible with a desirable

evolution toward small, single-warhead ICBMs [intercontinental ballistic missiles]. There are a number of alternative approaches available to integrate this and the other Commission recommendations into our approach to arms reductions. As modifications are made to our START proposal, I will continue to seek stability at the lowest possible level of forces.

The planned deployment of the Peacekeeper missile as proposed by my Administration is compatible with the long-term objective of the Scowcroft Commission Report. The Peacekeeper missile, deployed a mix with small single-warhead ICBMs, would permit us to maintain the effectiveness of our deterrent and enhance stability while serving as a hedge against Soviet temptations to exploit their present advantage.

At the same time, let me emphasize that we do not seek a first strike capability. To this end, we have constrained the number of Peacekeeper missiles that we plan to deploy to the minimum number needed to assure effectiveness of our deterrent and no more. Our task, of course, would be much easier if the Soviets would agree to work with us to reduce the ratio of accurate warheads to missile silos. Clearly, consistent with our national security requirements, the overall level of Peacekeeper deployment will be influenced by Soviet strategic programs and arms reductions agreements.

In addition, I fully recognize the central role that the small, single-warhead ICBM plays in the overall modernization program recommended by the Scowcroft Commission Report. We will promptly undertake a major effort to bring the proposal of a small, single-warhead ICBM to fruition on a high priority basis.

In considering the implementation of the initial ICBM modernization program, the Scowcroft Commission also recognized that a series of decisions involving both the Executive Branch and the Congress would be necessary in the months ahead in order to define the future shape of our ICBM force. Further, it noted that not all of these decisions can or should be made in 1983. The correct approach to decision-making provided by a number of members of Congress is in keeping with the intent of the Scowcroft Commission Report. I fully recognize that a lasting consensus on such an important issue must be built up carefully and I intend to take the time necessary to forge a lasting consensus.

I am concerned, however, to keep in mind that if we draw out critical elements of the decision-making process unnecessarily, we encourage the Soviets to delay in negotiating while continuing space in their own modernization programs. To avoid this, I am seeking a clear show of support from Congress to signal U.S. resolve. A clear intent is the clear necessity of approving promptly to procure Peacekeeper missiles. Working together, this should be achievable while simultaneously meeting our national desire to deal with deployment issues,

whenever possible, in a careful, deliberate manner.

Finally, I want to stress the extraordinary contribution made by the Scowcroft Commission. It provided an opportunity for non-partisan analysis of an exceptionally difficult issue as a prelude to obtaining necessary bipartisan support for critically needed modernization of our strategic forces. While not prescribing the details or the timing, the Commission report suggested certain directions that the continued evolution of our complementary strategy for arms reduction could take. Over the short term, follow-on arrangements involving members of the Commission, as well as close coordination with the Congress, will be extremely helpful both technically and politically in thinking through this evolution. However, we are giving careful consideration to determining which follow-on arrangements best meet our common objectives.

In this regard, I do see merit in a panel with bipartisan composition and with staggered terms of membership to provide advice and continuity in this area. I will work with the Congress, building upon the experience of the Scowcroft Commission, to strengthen and supplement our consultative and advisory processes to assure a lasting, national, bipar-

tisan consensus concerning arms control initiatives—a consensus which will deserve to be sustained from one Administration to the next.

Sincerely,

RONALD REAGAN

LETTER TO MEMBERS OF THE SENATE, MAY 12, 1983²

Thank you for your recent letter on our strategic modernization program and its relationship to our arms control proposals. Your letter represents the bi-partisan spirit which I believe will help achieve our common goals of ensuring effective deterrent forces and equitable and verifiable arms reductions.

The fundamental U.S. goal in negotiations concerning arms reduction, and especially in our approach to the START negotiations, is to seek agreements that would enhance security and stability by reducing overall force levels while permitting modernization of U.S. forces necessary for a credible deterrent. As you know, the Scowcroft Commission noted that elements of our START proposal are consistent with and supportive of the Commission's findings. I agree wholeheartedly with the essential theme of the Scowcroft Commission's approach to arms control: the attainment of stability at the lowest possible level of forces.

The Scowcroft Commission's recommendations on modernization and arms control are integrally related. Our action with respect to these recommendations must be equally comprehensive. That is why I am now reviewing our START proposal in order to develop such modifications as are necessary to reflect the Commission's approach, which I share. To cite just one example, the Commission report recommended that the proposed limit on deployed ballistic missiles currently contained in the U.S. START position be reassessed since it is not compatible with a desirable evolution toward small, single-warhead ICBMs. There are a number of alternative approaches available to integrate this and the other Commission recommendations into our approach to arms reductions. As modifications are made to our START proposal, I will continue to seek stability at the lowest possible level of forces.

The planned deployment of the Peacekeeper missile as proposed by my Administration is compatible with the long-term objective of the Scowcroft Commission Report. The Peacekeeper missile, deployed in a mix with small single-warhead ICBMs, would permit us to maintain the effectiveness of our deterrent and enhance stability.

At the same time, let me emphasize that we do not seek a first strike capability. To this end, we will constrain the number of Peacekeeper missiles to the minimum number needed to assure the effectiveness of our deterrent and no more. Our task, of course, would be much easier if the Soviets would agree to work with us to reduce the ratio of

Nuclear Arms Freeze Resolution

PRESIDENT'S STATEMENT, MAY 15, 1983¹

Only 2 months ago, the House of Representatives began a serious debate about alternative approaches to arms control. This debate, one of the longest in the history of the House, not only deepened our understanding of the issues but also made it clear that the issues themselves are enormously complex. There are no simple answers to arms control.

During this debate, it became apparent to more and more Members of the House that an immediate freeze, while superficially appealing, is fundamentally flawed. For more than 30 years, we have maintained world peace through the United States maintained effective forces of deterrence; we must not jeopardize our ability to keep the peace. Nor can we lock the United States into a position of inferiority. And we must not take any steps that would weaken the highly sensitive arms reduction negotiations underway in Geneva.

I am pleased that a great number in Congress came to recognize the threats posed by a simple "freeze now" approach. The passed amendments that sought to move the final resolution passed by the House. The Levitas amendment was

especially welcome, because it recognizes the importance of arms reduction in achieving genuine arms control.

The balance of the resolution that was passed last night is ambiguous and, indeed, so internally inconsistent that interpretation is difficult. For example, the resolution calls for a freeze while also expressing the need for maintaining equivalence and a stable international balance. As stated many times before, this Administration agrees that the maintenance of an arms balance is essential. But an immediate freeze would prevent us from having it. In sum, the resolution finally adopted by the House, while greatly improved, is not an answer to arms control that I can responsibly support.

Should this debate now move on to the Senate, I am confident that the doubts and opposition to a simple freeze now will continue to grow. In the meantime, this Administration will continue to press forward vigorously at the negotiating table for arms reductions that I believe remain the best, true hope for peace and stability.

¹Text from Weekly Compilation of Presidential Documents of May 9, 1983. ■

accurate warheads to missile silos. Clearly, consistent with our national security requirements, the overall level of Peacekeeper deployment will be influenced by Soviet strategic programs and arms reductions agreements.

In addition, I fully recognize the central role that the small, single-warhead ICBM plays in the overall modernization program recommended by the Scowcroft Commission Report. We will promptly undertake a major effort to bring the proposal of a small, single-warhead ICBM to fruition on a high priority basis.

In considering the implementation of the essential ICBM modernization program, the Scowcroft Commission also recognized that a series of decisions involving both the Executive Branch and the Congress would be necessary in the months ahead in order to determine the future shape of our ICBM force. Further, it noted that not all of these decisions can or should be made in 1983. The deliberate approach to decision-making proposed by a number of members of Congress is fully in keeping with the intent of the Scowcroft Commission Report. I fully recognize that a lasting consensus on such an important issue must be built up carefully and I intend to take the time necessary to forge that lasting consensus.

I urge all concerned, however, to keep in

mind that if we draw out critical elements of the decision-making process unnecessarily, we encourage the Soviets to delay in negotiations while continuing apace in their own weapons modernization programs.

To avoid this, I am seeking a clear show of support from Congress to signal U.S. resolve. A case in point is the clear necessity of approving funds promptly to procure Peacekeeper missiles. Working together, this should be achievable while simultaneously meeting our mutual desire to deal with deployment issues, whenever possible, in a careful, deliberate manner.

You have suggested that certain additional initiatives could be helpful in moving us toward our goals of security and stability at reduced levels of forces. One of the most prominent of these initiatives is the idea of a "guaranteed build-down."

The principle of a mutual build-down, if formulated and implemented flexibly, and negotiated within the context of our modified START proposal, would be a useful means to achieve the reductions that we all seek.

It would, if properly applied, reinforce our intent to cap the number of strategic ballistic missile warheads on both sides and to cause each side to reduce those levels steadily and substantially over time.

It could be implemented flexibly and with reasonable latitude for each side to balance the forces it deploys and reduces. Variable ratios as appropriate, would encourage more stabilizing rather than less stabilizing systems.

It could be implemented in conjunction with an agreed floor which, when reached, would trigger the suspension of the build-down rule, subject to renegotiation.

As you have acknowledged, any build-down concept must recognize the importance of strategic modernization and the necessity of maintaining a balance during the reduction process to deal with asymmetries in U.S. and Soviet forces. It would, of course, require agreement on effective verification measures, including counting rules for all systems.

My Administration is currently examining the structure of a build-down proposal which would meet these criteria and would facilitate a START agreement embodying substantial reductions in nuclear forces. I will work with you and your colleagues to develop such a proposal.

Finally, I want to stress the extraordinary contribution made by the Scowcroft Commission. It provided an opportunity for non-partisan analysis of an exceptionally difficult issue as a prelude to obtaining necessary bi-partisan support for critically needed modernization of our strategic forces. While not prescribing the details or the timing, the Commission report suggested certain directions that the continued evolution of our complementary strategy for arms reduction could take. Over the short term, follow-on arrangements involving members of the Commission, as well as close coordination with the Congress, will be extremely helpful both technically and politically in thinking through this evolution. However, we are giving careful

consideration to determining which follow arrangements best meet our common objectives.

In this regard, I do see merit in a plan with bi-partisan composition and with staggered terms of membership to provide aid and continuity in this area. I will work with the Congress, building upon the experience the Scowcroft Commission, to strengthen supplement our consultative and advisor processes to assure a lasting national, bi-partisan consensus concerning arms control initiatives—a consensus which will deserve to be sustained from one Administration to the next.

Sincerely,

RONALD REAGAN

¹Letter addressed to The Honorable Thomas S. Foley, Majority Whip, House of Representatives, and released by the Office of the White House Press Secretary on May 12, 1983 (text from Weekly Compilation of Presidential Documents of May 16).

²Identical letters addressed to Senator Charles H. Percy of Illinois, Sam Nunn of Georgia, and William S. Choen of Maine (from Weekly Compilation of Presidential Documents of May 16). ■

U.S.-Soviet Communication Links Endorsed

PRESIDENT'S REMARKS, MAY 24, 1983¹

When I became President, I made a solemn pledge that my Administration would build a more stable and secure peace, one that would last not just for years but for generations.

The force modernization program that we're preparing, the deep strike and intermediate-range nuclear arms reductions we're seeking, and the confidence-building measures we've proposed in START [strategic arms reductions talks], INF [intermediate-range nuclear force] negotiations, at the United Nations, and elsewhere are all designed to achieve this goal.

Over the years, the United States has taken extraordinary steps unilaterally and bilaterally to reduce the possibility that an accident, miscalculation, misunderstanding, or misinterpretation would somehow ignite armed conflict.

For over a year now, this Administration, in close consultation with the Congress, has been studying the feasibility of a broad range of further

Nuclear Nonproliferation

MESSAGE TO THE CONGRESS, MAY 11, 1983¹

Preventing the spread of nuclear weapons is a longstanding and fundamental security objective. My Administration is strongly committed to that goal and has actively pursued it by reinforcing essential non-proliferation measures and by adopting new approaches where these will serve our nonproliferation interests.

As noted in my March 31 statement, for arms control to be complete and world security strengthened, efforts to halt the spread of nuclear arms need to be increased. We are undertaking further efforts with key countries on the need for urgent movement to strengthen measures against nuclear proliferation.

The activities of the Administration with respect to non-proliferation and peaceful nuclear cooperation during 1982 are described in the report called for by Section 601 of the Nuclear Non-Proliferation Act of 1978 (Public Law 95-242). The report has been prepared by the Department of State in collaboration with other concerned departments and agencies.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of May 16, 1983. ■

asures to reduce that possibility. On April 12th, this year, 1983, the Department of Defense delivered a report to Congress which proposed four new confidence-building measures to strengthen communications and cooperation, thereby reducing the chances even further that war, especially nuclear war, would come about by accident or miscalculation. It gives me special pleasure today to announce my endorsement of significant international confidence-building measures.

Confidence Building for the MX Missile

DEPARTMENT STATEMENT, MAY 25, 1983¹

I, as a Republican and Democratic member of the House and Senate who have made a decisive, historic contribution to our nation's security. Thanks to you, America is blessed with a new bipartisan unity that can make us both stronger and safer than before. As we prepare to leave for Williamsburg and confer with other leaders of the free world, I can think of no more meaningful message to give them than the Congress has just given me: Backed by the votes of confidence in the recommendations of the Scowcroft Commission to modernize our strategic forces, we carry us forward on the road to significant arms reductions. In the coming weeks, the Members of Congress will be asked to reaffirm the votes of yesterday and today, I urge to them my full cooperation and support. I also pledge to continue to work closely with the Congress in support of a reduction of nuclear arms. We understand the task ahead. We have demonstrated our unity and strength. We have reason to hope for a secure and peaceful future. My greatest wish is for the eventual elimination of nuclear weapons. In this spirit, I urge the Soviets to join us at Geneva in a first joint step—an agreement and verifiable agreement that would significantly reduce the level of nuclear arms on both sides. It is the time for progress in negotiations. The citizens of the world deserve nothing more, and they deserve nothing less.

