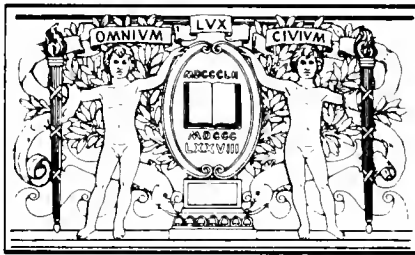


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**Department
of State**
bulletin

Official Monthly Record of United States Foreign Policy / Volume 86 / Number 2109

April 1986



Department of State *bulletin*

Volume 86 / Number 2109 / April 1986

Cover:

Gold pendant from the Ivory Coast.

Design by Sally Brennan, Publishing Services, Department of State.

Photo by Musee de l'Homme)

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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The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through March 31, 1987.

Department of State BULLETIN (ISSN 0041-70) is published monthly (plus annual index) by the Department of State, 2201 C Street NW, Washington, D.C. 20520. Second-class postage paid at Washington, D.C., and additional mailing offices. POSTMASTER: Send address changes to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

NOTE: Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402



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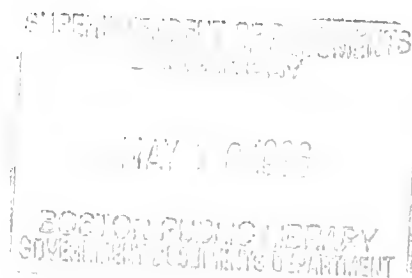
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Sub-Saharan Africa and the United States (Part 1)

Introduction

Sub-Saharan Africa¹ is the ancestral home of millions of Americans and, according to anthropological theory, the birthplace of modern man—the birthplace of Homo sapiens. Perhaps the earliest development of settled agriculture began in Africa on the banks of the lower Nile, making possible the great advances in technology and the arts of ancient times.

From at least the first millennium B.C. onward, elements of Egyptian, Phoenician, Greek, Roman, and Arab culture spread southward into Africa through conquest, trade, and the dissemination of Christianity and Islam. Trade in slaves, gold, copper, salt, ivory, and many other items flourished by sea and, following the introduction of camels in about the 3d century B.C., across the Sahara. Evidence of the extent of this trade can be found in the presence of Chinese porcelain and other luxury wares at archaeological sites in East Africa.

Access to the cultural exchange of the Mediterranean basin was impeded by the vast expanse of desert, causing the peoples of sub-Saharan Africa to develop cultures distinctly their own. Several great empires with large cultural centers emerged but were later defeated by war or declined following

changes in global trade patterns. Although European traders had frequented the African coast since the late 15th century, knowledge of these empires remained limited until the era of African exploration and colonization in the late 18th and 19th centuries.

By the early 20th century, most of Africa had fallen under colonial domination. In sub-Saharan Africa, only Liberia and Ethiopia remained independent. In the decades after World War II, however, the peoples of Africa increasingly rejected foreign rule and demanded for themselves the fundamental freedoms for which they had fought in support of the Allied powers. By the mid-1960s, most African countries had achieved independence. Only Namibia remained in a colonial status in 1985.

There are now 46 independent countries in sub-Saharan Africa and the nearby islands, and negotiations on Namibia's independence are underway. Together with the countries of North Africa, these states play a significant role in the world community through the Organization of African Unity (OAU). But the process of forging cohesive national identities within boundaries drawn by European powers and among more than 1,000 ethnic groups is difficult; since independence, Africa has experienced considerable political upheaval.

It is important to understand sub-Saharan Africa's potential, strengths, and problems because they present opportunities and challenges that no world power can ignore. For the United States, Africa represents:

- The political force of the world's largest regional bloc;
- A rich source of natural resources;
- The ancestral home of 25 million Americans;
- A growing market for American exports;
- An opportunity to demonstrate, through private enterprise and government-to-government aid, that democratic institutions and individual initiative provide a better solution to the problems of the Third World than do totalitarianism and economic regimentation; and
- Possibilities for our adversaries to exploit regional tensions and foster insecurity through the indiscriminate provision of arms and support for violent solutions to local conflicts.

This Discussion Paper is designed to update information on developments in sub-Saharan Africa and to provide a basis for understanding U.S. policy toward this vital region of the world.

Information in this two-part article is intended to provide background for study and discussion. It is not designed to be read as a formal statement of U.S. policy, except where the policy is specifically described as such. The publication summarizes currently available information and raises relevant questions (some of which admittedly may be unanswerable) in order to aid to public discussion of important issues in U.S. foreign policy.

Regional Profile

Geography

The African continent covers 35,000 square miles—nearly one-fifth of the world's total land surface and equal to the combined area of the United States, Western Europe, and India. The sub-Saharan portion of the continent is 9,312,375 square miles—more than three times the size of the continental United States. The African continent stretches 5,000 miles from north to south and 4,600 miles from east to west. Its 18,900-mile coastline is washed by the Atlantic and Indian Oceans and the Mediterranean and Red Seas.

In addition to the continent itself, a number of island countries also are included in "Africa." With the exception of the Canary Islands and Reunion, all are identified with sub-Saharan Africa. These include Madagascar, Cape Verde, the Comoros, Seychelles, Equatorial Guinea, Sao Tome and Principe, and Mauritius. The islands of Zanzibar and Pemba are part of the United Republic of Tanzania.

Topography

The African continent consists of a series of level or slightly undulating plateaus that fall away from a central zone of high formations to low-lying coastal zones averaging only 20 miles in width. Many of these plateaus lie at altitudes anywhere from 3,000 to 9,000 feet in the eastern and southern Africa, while in the north and west most of the land is between 500 and 1,000 feet above sea level.

Massive geologic changes in the plateaus have produced ridges that are among the most conspicuous features of the African landscape: the Great Rift Valley of East Africa, one of the deepest fractures in the earth's crust; Mt. Kilimanjaro (19,565 feet above sea level) and Mt. Kenya (17,058 feet) in East Africa are higher than any peak in the European Alps. These changes also produced Lake Chad in Central Africa; the lakes of East Africa, including Africa's largest, Lake Victoria; and the continent's four major rivers: the Nile (4,000 miles long), the Zaire (3,000 miles), the Niger (2,600 miles), and the Zambezi (1,650 miles).

The continent contains the world's largest desert, the Sahara; regions of heavy rainfall and lush forest vegetation; and, between desert and rain forest, broad savanna grasslands and woodlands. Nearly one-half of Africa's total area is desert, while 40% is partly forested grasslands and 10%, dense forests and thickets.

Climate

Four-fifths of Africa lie in the tropics and have either a tropical or subtropical climate. Temperate climates are found in the north close to the Mediterranean, along the southern and southwestern areas of the Cape of Good Hope, and on the higher parts of the inland plateaus. Air temperatures vary from hot in most parts of the continent to cold in the deserts (at night), on the plateaus, and in the mountains, where some peaks are permanently snowcapped.

Africa is divided into distinct climatic belts. The one bounded by the 5° line on either side of the Equator has a year-long hot-and-rainy climate, with some areas receiving more than 200 inches of rain annually. From 5° - 15° on each side of the Equator, the climate is warm, with heavy rains during part of the year. Deserts predominate in areas 15°-30° from the Equator, and temperatures range from very hot to very cold. Accumulated rainfall in these areas is less than 10 inches annually, and sometimes no measurable rainfall occurs for years. More than 30° from the Equator, mild, rainy winters and warm, dry summers prevail.