¹Text from Weekly Compilation of Presidential Documents of May 30, 1983. ■

These confidence-building measures have the potential for reducing the possibility of unintended war and the outgrowth of close bipartisan consultation—or they are the outgrowth, I should say, of close bipartisan consultation with the Congress. Three of them are designed to strengthen and broaden communications between the United States and the Soviet Union. They include the upgrading of the hotline between myself and General Secretary Andropov by adding a facsimile transmission capability.

Secondly, we propose to create a direct military communications link that could be used for the rapid exchange of technical military information, thereby preventing misunderstanding in a crisis.

And, third, we propose improving the existing diplomatic crisis-controlled related functions of both the United States and the Soviet Union by upgrading the communications links between Washington and Moscow and each nation's embassy in the other's capital.

Any one of these measures would significantly strengthen our existing crisis communication network. Together, they add new dimensions to our communications efforts, allowing us to contact each other rapidly at political, military, and diplomatic levels, improving our capability to contain crisis situations.

I encourage the Soviet Union to carefully examine these proposals. Extending the range of rapid direction communications between the United States and the Soviet Union would make an important contribution to stability. It's in our best national interest and in the best interest of all mankind.

The fourth recommendation we propose is an international agreement, open to all the world's governments, providing for consultation in the event of a nuclear incident is precipitated by an individual or group. Establishing procedures among all interested nations in the event of such an incident would complement the steps that we already have taken in the 1968 Nonproliferation Treaty and the 1980 Convention on the Physical Protection of Nuclear Materials.

I endorse the proposal, not because I foresee an increasing risk of nuclear incidents—I do not—but because I believe that it is prudent to have in place the means to facilitate international communications should the unthinkable happen.

These four proposals are not the end

of a process; rather, they add momentum to the process that's already underway in the Administration, in the Congress, and within the international community.

In the coming days, I intend to consult closely with those Members of the Congress who've shown a great personal interest, such as these gentlemen here today, and especially Senators Nunn, Jackson, Warner, and Tower. Additionally, we intend to consult closely with the international community concerning these measures. These are reasonable proposals, and we will work diligently to reach early agreement on them with the Soviet Union.

¹Text from Weekly Compilation of Presidential Documents of May 30, 1983. ■

INF Missiles

DEPARTMENT STATEMENT, MAY 28, 1983¹

We regret that the Soviet Government has again resorted to unwarranted threats of retaliation in the event that we and our NATO allies modernize our forces in the face of the massive Soviet nuclear buildup.

On INF [intermediate-range nuclear forces] the Soviet statement reiterates familiar positions designed to maintain the Soviet monopoly of long-range INF missiles.

As for suggesting the Soviet Union might lift its alleged "moratorium" on SS-20 deployments, we would note that SS-20 deployments continued uninterrupted last year. If the Soviet Union wishes to prevent NATO's deployment, the opportunity exists in the U.S. proposal to eliminate the entire class of U.S. and Soviet land-based long-range INF missiles.

The Soviets in their latest statement repeat their familiar demand for as many long-range INF warheads and missiles as are in the independent arsenals of Britain and France. The British and French systems are nationally based strategic deterrents designed to defend France and Britain, not to deter attacks on the other countries of NATO.

The Soviet demands for nuclear forces as large as all countries combined is tantamount to a demand for effective military superiority and thus global hegemony.

The Soviet statement also rejects global limits on long-range INF despite the fact that many SS-20s stationed in Asia can reach parts of Europe, and all could be rapidly redeployed against Europe. Moreover, we cannot accept an agreement which would transfer the

SS-20 threat to our friends and allies in Asia.

On START we welcome the Soviet statement that it seeks deep reductions. However, we reject the Soviet assertion that the U.S. proposal is one-sided. The United States has proposed substantial reductions to equal levels in the important measures of strategic capability.

¹Made available to news correspondents by Acting Department Spokesman Susan Pittman. ■

Strategic Arms Reduction Talks

PRESIDENT'S STATEMENT, JUNE 8, 1983¹

The strategic arms [reduction] talks, or START as we have named it, officially resumed today in Geneva. And I would like to speak for a moment about my hopes for these important negotiations and about changes which I've decided to make in our START proposal. Such changes reflect concerns and recommendations of the Scowcroft Commission, the Congress, and others. They offer the prospect of new progress toward a START agreement.

Before discussing these specifics, I would like to comment on what I see as very positive developments taking place both here and abroad. I'm happy to say that today there's a growing sense that we're making progress. I just met in Williamsburg, as you perhaps have heard, with the leaders of the major industrialized nations, and I was struck there, not only by the facts and figures pointing toward economic recovery, but also by a spirit of optimism and cooperation which was remarkable. This same spirit is visible in our discussion on security issues.

In NATO, as in other alliances, there's a new feeling of partnership. The Atlantic alliance is alive and well and its close consultations are a source of strength and participation for each of its members. At least as important, and very gratifying to me, is the new spirit of bipartisanship on national security issues which is increasingly evident in both Houses of Congress.

When I established the Scowcroft

Commission I could not then foresee the impact that this outstanding panel would have. Clearly, the Commission's work, which went beyond MX to address critical issues of deterrence and arms control, has become a major stimulus to the rethinking of national policy. The Commission's report challenged some favorite assumptions and called for changes in our strategic planning. At the same time, it expressed support for my Administration's most heartfelt objectives in arms control: deep reductions, modernization for stability's sake, and the elimination of the first-strike threat.

I have pledged to Congress my full support for the Scowcroft Commission recommendations and my intention to incorporate them in our START proposal. So that we can continue to benefit from the wisdom of its counsel, I intend to ask the Commission to continue to serve. Its bipartisan membership will thus be able to provide timely advice to me, both with respect to the adoption of its proposals into our defense program, and our arms control policies.

In recent weeks, officials of my Administration and I have had an extensive series of private meetings with many Members of Congress. We've reviewed implications for the START negotiations of the Scowcroft Commission recommendations and also of the mutual guaranteed build-down advocated by a number of distinguished Members of Congress. The review of our START position was capped by four recent meetings, three yesterday and one today.

Yesterday morning at a meeting of the National Security Council, my senior advisers and I reviewed major implications and options. We also considered range of congressional viewpoints.

Yesterday afternoon I met with groups of Senators and Congressmen whose interest and expertise in arms control I value highly. I discussed with them major issues before us. And this morning I met with the leadership of both Houses of Congress. And throughout the START negotiations the Administration has consulted with our allies.

Three full rounds of negotiations START are now behind us. It's my judgment that these rounds have been useful and have permitted us to cover necessary ground. However, due largely to Soviet intransigence, we have not made meaningful progress on the central issues. I remain firmly committed to take whatever steps are necessary to create the likelihood of real substantive progress toward an agreement involving significant reductions in U.S. and Soviet strategic nuclear arsenals and in the national security interests of both sides. Above all, our goal is to maintain a stable nuclear balance in order to reduce the risk of war. Our efforts in the START negotiations must be guided by that objective.

The report of the Scowcroft Commission offers us a new opportunity for progress. It has provided a consistent and coherent framework to guide our thinking about the fundamental elements of our national security policy—deterrence, defense, and arms control. But more than that, it has provided the basis for renewed, bipartisan support for that policy.

To capitalize on this critical opportunity and on the basis of the widest possible range of advice, I have directed new steps toward progress in achieving real arms reductions at the START negotiations. The purpose of this guidance, provided to Ambassador El Rowny, our chief START negotiator, is to adjust the U.S. START position to bring it into line with the Scowcroft Commission's recommendations and to provide additional flexibility to our negotiators in pursuing our basic goal

Although we have put forth a comprehensive proposal on limiting strategic missile systems and bombers, our primary aim in the START negotiations has been, and continues to be, to reduce the threat posed by the most destabilizing systems, namely ballistic missiles. To that end, measures that constrain the number and destructive capability and potential of ballistic missile warheads are essential. Our proposed limit of 5,000 total ballistic missile warheads—a reduction by one-third of the current level—remains the central element of the U.S. START position. The U.S. START position tabled in previous negotiating rounds includes other constraints. It would have limited the number of deployed strategic ballistic missiles to no more than 850 deployed strategic ballistic missiles. This measure was viewed as being as useful or important a constraint as the limit on total strategic-missile warheads.

The Scowcroft Commission report specifically suggested that it should be assessed since it could constrain the direction we seek toward small, single-head ICBMs (intercontinental ballistic missiles). Acting upon the Commission's recommendation, I have now directed our negotiators to adjust our position on deployed ballistic missiles by bringing our current proposal for an 850 deployed ballistic missile limit.

At the same time, the United States remains firm on the point that the destructive capability and potential of strategic ballistic missiles must be addressed in START. Our current position includes a set of constraints designed to lead toward a more stable, strategic balance at reduced force levels while addressing the destructive potential of missiles. The Soviets and others have complained that these constraints are demanded to dictate Soviet force structure, according to U.S. standards. This is not correct. We believe, as does the Scowcroft Commission, that ability, or flexibility, can be increased by limitations on the destructive capability and potential of ballistic missiles. As a consequence, we will continue to propose such constraints which indirectly get to the root of the problem while making clear to the Soviets our readiness to deal directly with the corresponding destructive capability, if they prefer.

There may be more than one way to achieve our objective of greater stability at reduced levels of arms. So I've instructed Ambassador Rowley to make clear to the Soviet delegation our commitment to our fundamental objectives, but I have also given him the flexibility to explore all appropriate avenues for meeting our goals. I sincerely hope that the Soviet Union will respond with corresponding flexibility.

Finally, high priority work is continuing on how the mutual and guaranteed build-down concept proposed by several U.S. Senators can be applied in our quest for significant and stabilizing strategic arms reductions.

These actions reflect a bipartisan consensus on arms control and new flexibility in the negotiations, steps to be viewed by the Soviets and all others who have a stake in world peace. To the

leaders of the Soviet Union, I urge that this new opportunity not be lost. To America's friends and allies around the world, I say that your steadfast support for the goals of both deterrence and arms control is essential in the future. To Congress and to the American people, I say let us continue to work together in a bipartisan spirit so that these days will be spoken of in the future as the time when America turned a corner. Let us put our differences behind us. Let us demonstrate measured flexibility in our approach while remaining strong in our determination to reach our objectives of arms reduction, stability, and security. Let us be leaders in the cause of peace.

¹Text from Weekly Compilation of Presidential Documents of June 13, 1983. ■

Extension of the President's Commission on Strategic Forces

PRESIDENT'S STATEMENT, JUNE 10, 1983¹

First, I want to take this occasion to again thank members of both parties in the Congress for their support of the Scowcroft Commission's recommendations on modernization, deterrence, and arms control. Their support for these crucial, interdependent recommendations gives us a genuine chance to achieve balanced, verifiable arms reductions—the goal we all seek. I am determined to achieve effective deterrence and significant strategic arms reductions, and I am confident that they can be achieved. But, if we are to secure our common objectives, the consensus we now have must be maintained.

I look forward to working with the Congress in the days ahead to maintain and strengthen this bipartisan consensus. In this regard, I will submit an annual status report to the Congress. To assist me in this effort, I am pleased to announce that I have asked the members of the Scowcroft Commission to continue to serve until January 3, 1984. The Commission will review, on a periodic basis, the progress made in implementing the recommendations contained in its report of April 1983, with particular reference to the deployment of the Peacekeeper missile, development

and deployment of a small, single warhead intercontinental ballistic missile system, and developments in strategic arms reductions. The Commission will consider carefully the views of the Congress during the review. The value to the country of this bipartisan framework both with the Congress and through the Scowcroft Commission is evident to all. It must be and shall be sustained through and beyond the work of the Commission. I pledge this to the Congress and ask their reciprocal good faith.

In addition to consulting closely with the members of Congress, I have directed Chairman Scowcroft to seek out views and assistance from a wide variety of leading authorities in the strategic and arms control field. As before, the Chairman has authority to appoint senior counselors as he deems appropriate.

As we continue to move forward in this vital bipartisan effort, let us all keep in mind our fundamental goal—to conclude agreements that will enhance security and stability by reducing overall strategic force levels while permitting modernization of forces necessary for effective deterrence.

¹Text from Weekly Compilation of Presidential Documents of June 13, 1983. ■

Williamsburg in One Word: Confidence

by W. Allen Wallis

Address before the 1983 Foreign Investment Policy Forum, sponsored by the Government Research Council and the National Journal, on May 4, 1983. Mr. Wallis is Under Secretary for Economic Affairs.

When I began to prepare some remarks for this evening, I reread Tony Stout's letter of invitation. I was struck by one sentence which reads: "The purpose of our effort is to stimulate confidence [in the U.S. Government and its competence] and overcome a great deal of questionable 'news' reporting that these investors are subjected to in their host countries."

Among the definitions of the word confidence is the idea of certainty, or a feeling of certainty about some thing or some person. Confidence connotes a sense of trust.

My sensitivity tonight to the word "confidence" arises from having been involved for the past 6 months in preparations for the 1983 economic summit, which will bring together the leaders of the seven largest industrial economies in the world. President Reagan is the host and chairman of this year's meeting, which will be held at the end of this month in Williamsburg, Virginia. The President appointed me to be his personal representative for the policy aspects of the summit. Fortunately, he gave the hard part—administration and logistics—to Mike McManus in the White House.

These economic summit meetings, although only 9 years old this year, are already fraught with traditions. Some of those traditions are detrimental to effective exchanges of views among the leaders. Following the misunderstandings—even hard feelings—that followed last year's summit, the President and his colleagues decided to shatter some of those traditions and make this year's summit meeting an informal, flexible opportunity for consultations and collaboration.

As the personal representatives of the other summit participants and I began to plan the type of summit the participants wanted, we quickly realized

that even an informal, consultative summit would have to have a message. Current economic conditions do not allow the leaders to meet and simply say they met. So we put our minds to an appropriate message for Williamsburg. The search was not long, nor was it difficult. What the economy of the world needs most is recovery. Unemployment, slack trade, and burdensome debts all call out for a revival of economic activity. Indeed, as we have prepared for the summit during the past 6 months, recovery has become more and more evident—not only in the United States but also in Britain, Germany, Canada, and Japan. There is now good cause for realistic optimism and confidence about the recovery.

Confidence, then, will be a major part of the message of Williamsburg. What I would like to do tonight is examine with you the role of confidence in the functioning of our market

economies. Why do we need confidence? How can confidence be restored? I will discuss the role of confidence in economic growth, in the debt problem, and in East-West economic relations. Then I will consider how the message of confidence might be expressed at Williamsburg.

First, what is the role of confidence in Western economies? To answer this question, we must look at the nature of the market economy.

For some years now, economists have divided up into teams—the macroeconomists and the microeconomists. A notion was widely held that a national economy as a whole has characteristics which conceptually are different from the basic unit of a transaction. This notion led economists and policymakers to ignore the fundamental laws of individual behavior that motivate the parties to a transaction. In fact, of course, the national economy as a whole is simply the aggregation of millions—even billions—of transactions, each motivated, as Adam Smith pointed out, by individual self-interest. To enter into a transaction, each participant must have an adequate degree of confidence that his interest will be served by that transaction, otherwise he will choose not to participate. (Obviously, transactions with

the government are of a different nature since the state has the power of compulsion. More on this later.)

But the importance of confidence is not limited to the individual transaction. It is not simply a matter of whether a car dealer or another will provide better service, whether one brand of shoes or another will stand up under hard wear, whether one doctor or another will make the right diagnosis, or whether one lawyer or another will win the malpractice suit if he doesn't. Even more important is confidence in the system. Will there be a car available tomorrow? I decide to buy one then? And if I buy the car, will gasoline be available, will ever I may drive? Will I be able to sell the car if suddenly I change my plans?

As I said earlier, the leaders at Williamsburg can realistically be confident that the global economy is moving up, that the long recession is over, and that the recovery will be sustainable over the long run. To be credible, the leaders must show that the legacies of the recession—unemployment, debt, and conflicts about trade with the Soviet Union—are being reversed. Let me briefly comment on each of them.

Economic Growth

Some weeks ago, after the first meeting of personal representatives preparing for Williamsburg, I was asked to summarize the meeting in one word. I said, "Job." Indeed, the ultimate judgment about economic policies now being pursued be based on whether it creates jobs—quick, empty jobs which drain resources for no purpose, not jobs which destroy more jobs than they create but a healthy growing economy which creates viable jobs based on a rational evaluation of demand by the actors in the private economy.

The key to new jobs is investment. As spending recovers, there will be a reduction in unemployment and in idleness. But in the long run, sustainable growth will result from both a growing market and a growing capital stock. Of all the billions of transactions that occur each year in the United States, I expect that none are more sensitive to confidence in the future than investments. Econometric models usually try to capture this factor through survey data or estimates of excess capacity. Investment decisions are necessarily complex. I have participated in quite a few major investments as a director of large corporations, and I was impressed

the number of factors which had to be brought into consideration. I was impressed also—in a less favorable way—the number of factors that depended the arbitrary and often capricious behavior of governments.

A crucial difference between the private sector and government is that the private sector must rely on voluntary transactions—whether the focus be the consumer, producer, middleman, whatever. The government compels. In addition, and perhaps more important, the government responds to different incentives. Since government has the power of compulsion, it can radically change the environment in which an investment decision is carried out. Regulation, inflation, export controls, import restrictions—all are possible for governments. If the private sector is to have the confidence necessary to engage investment, which always entails risk, the government must assure stability in the areas under its control or, even better, must refrain from trying to control certain types of activity. (One example: The Constitution denies to the states the power to control interstate commerce. As a result, the United States is the largest free trade area in the world. It is not a coincidence that the United States also is the wealthiest nation in the world.)

The confidence necessary for a revival of investment will come not from government action but from less; not from new "employment programs" from fewer; not from greater management of the economy but less; not from more protection for industry less; not from more intervention in exchange markets but from less. This is a prescription for a do-nothing government—but a prescription for government which deals only with those matters that are best handled by government; for example, defense, law and order, and the infrastructure. The confidence which will revive investment confidence in the free market system depends on government to manage the economy over the past 20 years have brought us to where we were 2 years ago. Cutting back on government, both spending and regulation, and projecting cuts into the future by indexation of the tax schedule are first steps in restoring private confidence and establishing the conditions for a durable recovery.

Permit me a digression on a favorite subject of many critics of U.S. policy—

high U.S. interest rates. There is a widespread myth that the real rate of interest in the United States at present is high. This is emphasized especially by Europeans, in particular the French, who blame most of the world's ills on the high real rate of interest in the United States. In fact, there is no evidence at all that the real rate in the United States today is high.

How is the real rate of interest calculated? The correct way is to take the nominal rate of interest and subtract from it the anticipated rate of inflation. The incorrect, but common, way is to take the nominal rate and subtract the current rate of inflation. At present, there is a substantial discrepancy between the current and the anticipated rates of inflation. Consequently, there is a substantial difference between the real rate and the unreal real rate.

The nominal rate of interest currently is something on the order of 10%. Governor Henry Wallich of the Federal Reserve system said recently that a survey of businessmen shows that they anticipate a rate of inflation of 6%–7% for the next 10 years. This implies that the real rate of interest currently is 3%–4%, which is in line with historical experience. The unreal, or erroneous, real rate, however, appears to be 7% or 8% if the current rate of inflation is 2% or 3%.

Why the discrepancy between the current and the anticipated rates of inflation? The answer, I think, is experience. Since the Second World War, the U.S. Government has said continuously and emphatically that it was going to eliminate inflation. Inflation has, in fact, been essentially eliminated three or four times in that period. Mark Twain said that he knows that it is easy to stop smoking, because he has done it many times. Similarly, we can say that it is easy to stop inflation: We know because we have done it several times. After each time, however, we went back to a rate of inflation that was even higher than the one we cured. People in the market are aware of this: So, regardless of the intentions of the Administration, they are going to be slow to conclude that inflation really has been brought under lasting control. If, in fact, inflation is kept under control for a period, people in the market will gradually regain confidence and lower their anticipations of the rate of inflation. After all, until about 20 years ago, the United States had very little inflation except in times of war. The average rate from the beginning of the government until 20

years ago, omitting periods of war, was about zero, and perhaps even half a percent negative. So there is a real chance of bringing real interest rates down, provided that the government manages to "stay the course."

Most of the measures proposed for lowering the real rate of interest would, in fact, raise it by creating expectations of further inflation. The only way to lower the real rate of interest is to gain credibility for government intentions.

It should be noted that efforts to lower the exchange value of the dollar against other currencies would also create expectations of inflation. The reason for this is that the primary economic rationale for a declining value of the dollar in relation to other currencies is for the United States to have a higher rate of inflation than prevails in the countries in whose currencies we are interested.

Debt and Trade

What about the debt problems of the developing countries? Until 1973, developing countries acquired capital principally through assistance from governments of developed countries. The relationship between donors and recipients was as much political as economic, or even more political than economic. Since the oil price surge of 1973–74, the developing countries—oil-exporters and oil-importers alike—have received financing from the international capital market. For example, the share of borrowing by developing countries in bank loan portfolios rose from 2.5% in 1973 to 4.5% in 1982. Over half of total LDC [less developed country] debt is held by commercial banks. This shift has important consequences for the borrowers and the industrialized countries.

My purpose is not to pass judgment on the wisdom of accumulating the amount of debt now owed by the developing countries. That is an issue which deserves, by itself, more time than I have for my remarks this evening. But if we start with the situation as it exists, one point is, I think, clear. Commercial banks are private profit-making institutions and are responsible to their shareholders to make the best possible return. They are not foreign policy agencies, nor are they intended to provide development assistance. They are intermediaries between sources and

users of funds. They must have confidence that there is a reasonable chance their loans will be repaid.

In domestic banking, the concept of collateral is valid and contributes to a smoothly operating financial system. There is also an organized procedure for debtors to get out from under a burden of debt that is unupportable. Bankruptcy is not without costs to creditor and debtor, but it is a proven, functioning mechanism.

In the international arena, neither concept is present. Collateral is virtually meaningless in so-called sovereign lending. Bankruptcy—or default—is not an established means of reorganizing debts. In addition, for reasons of foreign policy, governments in the banks' home countries get involved when payments on loans are in jeopardy. In fact, the question is now being asked: "How can governments keep the banks lending to the LDCs?"

That question, in a sense, begs the issue by implicitly ignoring the obvious answer. Banks must have confidence that continued lending will be profitable. That is at the heart of the way a market system works. Ideally, this judgment should take account of the medium- and long-run factors so as not to precipitate a crisis when the borrower is making an effort to restore its capacity to pay.

Rumors of "debtors' cartels," payments moratoria, and other actions or words in that vein from debtors and other governments undermine confidence. In international banking, even more than in domestic banking, confidence is essential. That confidence on the part of banks is being eroded at present.

The proper question, therefore, is how can confidence be restored, so that private banks will maintain and, if appropriate, increase their loans to individual countries? The IMF [International Monetary Fund] clearly has a major role here. So do the borrowing countries, which must recognize that the banks will respond, foremost, to economic and financial incentives. The developed world also has a responsibility. Debts cannot be paid unless export

revenues can be earned. Manufacturing exports from developing countries face the stiffest of trade barriers. Commodity exports are particularly vulnerable to recession in the developed countries.

At Williamsburg, the leaders can be expected to explore the debt issue in this light—not as an isolated problem but as one thread in a fabric of growth, trade, and finance. By pointing to economic recovery and by committing their countries to roll back restrictions on trade, the leaders at Williamsburg can contribute to renewed confidence in the economies of the developing countries. The developing countries will have an opportunity to make their contribution to renewed confidence at the meeting of the UN Conference on Trade and Development which begins a few days after Williamsburg.

East-West Economic Issues

My third topic—East-West economic relations—poses an entirely different set of problems. I will not go into any detail here, other than to describe the problem. More than in any other "economic" relationship, economic relations with the Soviet Union and Eastern Europe have a security dimension which cannot be overlooked. The necessary intrusion of government into this relationship is caused primarily by insufficient confidence in the political realm between East and West. This results from the dangerously threatening behavior of the Soviet Union. The West must find a way to deal with the adversarial relationship in the political and security dimensions and still enjoy the benefits of trade in the economic dimension. We have come a long way in the past 6 months toward better understanding of the economic and security aspects of East-West economic relations. Work in the OECD [Organization for Economic Cooperation and Development], COCOM [Coordinating Committee for Multilateral Security Export Controls], NATO, and the International Energy Agency has been intense and productive. Each government must now examine the evidence and adopt the policies appropriate to its circumstances.

The Message of Confidence

How will this message of confidence emerge from Williamsburg? A message requires a medium, and the media will not be absent from Williamsburg. We expect around 3,000 ladies and gentlemen of the press to attend. But I fear that the true message may not be heard. These press people must look for activism, for drama, for conflict. If Williamsburg goes as we expect, it will be a "dog-bites-man" story, not the more dramatic "man-bites-dog" story that would make good headlines.

We have experienced 20 years or more looking for government to solve economic problems. But the U.S. economy cannot be dominated by government and be strong. The message of confidence will be based on the clear signs that economic recovery is underway. Tough and often unpopular policies in the United States—and in Great Britain—are paying off. Inflation has been nearly eliminated, consumer and business confidence stand at their highest levels in 9 years; the leading economic indicators are strong and positive.

This is not the time, as some would suggest, to use the so-called room for maneuver to give the economy a kick. This is the time to acknowledge that a return to market principles, a lower government profile, and a commitment to sound long-run economic policies has been the source of the recovery. The same policies can assure the confidence that will sustain noninflationary growth for a long time to come. ■

NATO, Western Security, and Arms Reduction

Kenneth W. Dam

Address before the Executive Club, Oslo, Norway, on March 21, 1983. Mr. Dam is Deputy Secretary of State.

For Americans, a visit to Norway is an opportunity to learn more about our own culture. Much of what we Americans take pride in, we owe to our Nordic heritage. The traits of personal independence, self-reliance, endurance, and perseverance which built the American West were forged here on the fjords and the farmlands of Norway.

Those men and women from Norway who crossed the sea to build a new nation in America brought with them their skills, their labor, and their worldly goods. They also brought with them a set of values—respect for family, for church, and for themselves as free men and women. These values provided the moral foundation upon which our nation was built.

On a more personal note, I am particularly delighted to return to the region of my own ancestors.

I find in Norway today that the attitudes and concerns about the course of world events are much the same as those in my own country. There is concern about continued threats to international peace. There is anxiety about the growth in armaments. There is uncertainty about the future.

I am not surprised that these concerns are keenly felt in Norway. People who have experienced the horror of war know the benefits of peace. People who have experienced the oppression of occupation know the value of freedom. Western Europe was mankind's greatest battleground for two millennia. Nations struggled against nations. Peoples enslaved peoples.

This must never happen again, especially in the nuclear age. No nation must ever be allowed to assume that it has anything to gain from a nuclear war. As President Reagan has said, "A nuclear war cannot be won and must never be fought."

That truth will be the touchstone of my remarks this evening. Those remarks will address various concerns about the alliance, Western security, and arms reductions. I shall describe the foundations of our alliance for peace with freedom. I shall then describe the

policies of that alliance. Those policies are based upon two imperatives: the need to maintain a stable military balance and the need to maintain a dialogue on arms reductions. Those imperatives are clearly manifested in the 1979 NATO "dual track" decision which has resulted in the U.S.-Soviet intermediate-range nuclear force (INF) negotiations in Geneva. I shall conclude my remarks with an assessment of the prospects for agreement in those important negotiations.

An Alliance for Peace With Freedom

Modern weapons pose an unprecedented threat to security. Yet Western Europe has enjoyed peace with freedom for the past 38 years. One must go far back in the history of this continent to find as long a period in which there was not a single war, however small, fought upon its territory.

Outside Western Europe over 100 international conflicts have erupted since 1945. Obviously, the peace we have known for 38 years is no accident. It is not the result of a change in the nature of man. It is not the result of a change in the behavior of nations. The peace of Western Europe results from an act of will and a conscious set of policies.

The act of will is the commitment contained in Article 5 of the North Atlantic Treaty. That article asserts that all members of the Western alliance will regard an attack upon any one member as an attack upon all.

This undertaking was freely entered into by 12 independent nations in 1949 and four more since then. It is more than a formal gesture. It is the foundation upon which peace in Europe has been built for more than a generation. It recognizes that the fate of Western peoples, of Western values, of Western civilization depends on the ability and will of Western governments to work together. Every nation in the alliance plays a vital role in our collective security. The United States applauds the important contribution Norway has made and continues to make to the alliance.

The act of will embodied in Article 5 has been translated into a conscious set of policies. Those policies have kept the peace in Western Europe for well over

three decades. They are based upon two imperatives: military balance and arms control.

First, we must maintain a stable military balance to remove any incentive for aggression.

Second, we must maintain active negotiations between East and West to reduce the level of arms.

The policies of the alliance are based squarely on these twin imperatives of military balance and arms control. These imperatives found their most recent expression in December 1979. At that time the NATO countries unanimously decided to seek limits on Soviet long-range intermediate nuclear forces in Europe and to deploy counterbalancing forces if negotiations fail to remove the Soviet threat.

Challenges to Mutual Security

After nearly four decades of success, it would seem that few in the West would contest that peace with freedom should be our common goal, that collective security should be our vehicle, and that a stable military balance and arms control should be the twin imperatives of our policy. Yet today even these fundamental notions are subject to debate within the member nations.

Some serious and thoughtful individuals question whether it is moral or prudent for the West to maintain such a military balance with the East. Others would argue that it is unnecessary to expend energy and resources to maintain a military balance. Still others have been persuaded by a generation of peace that the Soviet Union has no current aggressive intentions against Europe, and would not develop such intentions, even if it were permitted to acquire a preponderance of military power. The view that Soviet restraint toward Western Europe is inherent, rather than enforced, has even survived the Soviet use of military might in East Germany in 1953; in Hungary in 1956; in Czechoslovakia in 1968; in Afghanistan in 1979; and in the continued political, economic, and military coercion of Poland.

In our alliance, unity and resolve are not imposed by force of arms but are maintained through free choice. The current debate over alliance policies is a sign of the vitality that only a free partnership of sovereign states can possess. We have always achieved broad accord

on the challenges facing the alliance not despite this debate but because of it.

A clear majority of the Western public now agrees on the threat we face. They recognize that West European peace and freedom cannot endure if left undefended against a dominating Soviet neighbor. They look to the alliance to take concrete steps to maintain the military balance needed to prevent war in Europe. They also look to the alliance to take concrete steps to reduce the risk of war in the first place. It is for this reason that our efforts to maintain a military balance have been paralleled by the maintenance of a dialogue with the Soviet Union. The most important dialogue of all is that which seeks to control and reduce the armaments of war.

Arms Control Agenda

The United States and its allies have pursued and continue to pursue every promising avenue toward arms control. Arms control has always been a major element of Western security policy. There have been some notable successes in this endeavor: the Atmospheric Test Ban of 1963, the Nuclear Non-Proliferation Treaty of 1968, and the SALT I accords of 1972.

The 1970s were, however, a particularly disappointing decade for arms control—disappointing because it initially seemed so promising. Many negotiations were begun. Some were successfully concluded. Yet after a decade of negotiation, there seemed to be more arms in the world, not less.

This disappointment did not diminish our resolve. The United States has been the historic leader among nations in seeking genuine arms control measures. Today, with the support and cooperation of our allies, we continue our serious efforts to negotiate effective and verifiable arms control measures.

- We are working to obtain agreement on a European-wide conference on disarmament as part of a balanced outcome, including progress in human rights in the Madrid Conference on Security and Cooperation in Europe.

- Sixteen months ago we began negotiations on intermediate-range nuclear forces (INF) in Geneva. This was an entirely new area for arms control for the United States and for the alliance.

- Seven months later we began the strategic arms reduction talks (START), also in Geneva.

- Last summer, we and our allies put forward a comprehensive pro-

posal for reducing conventional forces in the mutual and balanced force reductions talks in Vienna.

- Most recently, the United States has urged accelerating negotiations on a comprehensive ban of chemical weapons. The United States has tabled its detailed views on the possible contents of such an accord in the 40-nation Committee on Disarmament.

In short, the Western approach to arms control has moved along several different fronts. Yet one cannot ignore the fact that recent events have focused attention upon the U.S.-Soviet INF talks in Geneva. I should like, therefore, to take a moment to examine the status of those important negotiations.

The INF Talks

The U.S. position in the INF talks is based on the initiative which President Reagan announced in November of 1981 and which has been fully endorsed by our allies. In support of the 1979 NATO decision, the President offered to cancel deployment later this year of U.S. Pershing II and ground-launched cruise missiles in Europe if the Soviet Union agreed to eliminate its INF missiles—the SS-4, SS-5, and SS-20. This proposal was based upon the belief that the complete elimination of the entire class of longer range land-based INF missiles remains the best and most moral outcome to the negotiations.

The President has made it clear, however, that ours "is not a take-it-or-leave-it proposal." He has instructed Paul Nitze, our ambassador to the INF talks, "to explore in Geneva every proposed solution" that is consistent with the principles supported by our European allies.

These principles state that a fair agreement must be based on equal levels of U.S. and Soviet forces. British and French national strategic systems are, by definition, not a part of these negotiations. Soviet proposals which would merely shift the Soviet threat from Europe to Asia cannot be considered reasonable. Finally, a fair agreement must contain effective verification measures, and not undermine our ability to defend NATO with conventional forces.

The Soviet Union recognizes the universal appeal of President Reagan's proposal to eliminate an entire class of nuclear weapons. It cannot afford to reject this arms reduction proposal in principle, lest it lose the battle it is waging to sway Western public opinion. Yet the Soviet leadership has not brought itself

to accept arms reductions in practice. Instead, the Soviets have sought a device which would permit them to advocate reductions without having to accept them. They have found such a device in their insistence on compensation for British and French nuclear forces.

What the Soviets are arguing is that they must be allowed to retain a number of SS-20s in Europe equal to the number of British and French strategic forces. This argument is based upon a claim that a nuclear balance currently exists in Europe. The facts belie this claim. And the Soviets know the facts.

- The Soviets know that the British and French forces are different in type and function from the American and Soviet systems under negotiation.

- The Soviets know that almost a third of the British and French forces are sea-based, submarine-launched strategic missiles, not land-based INF missiles like the Soviet SS-20.

- The Soviets know that the British and French forces are strategic weapons of last resort, designed to defend Britain and France not to prevent attacks on other NATO countries.

- The Soviets know that the United States has rejected similar demands for compensation for British and French systems in the SALT I [strategic arms limitation talks] and SALT II negotiations.

- The Soviets know that their demand for a nuclear force as large as that of all countries combined is tantamount to a demand for military superiority over any one nation and thus for global hegemony.

- The Soviets know that only American weapons, not British or French, can directly tie the defense of Europe to the U.S. intercontinental force.

For all these reasons, the Soviets know full well that NATO cannot accept the Soviet demand for including British and French nuclear systems in the INF talks.

The truth is that the current Soviet position in Geneva is not put forward as a basis for serious negotiations but as means to block progress on arms control. The Soviet position merely gives the appearance of arms control while resisting the reality. That it is intended as a barrier to progress is underscored by the fact that the Soviets have refused to resolve, or even seriously address, important issues in the talks until their claim regarding British and French systems is met.

In erecting such a barrier to progress, Moscow puts off the day when it must consider serious limitations upon its own forces. In turn, Moscow hopes to buy more time to threaten European governments, to sway Western public opinion, and to secure limits on U.S. systems without accepting any corresponding limits on its own.

Aspects for Agreement

stating that the Soviets are not now negotiating seriously in the INF talks, I do not mean to suggest that they will never do so. On the contrary, we have seen before seen them raise similar obstacles, only to drop them once the decision to move toward agreement has been made in Moscow.

I have already noted how the Soviet Union raised and then dropped its demand for compensation for British and French systems twice before, once in SALT I in the early 1970s and again in SALT II in the latter part of the decade.

In 1972, they moved quickly to conclude a treaty on antiballistic missiles (ABM), but only after the U.S. Congress had voted funds to build our American ABM systems.

In 1980, the Soviets reversed their usual to negotiate about intermediate-range nuclear forces, but only after NATO had made it clear that it would find such a force of its own if an arms control agreement could not be obtained.

Today, as on those occasions in the past, the alliance must demonstrate to Soviet leaders that they cannot believe the limits they would like to see U.S. forces unless they are prepared to accept comparable limits upon their own. Once the Soviets drop the illusion of accepting the reality of arms control, they will find the United States and its allies ready to respond.

We will pursue with imagination and vigor the INF negotiations and all other arms control efforts in which we are engaged. We will negotiate in close cooperation with other allied governments. The United States believes that negotiations are essential to securing the most effective participation in the arms control process. Tomorrow I will refer such consultations with the Government of Norway.

A vital objective of our government, our government, and those of all allied nations is to secure arms control agreements which will help assure that children can enjoy the peace with freedom we have experienced for the past 38 years. Arms control alone cannot provide these conditions. To rely

only upon arms control for our security would be to rely upon the good will of an adversary who may want peace on his own terms, but who is certainly hostile to freedom.

But as long as Western nations demonstrate the collective will to provide for their security through their own efforts, arms control can enhance stability, lower the risk of war, and reduce the burden of armaments.

The Real Peace Movement

In considering how to proceed in the years ahead, Western leaders would do well to recall that 45 years ago the governments of the free world engaged in wishful thinking and ignored the need for a balance of forces. Their peoples subsequently paid a terrible price. Once truly learned, however, the lesson was not forgotten. In the aftermath of war, the Western nations created by an act of will an effective instrument for mutual security, the NATO alliance.

The twin imperatives of military balance and arms control have guided alliance security policy for the past generation and have preserved peace and freedom for that generation. Those imperatives are manifested in the NATO decision of December 1979 to seek limits on Soviet INF missiles and to deploy U.S. missiles if negotiations fail to remove the Soviet threat.

The Atlantic Alliance: Facts and Lessons of History

by Kenneth W. Dam

Address before a conference sponsored by the Atlantik-Brueck and the American Council on Germany, West Berlin, on March 25, 1983. Mr. Dam is Deputy Secretary of State.

This year, as we all know, we are celebrating the 300th anniversary of German immigration to the United States, which is a way of celebrating the enormous contribution that Germans have made to America.

Germans who settled in my country have enriched its literature, art, scholarship, science, industry, commerce, religion, philosophy, cuisine, and every other dimension of American life—not to mention American beer. In the 19th century, universities and graduate schools

It was only after the alliance took this decision, unanimously and with a common commitment, that the Soviet Union reluctantly agreed to enter arms control talks to limit intermediate-range nuclear missiles. More recently, alliance solidarity has forced the Soviets to begin talking about what seem to be reductions on its side. Yet, still the Soviets insist that they must have a monopoly on these systems. Still the Soviets demand compensation for British and French nuclear forces. Still the Soviets attempt to block Western deployments by dividing the alliance and challenging our resolve.

As a result, the INF issue has become a test of the alliance's ability to carry out a decision made by all its members and a test of Western ability to sustain the policies which have provided us with peace with freedom for over three decades.

After 34 years of success, NATO should be considered the real peace movement, the proven peace movement, the only peace movement which guarantees peace and freedom, too. We must adhere to both elements of our approach to East-West relations. We must maintain a balance of arms to avoid war. And we must pursue effective, verifiable arms reductions to reduce the risk of war. In so doing, we will make NATO as successful a peace movement in the next generation as it has been in ours. ■

grew up in America modeled after German institutions of higher learning. Inventors like George Westinghouse and Karl Steinmetz, entrepreneurs like John Jacob Astor, statesmen like Carl Schurz—the list is endless—have left the mark of their genius. It is fitting to add, before the *Atlantik-Bruecke*, that one field in which German-born engineers made a remarkable contribution was bridge building.

This heritage is only one of the many senses in which Germany, Europe, and America today are the products of a shared history and the sharers of a common destiny. In the second half of the 20th century, nothing symbolizes this better than the city of Berlin. It is a profoundly moving experience for any American to visit here. For all of my generation, Berlin will always be the city of the airlift; the city cruelly divided by

a wall that dramatizes the moral and political struggle of our time; the city where President Kennedy, 20 years ago, rededicated my countrymen to helping ensure the freedom of its brave people.

Germany and Berlin have been an important part of my own life. I have lived here, and my experiences here are etched deeply in my memory. I shall never forget a halcyon weekend I spent in Berlin in 1961 just 1 week before the Wall was built. Nor will I forget a summer spent in Zehlendorf in 1976, when my 5-year-old son had to walk alongside the Wall each day to reach the nursery school he was attending.

For an American, a stay in Berlin has a way of not only dispelling some illusions about the world, but also of rekindling pride in the courage and faith which our German friends have shown in the cause of freedom. For all these reasons—historical, political, moral, and personal—I am honored to speak at this conference, in this city.

The Atlantic Alliance: Past and Future

This year we also celebrate the 34th year of another historic common enterprise—our Atlantic alliance. "It is clear," Dean Acheson once said, "that the Atlantic pact is not an improvisation. It is a statement of the facts and lessons of history." Acheson knew that the facts and lessons of history are only guides to action; they do not guarantee action. Acheson, who was present at its creation, knew that the alliance had to be created. It did not have to be; it took wisdom and some courage to bring it about. In a new era in history it is up to all of us to summon the same wisdom and courage to assure its survival.

I am here to pledge to you the enduring commitment of my country to work with all its allies to ensure our common security, freedom, and well-being in the generations to come.

The Atlantic alliance has been a remarkable and unique achievement. It is a free association of democracies, joined to defend not only territory but a set of principles and values embodying a civilization. Article 2 of the North Atlantic Treaty declares its common purposes: not only collective security but also the strengthening of free institutions; promotion of conditions of stability and well-being; elimination of conflict in international economic policies; and encouragement of economic collaboration.

In the early postwar period, the Western democracies faced challenges to all these common purposes. Their

response was creative and bold. The Marshall Plan, for example, had more than purely economic significance. European and American leaders, taking to heart one of the harsh lessons of the peace after World War I, remembered that German economic recovery was crucial to the economic—and political—recovery of the rest of Europe. They saw that the European economy was a geographic whole and could not be reconstructed solely on a nation-state basis. American economic assistance was provided on the condition that European nations cooperated among themselves in allocating it. In response they created the first institutions of European economic integration. Our leaders created NATO in the same cooperative image to provide a shield against aggression. Behind that shield, European economic recovery proceeded and accelerated. This postwar order in Europe ensured for the free world an era of unparalleled security, prosperity, and human progress.

The facts and lessons of this recent history are twofold. One is that our economic, political, and military challenges are intertwined. A more basic lesson is that democracies can overcome enormous challenges only if they have the foresight and will to act together. Despite this proud history—and perhaps because of the complacency induced by success—the alliance today is the object of criticism and no little pessimism. A generation after its founding, some people question whether it is suited to radically new conditions. Some question whether its members still share common interests on many issues. Some question whether the free nations still have the will to maintain their solidarity.

The dangers we face today may not seem as dramatic as the economic devastation, political instability, and overt military threats that first brought us together in the late 1940s. Nevertheless, they may be more insidious for that reason and no less menacing to our way of life and shared values. We need a conscious effort of rededication to overcome these new dangers. "Business as usual" may be fatal.

As in the late forties, the problems we face cover a wide range of issues.

- In the economic field, we face the danger of mounting protectionism, growing debt, low growth, and cruelly high unemployment.
- In the security field, we must respond to an unprecedented Soviet military buildup.
- In the political field, we have differed over too many issues and need to

shape a new common strategy for meeting the Soviet challenge and promoting our shared values.

Our task is to address these problems soberly, sensibly, creatively. Our task is to ensure that our diversity enriches our alliance instead of debilitating it. The problems will not solve themselves. Nevertheless, I am confident that by statesmanship and common effort we can surmount these obstacles as we have surmounted so many others. I am reminded of a line from Lessing's *Minna von Barnhelm*:

Man spricht selten von der Tugend,
Die man hat; aber desto oeffter von der
Die uns fehlt.

(One speaks seldom of the virtue that one has, but all the more often of that which one lacks.)

Let me address the three categories of problems we face—economic, military and political—and their interrelationships and suggest common approaches to resolving them.

The Economic Dimension

The daily lives of our citizens are touched in the most intimate way by problems in the economic field. We are now emerging from a recession that lasted 17 months. That recession was the longest since the end of World War II. Economic activity in North America and Europe has declined; Japan's industrial production has levelled off; the growth of several developing countries has stalled under the weight of the \$700 billion international debt. Unemployment has soared—32 million people are out of work in the 24 advanced countries of the Organization for Economic Cooperation and Development.

We all know that these economic difficulties have caused hardship. Equally important, they have strained democratic systems in some countries and caused political upheavals in other. Protectionist pressures and trade disputes have tested the political bonds among long-time allies. In some countries economic burdens have weakened the capacity, or at least the willingness, to match the dangerous Soviet arms buildup and have created what some of us regard as an unfortunate degree of dependence on trade with Eastern Europe and the Soviet Union.

In the 1970s, after the first oil shock, the democracies found the wisdom to cooperate to an important degree. While growth rates were falling

tion rising, unemployment mounting and energy costs soaring, we entered the transformation of the international monetary system from fixed exchange rates. We developed new arrangements for the pricing of energy supplies in times of crisis. We absorbed, however imperfectly, the impact of major shifts in the distribution of the world's wealth resulting from the oil price rises.

Today, in the wake of the economic crisis induced by the second oil shock, we have before us the prospect of a sustained long-term recovery. In several or industrialized countries we see the signs of a revival of vigorous non-inflationary growth. In the United States, for example, inflation (measured as the consumer price index) has averaged from 12.4% in 1980 to just 3.5% in the 12 months ending this February. The prime rate is now at 10.5%—about its recent peak of 21.5%. New factories were up 2.4% in January, and inventory backlogs have been declining regularly for a year. Finally, the Dow-Jones industrial average has risen to the 1,100 mark for the first time since 1973.

The recent rollback in oil prices will allow all of us to consolidate our gains against inflation even as we begin to exit. But our prospects for recovery are clouded by two looming problems which cannot be resolved except by cooperative action.

The first is the debt problem. We have made a good start. The cases of Mexico, Argentina and others show that the debt burden can be managed. A successful strategy includes a combination of short-term bridging financing, plus adjustment programs implemented in conjunction with the International Monetary Fund (IMF) and commercial banks.

To provide new liquidity vital to the economic growth, the United States strongly supports the proposed 2% IMF quota increase. We have decided that this increase go into effect in 1985, instead of 1985. We also support expansion of the general arrangements to borrow from \$7 billion to \$19 billion. This expanded fund will be available to any IMF member whose liquidity problems threaten the financial system as a whole. We are urging private banks to play their part by maintaining sufficient levels of private lending, so as not to choke off debtors' liquidity and chances of recovery.

The second and more severe problem we face is the danger of protectionism. World trade was stagnant in

volume in 1981 and fell an estimated 2% in 1982. We all know that protectionism would further restrict trade, sabotage the recovery, and increase unemployment. In the United States one out of every seven jobs is export related. In Europe the ratio is even higher.

Prospects for recovery will depend upon concerted action to maintain the open trading system. Last November's ministerial meeting of the General Agreement on Tariffs and Trade (GATT) kept the GATT system together and moving, however slowly, in a positive direction. The ministers pledged "to refrain from taking or maintaining any measures inconsistent with the GATT."

The Reagan Administration will work with its partners to translate that open trade pledge from words into concrete actions. We will not acquiesce in other nations' trade-distorting practices—especially in the agricultural and service sectors where we enjoy a comparative advantage. The United States sees no decisive difference between trade in these sectors and trade in other goods. We regard the European Community's massive use of agricultural subsidies as unfair competition. While agricultural prices in the United States have been falling in real terms since 1973, the Common Market has boosted prices on some key commodities to double those in the United States. The resulting high production is exported with the aid of subsidies. The United States has responded to this practice through serious negotiations and through selective action: recently we sold subsidized wheat flour to Egypt.

It is clear that there is no unilateral solution to the problem of agricultural trade. Maintaining farmers' income is a difficult problem for everyone. We must persevere in our efforts to find a mutually acceptable solution. The issue of protectionism is an economic one. But it is a political imperative to resolve it before it jeopardizes more basic common interests. This is the constructive spirit with which my government will approach these problems. I am confident our partners will reciprocate.

Defense, Security, and Peace

Our economic well-being cannot be separated from the broader question of our security. Amid all the historic changes that have taken place in Europe in the generation since the alliance was founded, the reality remains that European peace requires maintenance of the balance of power. Reality, not sentiment, dictates the continuing necessity

of collective security. The central premise of the North Atlantic Treaty, stated in Article 5, remains valid: an armed attack against any one member of the alliance must be considered an attack against us all.

For more than three decades, this mutual commitment has maintained the peace. For 38 years the European Continent has enjoyed peace with freedom and with unprecedented prosperity. One must go far back in the history of Europe to find as long a period in which there was not a single war, however small, fought on this continent.

You and I know that this is not an accident. One cannot seriously study the history of international relations without understanding that an equilibrium of power is a prerequisite of stability. To say, after 38 years of peace, that efforts to maintain the military balance can be relaxed, is to propose a dangerous experiment. The burden of proof should be on those who would undo, or so fundamentally alter, the conditions that have kept the peace for a generation. NATO has proven that it is the real "peace movement."

At the same time, it should be obvious that a balance of power, though necessary, is not sufficient. The democracies of the West have long made clear, in many an alliance declaration, that we are prepared to reduce tensions with our adversaries on the basis of true reciprocity. We allies are dedicated to a stable military balance in order to remove any temptation or incentive for aggression. We are also prepared for constructive dialogue with our adversaries to reduce the sources of tension and risk of aggression. President Reagan joined his fellow heads of government in the Bonn summit declaration last June, expressing the West's sincere desire "to establish, whenever Soviet behavior makes this possible, a more constructive East-West relationship through dialogue, negotiation, and mutually advantageous cooperation."

The specter of thermonuclear weapons makes our era unlike any other. President Reagan has affirmed: "A nuclear war cannot be won and must never be fought." To this end, he has offered the boldest and most comprehensive program for nuclear arms control ever presented.

In 1981, President Reagan proposed the total elimination of the entire class of long-range land-based INF missiles. This proposal was made in support of the 1979 NATO decision to seek limits on Soviet INF forces and to deploy

counterbalancing forces if negotiations fail to remove the Soviet threat. We strongly believe that the complete elimination of this entire class of weapons is the best and most moral outcome to the Geneva INF negotiations. Nevertheless, President Reagan has made it clear that ours "is not a take-it-or-leave-it proposal," and he instructed our negotiators "to explore in Geneva every proposed solution" that is consistent with the principles supported by our allies.

These principles state that a fair agreement must be based on equal levels of U.S. and Soviet forces. British and French national strategic systems are, by definition, not a part of these negotiations. Proposals which would merely shift the Soviet threat from Europe to Asia cannot be considered reasonable. Finally, a fair agreement must contain effective verification measures, and not undermine our ability to defend NATO with conventional forces.

President Reagan has also made a sweeping proposal in the strategic arms reduction talks (START). He proposed cuts of more than half in ballistic-missile arsenals and of one-third in ballistic-missile warheads, with equal residual ceilings on both sides. These deep cuts focus on the most threatening systems—land-based intercontinental ballistic missiles. The President's START proposals would enhance stability by reducing any attacker's incentive to consider a disarming first strike. At the same time, as the President has said, everything is on the table. We are prepared to consider any reasonable counterproposal.

We have launched major arms control initiatives in many other fields:

- Last summer the NATO allies offered a comprehensive new proposal in Vienna for the mutual and balanced reduction of conventional forces in Europe.
- Last June President Reagan proposed here in Berlin a set of measures for prenotification of ballistic missile test launches and major exercises. He also proposed measures on expanded exchange of information on strategic and INF forces.

- Most recently the United States has tabled a proposal in the 40-nation Committee on Disarmament for a total ban on chemical weapons.

Experience teaches that the Soviets give no concessions gratis. Only if they see that the West is determined to pursue its own modernization plans, whether in strategic or intermediate-range forces, will the Soviets have an incentive to negotiate an agreement to lower but equal levels. The United States is engaged in modernizing its strategic forces, which is essential to provide the Soviets with an incentive to negotiate seriously in START. The alliance is committed to deploy INF missiles if there is no agreement in Geneva. This commitment must be maintained. It offers the best prospect for an effective INF agreement.

The Political Dimension

It is natural that free nations, voluntarily associated, have different perspectives on many problems. Our diversity is a source of our vitality; our freedom to disagree is one of the freedoms we are defending. NATO is not the Warsaw Pact. Within a free society different views are advocated. But at some point there is a resolution and a common policy, or else the society is overwhelmed by its challenges. The same is true of an alliance. Unanimity *ex ante* is not to be expected, but agreement on common policies, after free debate, is crucial.

This principle will be tested on many issues in the coming years. East-West trade, which has been a divisive question in the recent past, is one important subject currently under study. The issue will not go away. It is a topic at the vital intersection of the economic, military, and political dimensions of alliance policy. It makes no sense to strengthen the military potential of an adversary against whom we are spending billions to defend ourselves. It will be essential to form a new consensus on this strategic issue.

Conclusion

Our alliance has endured this long, I believe, because amid all our squabbles the democracies know they hold ultimate values in common. These are the pre-eminent moral and political ideals which our alliance was created to defend: freedom of speech, of worship, of assembly; the rights of the individual; the concept that power derives from the consent of the governed. As President Reagan declared in London nearly a year ago:

... the ultimate determinant in the struggle now going on for the world will not be bombs and rockets, but a test of wills and ideas, a trial of spiritual resolve; the values we hold, the beliefs we cherish, the ideals to which we are dedicated.

In such a test, I am confident the West will prevail. This conference represents our ideals in action—the unfettered, open debate of free men and women on major issues of public policy. Those who built the Wall know how powerful these ideals are. They have no doubts about the kind of society in which men and women would choose to live if they were allowed a choice. The spirit of freedom is stronger than any who would suppress it. We have a right to be confident. But we also have a heavy responsibility. History knows tragedy as well as hope. When peoples relaxed their vigilance, when nations became complacent, when alliances weakened because of a failure of resolve, history has known darkness.

The North Atlantic Alliance will be wrestling with economic, military, and political problems which will sometime divide us. We must face up to our problems, and resolve them. A generation ago, the people of this city taught all free peoples the meaning of courage. And other democratic nations—including my own, I am proud to say—do not abandon Berlin. Today, as well, to know our duty is not enough. It remains to do it. ■

Middle East Policy Update

Nicholas A. Veliotis

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, on June 2, 1983. Ambassador Veliotis is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I am grateful for this opportunity to discuss with you recent events in the Middle East and policies the United States is pursuing. As I and my predecessors have said to this committee many times, peace, security, and well-being for the nations of the Middle East are critical to a broad range of American interests. That is why we continue to place such high priority on a comprehensive and balanced policy to protect these interests, which include:

- Meeting responsibilities we bear, because of our role in the world and our ties to the Middle East, to work for the settlement of conflicts there which stand in the way of progress and danger international security, especially the Arab-Israeli dispute and the struggle for a fully sovereign Lebanon;
- Assuring the security and contributing to the welfare of friendly nations in the region;
- Preventing wider Soviet influence in this strategic region;
- Supporting major U.S. economic interests, including access to oil and markets for U.S. goods and services, and assisting in meeting the economic development needs of the region; and
- Cooperating with the more well-governed states of the area to maintain a healthy international financial and economic order.

In support of these broad interests, our priorities of highest priority which we are currently working to advance are:

- A just and lasting solution to the longstanding and bitter Arab-Israeli conflict through negotiations, as proposed by President Reagan in his peace initiative of September 1, 1982;
- The restoration of a peaceful, independent, and fully sovereign Lebanon through full implementation of the agreement between Lebanon and Israel of May 17, 1983, and the withdrawal of all foreign forces;
- Economic and military assistance to friendly nations of the region to enable them to defend themselves and

deter threats from the Soviet Union and its proxies, as well as arrangements for strategic cooperation for access in times of threat; and

- Continued support for a peaceful settlement of the tragic and costly war between Iran and Iraq.

The pursuit of these policies contributes to the fundamental goal of U.S. foreign policy: the promotion of U.S. national interests by working to create an international environment in which free and independent nations of the world, including those of the Middle East, can realize their rightful aspirations and the blessings of peace and progress.

I would like to discuss the situation in Lebanon, the peace process, and a few other matters in greater detail.

Agreement Between Lebanon and Israel

First, let me turn to Lebanon and our efforts to implement the agreement between Lebanon and Israel, concluded May 17 with the assistance of Secretary Shultz after many months of negotiations between the two states conducted with the good offices of Ambassadors Habib and Draper.

For many years Lebanon has endured much suffering and turmoil, driven by internal factionalism and beset by outside forces. The entry of Israeli troops into Lebanon last June added a new urgency to the need to resolve the Lebanese problem, and subsequent negotiations produced the May 17 agreement.

The agreement reinforces the policy which the United States has pursued toward Lebanon for many years: we support the restoration of Lebanon's sovereignty throughout its territory; a strong, stable Lebanese central government; and security for Israel's northern border. History has proved repeatedly that Lebanon can realize these goals and gain peace only if all foreign forces—Israeli, Syrian, and PLO (Palestine Liberation Organization), and others—withdraw from that beleaguered nation.

The agreement was an important step toward attainment of these goals for Lebanon, and we can be proud of this example of U.S. leadership and diplomacy. It proves again the point that we so urgently hope other states in the region will recognize: negotiations, if patiently and persistently pursued, can

succeed in moving the area toward peace and stability.

The essential elements of the agreement are that Israel has agreed to withdraw all of its forces in the context of a simultaneous withdrawal of Syrian and PLO forces; the state of war is terminated; the border between the two countries is declared inviolable; and the territories of both states cannot be used for attacks on the territory of a third state.

By providing arrangements for withdrawal of Israeli forces from southern Lebanon in a way that will restore Lebanese sovereignty and protect the security of Israel's northern border, the agreement is a major step toward peace and national reintegration for Lebanon and, we hope, toward a wider process of reconciliation in the region. It is, therefore, vital that Syria and the PLO also agree to withdraw their forces soon, so that Israel will withdraw and Lebanon will finally have a chance to bind its wounds and run its own affairs.

The Government of Syria has thus far opposed the agreement and has not yet agreed to withdraw the 50,000 troops it now has in Lebanon. This is disappointing, of course. Syria has stated publicly on several occasions in the past that it was willing to withdraw its forces when the Government of Lebanon indicated they were no longer needed. The Arab League summit at Fez last fall also addressed the matter of Syrian withdrawal in light of Israeli withdrawal. We hope that Syria, on reflection, will meet this commitment.

We recognize that Syria is a proud country and has legitimate security concerns in the area. But we are convinced that these can best be protected by withdrawal of Syrian and Israeli forces from Lebanon. The status quo leaves large-scale Syrian and Israeli forces face-to-face in the Bekaa Valley and Israeli forces 25 miles from Damascus. The danger of confrontation and renewed hostilities in this dangerous and volatile situation, by miscalculation or otherwise, must not be underestimated. No one's interest would be served by new tragedy.

We are encouraged that a large number of Arab states have either supported the Lebanon-Israel agreement or have supported Lebanon's right to decide for itself what is best for Lebanon. Only a few—like Libya—have joined Syria in rejecting the agreement. It is our strong hope that Syria will

ultimately decide it does not wish to bear the onus for standing in the way of Israel's withdrawing from a neighboring Arab state and that Syria's interests will be served by supporting Lebanon's right to full sovereignty over its own country. The dialogue on these issues continues.

I realize that Americans are concerned about Lebanon, not only because the crisis there threatens the peace of the entire region but because U.S. Marines remain deployed in Beirut—together with French, Italian, and British forces—in the multinational force (MNF). The MNF, which is serving in response to Lebanon's request, is providing valuable backup to the efforts of the Lebanese Government to preserve peace and order in the Beirut area as it works to extend and assure its authority. We expect the MNF to continue this role in the near term. It is not possible to predict how long Lebanon will need the MNF for this valuable support role. Lebanon's request of some time ago for expansion of the MNF is still on the table, but all the troop contributors have agreed that no decision on the issue can be made until Israeli, Syrian, and PLO withdrawals are underway. The Lebanon-Israel agreement, which deals with the situation in southern Lebanon, makes no reference to the MNF.

The agreement does, however, envisage a continued role for UNIFIL [UN Interim Force in Lebanon], the UN peacekeeping force, when the agreement is implemented. It foresees that the presence of UNIFIL will assist the Government of Lebanon in reassuring Palestinian civilians located in the Sidon and Tyre areas in southern Lebanon of their safety. We believe this reassurance could be an inducement for the departure of PLO forces who remain in the northern and eastern parts of the country.

UNIFIL has performed an important service in Lebanon over the years in helping the Lebanese Government protect its sovereignty and territorial integrity. The United States supports a continued role for UNIFIL, not only in the south as envisaged in the agreement but elsewhere in Lebanon in response to the needs of the Lebanese Government. Of course, it will be up to Lebanon, working with the UN Security Council, to develop an appropriate mandate for UNIFIL in the future.

Before turning to another topic, let me say a word about the attack on our Embassy in Beirut on April 18 that

shocked and outraged people everywhere and took the lives of 17 Americans and over 40 Lebanese employees and bystanders. I want to emphasize that we are thoroughly investigating that incident to ensure that we are doing all that we can to protect against recurrences of such savage acts against our diplomatic establishments. We have, over the years, devoted great efforts to securing our embassies against terrorism. However, we have learned to face the fact that drastic defensive measures to make our embassies invulnerable to attack would make it impossible for them to carry out the public functions they must perform. American embassies cannot be fortresses, and American officials abroad cannot be shielded from all danger if they are to do their jobs.

Middle East Peace Process

The focus of attention and diplomatic activity recently has been Lebanon. But the most fundamental and challenging issue in the Middle East remains the search for peace between Israel and the Arab states, including security and recognition for Israel and realization of the legitimate rights of the Palestinian people. I want to emphasize that although we have been intensely involved in the Lebanon question recently, we are determined to move forward in pursuit of President Reagan's peace initiative of September 1, 1982, which addresses the need for a just and lasting resolution of the Arab-Israeli conflict.

The President's initiative reflects a long tradition of U.S. leadership in the quest for peace in the Middle East. We have experienced many setbacks and frustrations over the years, but progress has been made, in part because of our determination and leadership.

We were instrumental in 1967 in the adoption of UN Security Council Resolution 242 and subsequently Resolution 338, which laid down the concept of a simple trade-off: Israel would give up territory occupied in 1967 in return for peace, recognition, and guaranteed international boundaries; and Israel and its Arab neighbors would negotiate to this end. These resolutions remain the basis of U.S. policy in the Middle East today.

At Camp David in 1978, we brought Israel and Egypt together in negotiations that led to the historic peace treaty between those two former enemies. The treaty, based on principles of Resolutions 242 and 338, was a triumph of diplomacy over 30 years of war and hostility. These principles must be applied as well in achieving peace between Israel and Jordan and Israel and Syria.

President Reagan's peace initiative which is based on Resolutions 242 and 338 and the Camp David accords, is an effort to reinvigorate the peace process. It offers incentives for other parties—most immediately Jordan and the Palestinians—to join the peace process. It represents a delicate balance of two principles essential for Middle East peace. It recognizes both Israel's right to exist behind safe and secure borders and the legitimate rights and just requirements of the Palestinians. In our view these principles are best achieved by self-government for the Palestinians of the West Bank and Gaza in association with Jordan.

We are encouraged that the President's initiative has received wide bipartisan acclaim in the United States, and we are gratified by the support of our European friends, which we greatly value. We are also encouraged by support for the President's proposals we have received from moderate Arab leaders. In this connection, the communique of the Arab foreign ministers at Fez last fall indicated that the moderate Arab states now recognize that the question is not whether to do peace with Israel, but how best to do so.

In Israel, despite the government's rejection of the President's initiative, there is a longing for peace. Our proposal has sparked a lively dialogue and widespread new interest in a realistic, compromise solution to the Palestinian dilemma and Israel's security. These are positive signs.

We are keenly aware, on the other hand, of the obstacles that have thus far stood in the way of negotiations under the President's initiative. We understand and share King Hussein's frustrations with the lack to date of Arab support for Jordan's early entry into the peace process. King Hussein continues to support President Reagan's September 1 initiative, and he wants very much to join in the peace process based on the

sident's proposals. Other moderate members have also told us they want time to help restore momentum to our efforts, and they want us to continue to support King Hussein. The door is still open. We stand ready to consult further with these Arab leaders. Our peace initiative remains on the table and will not be withdrawn. We will continue to work to move the process forward.

Iran-Iraq War

When I last met with the committee we were unable to address the Iran-Iraq war because of lack of time. That restarting war is another conflict that threatens the peace and stability of the Middle East and Persian Gulf. I wish to firm U.S. support for a prompt, just, and peaceful resolution of this terrible conflict, whose cost in human and economic terms is vast and tragic. Recently, a major oil spill in the gulf from wells damaged in the war has created a very serious threat to the marine and coastal environment as well.

We will continue to support a negotiated settlement of this war in accordance with the principles of international law, including support for the territorial integrity of both combatants and intervention in the internal affairs of either state. As in the past, we remain firm in this conflict and stress the importance of independence and security for all states in the gulf region.

At the moment, it is difficult to assess the prospects for a negotiated settlement to the Iran-Iraq war, although there has been considerable activity in this area recently. A delegation from the Arab Cooperation Council, composed of foreign ministers of Kuwait and the United Arab Emirates, visited both Tehran and Baghdad in early May. They reported to the Gulf Cooperation Council in mid-May and are awaiting a further indication of intent by Iran before making a second visit to Tehran and Baghdad. The Prime Minister of Algeria visited Tehran in May and, according to official Iranian statements, discussed the war with senior Iranian officials. Also, a

team from the United Nations has been inspecting war damage to civilian areas in both Iran and Iraq at the invitation of both countries. Such contacts are encouraging, and we hope that they will help open the way to negotiations for a peaceful settlement. But we have no basis for predicting that this will happen soon.

Conclusion

Let me say in conclusion that this is a period of change and opportunity in the Middle East. The Lebanon-Israel agreement, the President's September 1 initiative, and signs of a growing recognition in the region that continued armed conflict is futile for all offer hope that

peace is possible. As the President's peace initiative demonstrates, the United States remains committed to playing a central role in the search for peace and security in the Middle East. We are uniquely suited to this role because of our profound interests in the region and our strong ties to both Israel and the Arab states. We do not minimize the formidable barriers that still lie in the way, but we are determined to continue our efforts, working with our friends in the region, to surmount these obstacles.

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. Arctic Policy

After review of a report by the interagency Arctic policy group, President Reagan has affirmed that the United States has unique and critical interests in the Arctic region related directly to national defense, resource and energy development, scientific inquiry, and environmental protection.

In light of the region's growing importance, it warrants priority attention by the United States. U.S. Arctic policy will continue to be based on the following major elements:

- Protection of essential security interests in the Arctic region, including preservation of the principle of freedom of the seas and superjacent airspace;
- Support for sound and rational development in the Arctic region, while minimizing adverse effects on the environment;
- Promotion of scientific research in fields contributing to knowledge of the Arctic environment or of aspects of science which are most advantageously studied in the Arctic; and
- Promotion of mutually beneficial international cooperation in the Arctic to achieve the above objectives.

The interagency Arctic policy group, reporting to the National Security Council, will be responsible for reviewing and coordinating implementation of this

policy and U.S. international activities and programs in the Arctic. These responsibilities will not include purely domestic matters. In discharging its responsibilities, however, the group will ensure close consultation with agencies concerned with those domestic matters.

The interagency Arctic policy group will give priority attention to the following reviews.

- How should U.S. activities in the Arctic region be coordinated with those of other countries bordering on the Arctic Ocean to serve best U.S. Arctic interests? This will include consideration of possible actions for increased cooperation.
- What Federal services may be necessary for the United States to provide in the Arctic region over the next decade, and what are their relative priorities? This will take into account projected developments in the Arctic that could have an important impact upon Federal agencies with statutory responsibility for areas such as search and rescue; protecting life, property, resources, and wildlife; enforcing U.S. laws and international treaties; and promoting commerce. This review will also recognize that resource development is primarily a private sector activity.

Press Release 161 of May 9, 1983. ■

Current Actions

MULTILATERAL

Aviation

Convention for suppression of unlawful acts against the safety of civil aviation (sabotage). Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570.
Accession deposited: Mauritius, Apr. 25, 1983.

Convention for the suppression of unlawful seizure of aircraft (hijacking). Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.
Accession deposited: Mauritius, Apr. 25, 1983.

Automotive Traffic—Customs Facilities

Convention concerning customs facilities for touring. Done at New York June 4, 1954. Entered into force Sept. 11, 1957. TIAS 3879.
Accession deposited: Turkey, Apr. 26, 1983.

Territorial application: Extended to Macao by Portugal, Mar. 30, 1983; effective June 28, 1983.

Automotive Traffic—Importation of Vehicles

Customs convention on the temporary importation of private road vehicles. Done at New York June 4, 1954. Entered into force Dec. 15, 1957. TIAS 3943
Accessions deposited: Hungary, May 4, 1983; Turkey, Apr. 26, 1983.

Coffee

Extension of the international coffee agreement, 1976 (TIAS 8683). Done at London Sept. 25, 1981. Entered into force Oct. 1, 1982. TIAS 10439.

Notification of definitive acceptance deposited: Venezuela Apr. 12, 1983.

International coffee agreement 1983, with annexes. Done at London Sept. 16, 1982.
Signatures: Bolivia, Apr. 29, 1983; Brazil, Rwanda, May 10, 1983; Colombia, May 12, 1983; Denmark, May 9, 1983; Ethiopia, Apr. 22, 1983; Liberia, Apr. 25, 1983; Madagascar, May 2, 1983; Mexico, Tanzania, Apr. 27, 1983; Philippines, May 3, 1983.

Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.

Ratification deposited: Thailand, Jan. 21, 1983.

Accessions deposited: Congo, Jan. 31, 1983; Saint Lucia, Dec. 15, 1982.

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Done at Bonn June 22, 1979.¹

Acceptances deposited: Chile, Italy, Seychelles, Tunisia, Nov. 18, 1982; Kenya, Nov. 25, 1982.

Consular Relations

Vienna convention on consular relations. Entered into force Mar. 19, 1967; for the U.S. Dec. 24, 1969. TIAS 6820.
Accession deposited: Sao Tome and Principe, May 3, 1983.

Customs

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.
Accession deposited: Libya, Jan. 11, 1983.

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.
Ratification deposited: Morocco, Mar. 31, 1983.

Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502.
Accession deposited: Sao Tome and Principe, May 3, 1983.

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.
Ratification deposited: Romania, May 6, 1983.

Expositions

Amendment to the protocol of Nov. 30, 1972 (TIAS 9948), to the convention of Nov. 22, 1928 (TIAS 6548), concerning international expositions. Adopted at Paris June 24, 1982.¹
Senate advice and consent to ratification: Mar. 3, 1983.
Acceptance deposited: U.S., Apr. 6, 1983.

Finance

Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.
Accessions deposited: Oman, Apr. 19, 1983; Suriname, Feb. 15, 1983.

Agreement establishing the African Development Bank, with annexes. Done at Khartoum Aug. 4, 1963, as amended at Abidjan, May 17, 1979. Entered into force May 7, 1982.
Acceptance deposited: U.K., Apr. 27, 1983.

Fisheries

Convention for the establishment of an Inter-American Tropical Tuna Commission. Done at Washington May 31, 1949. Entered into force Mar. 3, 1950. TIAS 2044.

Notice of denunciation: Canada, May 17, 1983; effective May 17, 1984.

Convention for the conservation of salmon in the North Atlantic Ocean. Done at Reykjavik Mar. 2, 1982.¹

Approval deposited: European Economic Community, Dec. 14, 1982.

Genocide

Convention on the prevention and punishment of the crime of genocide. Done at Paris Dec. 9, 1948. Entered into force Jan. 12, 1951. 78 UNTS 277.²
Ratification deposited: China, Apr. 18, 1983.^{3,4}

Human Rights

International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.²

International covenant on economic, social and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.²

Ratifications deposited: Belgium, Apr. 21, 1983.

Maritime Matters

Convention on the International Maritime Organization, as amended (TIAS 4044, 6285, 6490, 8606, 10374). Done at Geneva Mar. 4, 1948. Entered into force Mar. 17, 1958.
Acceptances deposited: Fiji, Mar. 4, 1983; Guatemala, Mar. 16, 1983.

Amendments to the convention of Mar. 6, 1948, as amended, on the International Maritime Organization (TIAS 4044, 6285, 6490, 8606, 10374). Done at London Nov. 1979.¹

Acceptances deposited: Austria, Iraq, Apr. 1983; Kenya, Lebanon, Apr. 19, 1983; Mexico, Thailand, Mar. 23, 1983.

Amendments to the convention of Mar. 6, 1948, as amended, on the International Maritime Organization (TIAS 4044, 6285, 6490, 8606, 10374). Done at London Nov. 1977.¹

Acceptances deposited: Austria, Apr. 6, 1983; Mexico, Mar. 23, 1983.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978.

Ratification deposited: Greece, Mar. 22, 1983.
Acceptance deposited: Poland, Apr. 27, 1983.
Entered into force: Apr. 28, 1984.²

Pollution

Convention on long-range transboundary air pollution. Done at Geneva Nov. 13, 1979. Entered into force Mar. 16, 1983. TIAS 10541.

Ratifications deposited: Iceland, May 5, 1983; Switzerland, May 6, 1983; Turkey, Apr. 18, 1983.

Prisoner Transfer

Convention on the transfer of sentenced persons. Done at Strasbourg Mar. 21, 1983.

ers into force on the first day of the month following the expiration of 3 months or the date on which three member states of the Council of Europe have deposited instruments of ratification, acceptance, or approval.

Signatures: Austria, Canada, Denmark, France, G. Greece, Luxembourg, Netherlands, Portugal, Sweden, Switzerland, U.S., Mar. 1983; France, Apr. 27, 1983.^{3,4}

Property—Intellectual

Convention establishing the World Intellectual Property Organization. Done at Stockholm July 14, 1967. Entered into force Oct. 26, 1970; for the U.S., Aug. 25, 1970. T.S. 6932.

Accession deposited: Guatemala, Jan. 31, 1983.

Red Cross

Geneva convention for the amelioration of the condition of the wounded and sick in armed forces in the field. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S., Feb. 2, 1956. TIAS 3362.

Geneva convention for the amelioration of the condition of the wounded, sick, and shipwrecked members of armed forces at sea. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S., Feb. 2, 1956. TIAS 3363.

Geneva convention relative to the treatment of prisoners of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S., Feb. 2, 1956. TIAS 3364.

Geneva convention relative to the protection of civilian persons in time of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S., Feb. 2, 1956. T.S. 3365.

Reservations deposited: Mozambique, Mar. 14, 1983; Zimbabwe, Mar. 7, 1983.

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of international armed conflicts (protocol with annexes. Done at Geneva June 8, 1977. Entered into force Dec. 7, 1978.²

Reservations deposited: Mexico, Mar. 10, 1983; Mozambique, Mar. 14, 1983; Tanzania, Mar. 15, 1983; United Arab Emirates, Mar. 9, 1983.³

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of noninternational armed conflicts (protocol II). Done at Geneva June 8, 1977.² Entered into force: Dec. 7, 1978.²

Reservations deposited: Tanzania, Feb. 15, 1983; United Arab Emirates, Mar. 9, 1983.³

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S., Nov. 1, 1983. T.S. 6577.

Accession deposited: El Salvador, Apr. 28, 1983.

Satellite Communications

Convention relating to the distribution of program-carrying signals transmitted by satellite. Done at Brussels May 21, 1974. Entered into force Aug. 25, 1979.²

Ratification deposited: Morocco, Mar. 31, 1983.

Shipping

United Nations convention on the carriage of goods by sea, 1978. Done at Hamburg Mar. 31, 1978.¹

Accession deposited: Lebanon, Apr. 4, 1983.

Space

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow Mar. 29, 1972. Entered into force Sept. 1, 1972; for the U.S., Oct. 9, 1973. TIAS 7762.

Accession deposited: Gabon, Feb. 5, 1982.

Telecommunications

International telecommunications convention with annexes and protocols. Done at Malaga-Torremolinos Oct. 25, 1973. Entered into force Jan. 1, 1975; for the U.S., Apr. 7, 1976. TIAS 8572.

Accession deposited: St. Vincent and the Grenadines, Mar. 25, 1983.

Radio regulations, with appendices and final protocol. Done at Geneva Dec. 6, 1979.

Entered into force Jan. 1, 1982, except for (1) Arts. 25 and 66 and Appendix 43 which entered into force Jan. 1, 1981, and (2) certain provisions concerning aeronautical mobile service which entered into force Feb. 1, 1983.

Approvals deposited: Haiti, Mar. 25, 1983; Mexico, Mar. 30, 1983;³ Venezuela, Apr. 5, 1983.³

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.

Accession deposited: Korea, May 4, 1983.

Entered into force: June 3, 1983.²

Trade

Agreement on technical barriers to trade. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9616.

Acceptance deposited: Czechoslovakia, Nov. 15, 1982; India, Feb. 9, 1983.

International dairy arrangement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9623.

Ratification deposited: Argentina, Oct. 1, 1982.

Arrangement regarding bovine meat. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9701.

Declaration of provisional application deposited: Paraguay, Feb. 22, 1983.

Transportation—Foodstuffs

Agreement on the international carriage of perishable foodstuffs and on the special

equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976; for the U.S., Jan. 20, 1984.

Accession deposited: Poland, May 5, 1983.

UNIDO

Constitution of the UN Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.¹

Approval deposited: Vietnam, May 6, 1983.

Ratification deposited: Cyprus, Apr. 28, 1983.

Women

Convention on the elimination of all forms of discrimination against women. Done at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.¹

Ratifications deposited: Denmark, Apr. 21, 1983; Venezuela, May 2, 1983.

Wheat

1983 protocol for the further extension of the wheat trade convention, 1971 (TIAS 7144, 10350). Done at Washington Apr. 4, 1983.¹

Signatures: Algeria, Costa Rica, Venezuela, May 9, 1983; Argentina, Barbados, Belgium, Denmark, EEC, France, F.R.G., Greece, India, Iraq, Ireland, Israel, Italy, Korea, Luxembourg, Netherlands, Peru, U.K., May 10, 1983; Guatemala, U.S.S.R., May 5, 1983; Mauritius, Apr. 28, 1983; Portugal, May 6, 1983.

Declarations of provisional application

deposited: Greece, Italy, Luxembourg, May 10, 1983; Morocco, May 17, 1983.

1983 protocol for the further extension of the food aid convention, 1980 (TIAS 10015, 10351). Done at Washington Apr. 4, 1983.¹

Signatures: Argentina, Belgium, Denmark, EEC, France, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands, U.K., May 10, 1983.

Declarations of provisional application

deposited: Greece, Italy, Luxembourg, May 10, 1983.

World Heritage

Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226.

Ratification deposited: Lebanon, Feb. 3, 1983.

BILATERAL

Belize

Agreement for the control of the illicit production and trafficking of drugs, with annex. Signed at Belmopan Apr. 6, 1983. Entered into force Apr. 6, 1983.

Bolivia

Agreement amending the agreement for sales of agricultural commodities of May 31, 1978 (TIAS 9518). Effected by exchange of notes at La Paz Apr. 8, 1983. Entered into force Apr. 8, 1983.

Brazil

Agreement extending the interim agreement of June 23, 1982, on air transport services. Effected by exchange of notes at Brasilia Apr. 20 and May 2, 1983. Entered into force May 2, 1983; effective Apr. 26, 1983.

Canada

Supplementary agreement amending the agreement of Mar. 11, 1981, with respect to social security and the administrative arrangement of May 22, 1981, for the implementation of the agreement on social security. Signed at Ottawa May 10, 1983. Enters into force on the date of entry into force of the Mar. 11, 1981, agreement.

Central African Republic

Agreement regarding the consolidation and rescheduling of certain debts owed to, or guaranteed by, the U.S. Government through the Export-Import Bank of the United States, with annexes. Signed at Washington Apr. 29, 1983. Enters into force upon receipt by the Central African Republic of written notice from the U.S. Government that all necessary legal requirements have been fulfilled.

Costa Rica

Agreement relating to privileges and immunities for U.S. personnel providing assistance to the drought-stricken provinces in northern Costa Rica. Effected by exchange of notes at San Jose Mar. 30, 1983. Entered into force Mar. 30, 1983.

Denmark

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates. Signed at Washington Apr. 27, 1983. Enters into force when the governments notify each other that the constitutional requirements for entry into force have been satisfied.

Agreement relating to the employment of dependents of official government employees, with addendum. Effected by exchange of notes at Washington May 16 and 20, 1983. Entered into force May 20, 1983.

Indonesia

Agreement for the sale of agricultural commodities relating to the agreement of Dec. 2, 1980 (TIAS 10063). Signed at Jakarta Apr. 16, 1983. Entered into force Apr. 16, 1983.

Israel

Second amendment to the agreement of Dec. 17, 1982, as amended, for cash transfer assistance. Signed at Washington Mar. 31, 1983. Entered into force Mar. 31, 1983.

Italy

General administrative agreement relating to participation in program of severe nuclear accident research. Signed at Rome and Washington Dec. 23, 1982, and Feb. 25, 1983. Entered into force Feb. 25, 1983; effective Dec. 23, 1982.

Ivory Coast

Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Abidjan Mar. 21 and Apr. 21, 1983. Entered into force Apr. 21, 1983.

Korea

Agreement concerning fisheries off the coasts of the United States, with annexes and agreed minutes. Signed at Washington July 26, 1982. Entered into force: Apr. 28, 1983.

Lebanon

Agreement modifying the agreement of Dec. 22, 1982, relating to air transport route rights (TIAS 10489). Effected by exchange of notes at Washington Apr. 29, 1983. Entered into force Apr. 29, 1983.

Liberia

Agreement amending the agreement of Feb. 3, 1983, on construction of additional facilities at Roberts International Airport. Effected by exchange of letters at Monrovia Mar. 25 and Apr. 4, 1983. Entered into force Apr. 4, 1983.

Mexico

Agreement amending the agreement of Nov. 9, 1972, as amended (TIAS 7697, 9436, 9647, 10159, 10234, 10466), concerning frequency modulation broadcasting in the 88 to 108 MHz band. Effected by exchange of notes at Mexico and Tlatelolco Feb. 14 and Apr. 8, 1983. Entered into force Apr. 8, 1983.

Agreement relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Mar. 29, 1983. Entered into force Mar. 29, 1983.

Agreement on the development and facilitation of tourism. Signed at Mexico Apr. 18, 1983. Enters into force when each party has informed the other by diplomatic note of the completion of necessary legal requirements.

Poland

Agreement extending the agreement of Aug. 2, 1976, as extended (TIAS 8524, 10533), concerning fisheries off the coasts of the United States. Effected by exchange of notes at Washington Apr. 12 and 21, 1983. Enters into force following written notification of the completion of internal procedures of both governments.

Spain

Agreement on friendship, defense, and cooperation, with complementary agreements, and exchanges of notes. Signed at Madrid July 2, 1982. Entered into force: May 14, 1983.

Supersedes: Treaty of friendship and cooperation of Jan. 24, 1976, as extended (TIAS 8360, 10401), and related agreements (TIAS 8361, 9905).

Thailand

General security of military information agreement. Effected by exchange of notes Bangkok Mar. 30 and Apr. 5, 1983. Entered into force Apr. 5, 1983.

Turkey

Loan agreement for cash transfer assistance Signed at Ankara Apr. 22, 1983. Entered into force Apr. 22, 1983.

U.S.S.R.

Agreement extending the agreement of Nov. 26, 1976, as amended and extended, concerning fisheries off the coasts of the United States (TIAS 8528, 10531, 10532). Effected by exchange of notes at Washington Apr. 8 and 20, 1983. Enters into force following written notification of the completion of internal procedures of both governments.

Yugoslavia

Agreement extending and modifying the memorandum of understandings effected by agreement of Mar. 17 and May 19, 1982, relating to air transport services (TIAS 10450). Effected by exchange of notes at Belgrade Mar. 31, and Apr. 1, 1983. Entered into force Apr. 1, 1983.

¹Not in force.

²Not in force for U.S.

³With declaration.

⁴With reservation. ■

May 1983

May 2-3

State Department protests Polish police interference with access to the U.S. Embassy in Warsaw. The apparent aim is to prevent Polish citizens from using the Embassy library. Poles who convince the police they are not planning to use the library are allowed to enter.

May 4

With respect to the murders of two U.S. AFL-CIO workers in El Salvador in 1981, State Department issues a statement that is "disappointed in an appeals decision in S Salvador dismissing charges against three people implicated in the murders."

May 6

Israeli Cabinet votes to accept, in principle an agreement with Lebanon on border security and mutual relations. The accord is intended as a basis for the withdrawal of Israeli forces from Lebanon, provided the PLO and the Syrian Army also leave. Secretary Shultz says that it is "a significant step."

May 7

State Department informs Salem Spartak, Afghanistan's Charge d'Affaires in Washington, that the presence in the U.S. of his Second Secretary, Masjeedi Hewadmal, is no longer acceptable to the U.S. Government. The diplomatic note is released after Peter

PRESS RELEASES

nam, Second Secretary of the U.S. Embassy in Kabul, is declared *persona non grata* by the Afghan regime.

10
Reagan Administration announces that it deprive Nicaragua of the right to sell its 58,800 short tons of sugar to the U.S. in the next fiscal year. Nicaragua will be allowed to sell only 6,000 short tons, with the rest of its allotment redistributed among Honduras, Costa Rica, and El Salvador. This action is taken because of the extraordinary situation in Central America and its implications for the U.S. and the region as a whole. Reagan-supported subversion and extremist violence has caused considerable problems for its three aforementioned neighbors.

11-16
U.S. Secretary of State George Shultz makes an official working visit to Washington, D.C. He travels to New York, where he meets with U.S. Ambassador to the UN, Jeane Kirkpatrick and UN officials.

16-18
Secretary Shultz's invitation, Romanian Foreign Minister Stefan Andrei makes an official working visit to Washington, D.C., to hold discussions with the Vice President and officials of the State and Commerce Departments.

17
A mediated agreement between Israel and Lebanon is signed first in Arabic and French in Beirut suburb of Khalde and then in English and Hebrew in northern Israeli town of Iryat Shmona. The agreement will enter into force when the two governments exchange instruments of ratification. UN Secretary General Javier Perez de Cuellar visits Washington, D.C., and calls on Secretary Shultz to discuss topics of mutual concern growing out of recent travels.

19
Secretary Shultz receives the Brazilian American Chamber of Commerce Man of the Year Award. Also receiving the award is Brazilian Finance Minister Ermane Galveas.

20
President Reagan sends formal notification to the U.S. of the sale of 75 F-16 jet fighters to Israel. He also announces the timing of this notification is related to the Israeli agreement with Lebanon, the U.S. position on the sale itself—which was agreed over a year ago—reflects the long-term U.S. commitment to maintain Israel's qualitative military edge in the region. This notification also comes with U.S. heightened concerns about the Soviet challenge in the region, particularly the Soviet supply of the S-200 integrated air defense system to Syria. The State Department, in one of its strongest statements issued about Soviet actions, states that the ruthlessness of the raids in and around the Afghan cities of Herat and Kabul

are "intolerable by any standard of civilized behavior." There are also reports of "extremely heavy, brutal, and prolonged Soviet and Soviet-mandated bombing of civilian areas within Afghanistan in recent weeks."

May 25-28
Italian President Amintore Fanfani makes official working visit to Washington, D.C. to meet with President Reagan, Vice President Bush, and Secretary Shultz.

May 26-28
Japanese Prime Minister Yasuhiro Nakasone makes official working visit to Washington, D.C. to meet with President Reagan.

May 28-30
Ninth economic summit of the industrialized nations is held in Williamsburg, Virginia, with President Reagan as Chairman. Other participants include French President Francois Mitterrand, Canadian Prime Minister Pierre-Elliott Trudeau, West German Chancellor Helmut Kohl, Italian Prime Minister Amintore Fanfani, Japanese Prime Minister Yasuhiro Nakasone, British Prime Minister Margaret Thatcher, and Gaston Thorn, President of the European Communities Commission. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*139	5/2	Shultz: news briefing enroute from Beirut to Jerusalem, Apr. 28.
*140	5/3	Shultz, Begin: remarks, Jerusalem, Apr. 28.
*141	5/3	Shultz, Shamir: remarks, Jerusalem, Apr. 29.
*142	5/3	Shultz: news briefing enroute from Jerusalem to Beirut, Apr. 30.
143	5/3	Shultz, Salem: remarks, Baabda, May 1.
*144	5/4	Shultz: news briefing enroute from Beirut to Jerusalem, May 1.
*145	5/3	Shultz: remarks, Jerusalem, May 1.
146	5/4	Shultz, Begin: remarks, Jerusalem, May 1.
147	5/4	Shultz, Begin: remarks, Jerusalem, May 2.
*148	5/4	Shultz: remarks, Jerusalem, May 2.
*149	5/4	Jay P. Moffat sworn in as Ambassador to Chad (biographical data).
*150	5/4	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, May 25.
*151	5/4	Fine Arts Committee, June 20.
152	5/4	Shultz, Shamir: remarks, Jerusalem, May 3.
153	5/4	<i>Foreign Relations of the United States, 1952-1954: Volume XI: Africa and South Asia (in two parts) released.</i>
*154	5/5	Shultz: news briefing enroute from Jerusalem to Beirut, May 3.
*155	5/5	Shultz: news briefing enroute from Beirut to Jerusalem, May 4.
*156	5/5	Shultz, Shamir: remarks, Jerusalem, May 4.
*157	5/5	Shultz, Begin: remarks, Jerusalem, May 4.
158	5/9	Shultz, Salem: news briefing, Beirut, May 4.
*159	5/6	Shultz: remarks at the inauguration of Israeli President Haim Herzog, Jerusalem, May 5.
160	5/6	Shultz: remarks, Jerusalem.
161	5/9	U.S. Arctic policy.
*162	5/9	Shultz: question-and-answer session, Jerusalem, May 6.
*163	5/9	Shultz: news briefing enroute from Jerusalem to Amman, May 6.
164	5/10	Shultz, Kasim: remarks, Amman, May 6.
165	5/10	Shultz: departure statement, Amman, May 7.
*166	5/10	Shultz: news briefing enroute from Amman to Damascus, May 7.
167	5/10	Shultz: Khaddam: news briefing, Damascus, May 7.
168	5/10	Shultz: arrival remarks, Jidda, May 7.
*169	5/11	Shultz: news briefing enroute from Jidda to Tel Aviv, May 8.
170	5/11	Shultz, Shamir: remarks, Tel Aviv, May 8.
171	5/11	Shultz: interview with ABC-TV correspondent, Tel Aviv, May 8.
172	5/11	Shultz: departure remarks, Beirut, May 8.
*173	5/10	Program for the official working visit to Washington, D.C., of Belize Prime Minister George C. Price, May 11-14.
*174	5/9	Advisory Committee on Oceans and International Environmental and Scientific Affairs, June 1.
*175	5/10	CCITT, study group D, June 1.

- *176 5/10 CCITT, integrated services digital network, June 2.
- *177 5/10 CCITT, study group C, June 9.
- 178 5/11 Shultz: statement at the OECD ministerial, Paris, May 9.
- 179 5/17 Shultz: news conference, Paris, May 10.
- 180 5/13 Shultz: press briefing following meeting with the President, White House, May 11.
- 181 [Not issued.]
- *182 5/13 James D. Rosenthal sworn in as Ambassador to Guinea (biographic data).
- *183 5/16 Shultz: remarks at the Secretary's Commission on Security and Economic Assistance, Apr. 13.
- 184 5/13 Shultz: address to the Business Council, Hot Springs, Va.
- *185 5/17 Shultz: remarks at an international monetary conference.
- *186 5/19 Shultz: statement before the Subcommittee on Foreign Operations, Committee on Appropriations, House Foreign Affairs Committee.
- *187 5/19 Shultz: remarks to Brazilian-American Chamber of Commerce, New York.
- *188 5/24 Program for the official working visit to Washington, D.C., of Italian Prime Minister Fanfani, May 25-28.
- *189 5/24 Advisory Committee on International Investment, Technology, and Development, June 20.
- *190 5/24 Shultz: press briefing on the Williamsburg Summit, May 20.
- *191 5/25 Program for the official working visit to Washington, D.C., of Japanese Prime Minister Nakasone, May 26-28.
- 192 5/25 Return of certain Mariel Cubans.
- *193 5/25 Alvin P. Adams, Jr., sworn in as Ambassador to Djibouti (biographic data).
- 194 5/25 Shultz: remarks at a reception in honor of the 20th anniversary of the OAU.

*Not printed in the BULLETIN. ■

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

The U.S. and the Developing World: Our Joint Stake in the World Economy, Foreign Policy Assoc., New York, May 26, 1983 (Current Policy #487).

Middle East: Negotiation and Reconciliation, Business Council, Hot Springs, Va., May 13, 1983 (Current Policy #484).

Arms Control

INF Modernization and Arms Control (GIST, May 1983).

Economics

American Policy To Promote World Development, Under Secretary Wallis, International Development Conference, May 18, 1983 (Current Policy #485).

Williamsburg in One Word: Confidence,

Under Secretary Wallis, 1983 Foreign Investment Policy Forum, May 4, 1983 (Current Policy #483).

Europe

Background Notes on Bulgaria (April 1983); Background Notes on the Federal Republic of Germany (May 1983); Background Notes on Hungary (May 1982); Background Notes on Liechtenstein (April 1983).

General

The Marshall Plan: Origins and Implementation, William Sanford, Jr., Office of the Historian (Bulletin Reprint).

International Law

Extraterritoriality and Conflicts of Jurisdiction, Deputy Secretary Dam, American Society of International Law, April 15, 1983 (Current Policy #481).

Western Hemisphere

El Salvador's Land Reform (GIST, April 1983).

Background Notes on Cuba (April 1983). ■

Foreign Relations Volume Released

The Department of State on May 4, 1983, released *Foreign Relations of the United States, 1952-1954, Volume XI, Africa and South Asia*. The *Foreign Relations* series has been published continuously since 1861 as the official record of U.S. foreign policy. This is the fourth of 16 volumes covering the years 1952-54.

The volume presents 1,917 pages of documents, most of them previously unpublished and newly declassified, on U.S. relations with Africa and with South Africa. The volume is published in two parts. The documents are accompanied by scholarly aids, including lists of persons, abbreviations, and sources. These aids are in Part 1. The index to both parts is in Part 2.

The 1,056 pages of documents in Part 1 deal with Africa. This constitutes the broadest coverage of Africa in the series so far. The documents cover general U.S. policies toward the continent; developments in the Gold Coast and Nigeria, British East Africa, and French West and Equatorial Africa; the establishment of the Central African Federation; changes in the administrative and judicial status of Tangier; nationalist ferment in Algeria,

Morocco, and Tunisia; racial policies in the Union of South Africa; and the renegotiation of base rights in Libya. Other sections present documents on bilateral relations with the Belgian Congo, Ethiopia, and Liberia.

The 861 pages in Part 2 cover U.S. policy toward South Asia, including U.S. efforts to resolve the Kashmir dispute between India and Pakistan and the Pushtunistan dispute between Afghanistan and Pakistan. Part 2 also contains material on U.S. bilateral relations with Afghanistan, Sri Lanka (Ceylon), India, and Pakistan.

Foreign Relations, 1952-1954, Volume XI, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of Volume XI (Department of State Publication Nos. 9280 and 9281; GPO Stock No. 044-000-01939-6) may be purchased for \$31.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made out to the Superintendent of Documents.

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