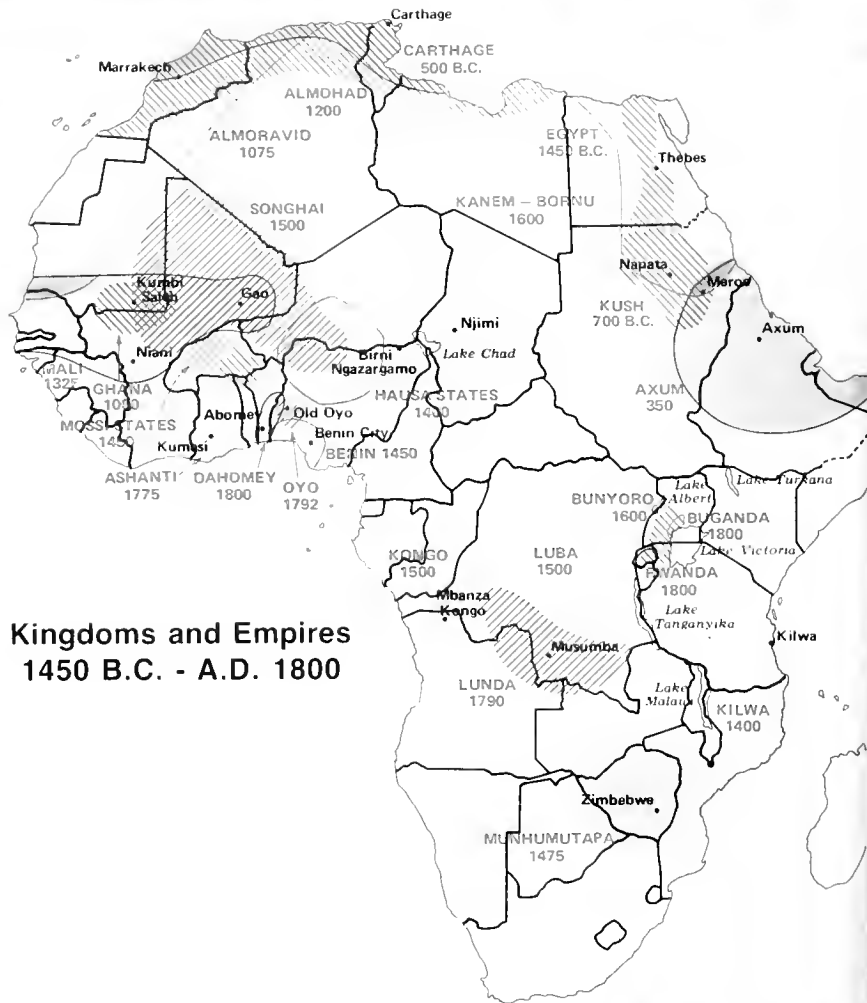
Africa's varied climate has affected vegetation, river conditions, and the incidence of disease; it also has influenced settlement patterns. Africans sought out fertile lands, water, and areas suitable for grazing. Europeans settled near the coasts on the cool eastern and southern plateaus and in the temperate regions of northern and southern Africa. Modern cities, often former centers of colonial administration and trade, usually are located in these areas.

History

Anthropological research and excavation in eastern Africa support the theory of the African origin of the human race. Remains of a forerunner of modern Homo sapiens, Australopithecus, and of other creatures with hominoid characteristics, such as Homo erectus and Homo habilis, have been unearthed in various parts of the continent. Some remains may be more than 2.5 million years old. Evidence of the evolution of primitive people throughout the Paleolithic Age (1 million-16,000 years B.C.) has been discovered, including remains of Neanderthal man dating to about 40,000 B.C. Some scholars believe that midway through this age groups of these African peoples migrated to other continents. Traces of humankind's continued development through the Mesolithic, Neolithic, Bronze, and Iron Ages also have been found in several African regions.

Three main physical types evolved in Africa: Negroid, Bushmanoid, and Pygmoid. Of these groups, the Negroid became dominant, learning first to hunt and forage, later to domesticate animals, and finally to plant crops. Between 1000 B.C. and 1000 A.D., a Negroid group (known by the linguistic classification of Niger-Congo and Kordofanian or Nigritic) exerted control over much of southern Africa, with a major subgroup, the Bantu, nearly eliminating the Pygmoid and Bushmanoid people in the process. Caucasoid peoples from the Mediterranean area first migrated to northeast Africa near the end of the Paleolithic period, and subsequent migrations to northeast and northern Africa occurred in the centuries preceding and following Christ. During the 7th to 10th centuries, bedouin Arabs spread Islamic influence across north Africa, while from the 10th to the 18th centuries, other Muslims continued to settle in eastern Africa from the Horn southward to Zimbabwe.

Sophisticated societies developed in early days. The Kush Kingdom (700 B.C.-200 A.D.) formed in the area of present-day Sudan. The Axum Empire, established by 350 A.D., comprised much of modern Ethiopia. For more than 1,000 years, ancient African kingdoms—such as Ghana, Kanem-



**Kingdoms and Empires
1450 B.C. - A.D. 1800**

National Geographic Society
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Bornu, Mali, Songhai, and the Hausa states—developed primarily in the savanna lands. The kingdoms of Kongo and Lunda may have been founded as early as the 14th century, while the city-states of the Guinea Coast—Ife, Benin, Yoruba—date at least to the 15th century. These states were highly organized and engaged in long-distance trade in salt, gold, cattle, horses, and ivory.

In the early 15th century, Portuguese explorers began a gradual buildup of African trade relations with Europe and the Americas, leading eventually to Christian missionary contact with Africa. During the 16th and 17th centuries, the Dutch, British, French, Spanish, and Arabs increased their

trade with Africa. During this period Europeans established trading posts and maritime stations on the Atlantic and Indian Ocean coasts but rarely traded to the interior of the continent. Slaves became an important commodity, although trade in slaves had existed for centuries. Reliable figures concerning the extent of the slave trade are not available; estimates of the number of people sold into slavery during the 15th-19th centuries range from 10 million to 50 million.

Colonial Era

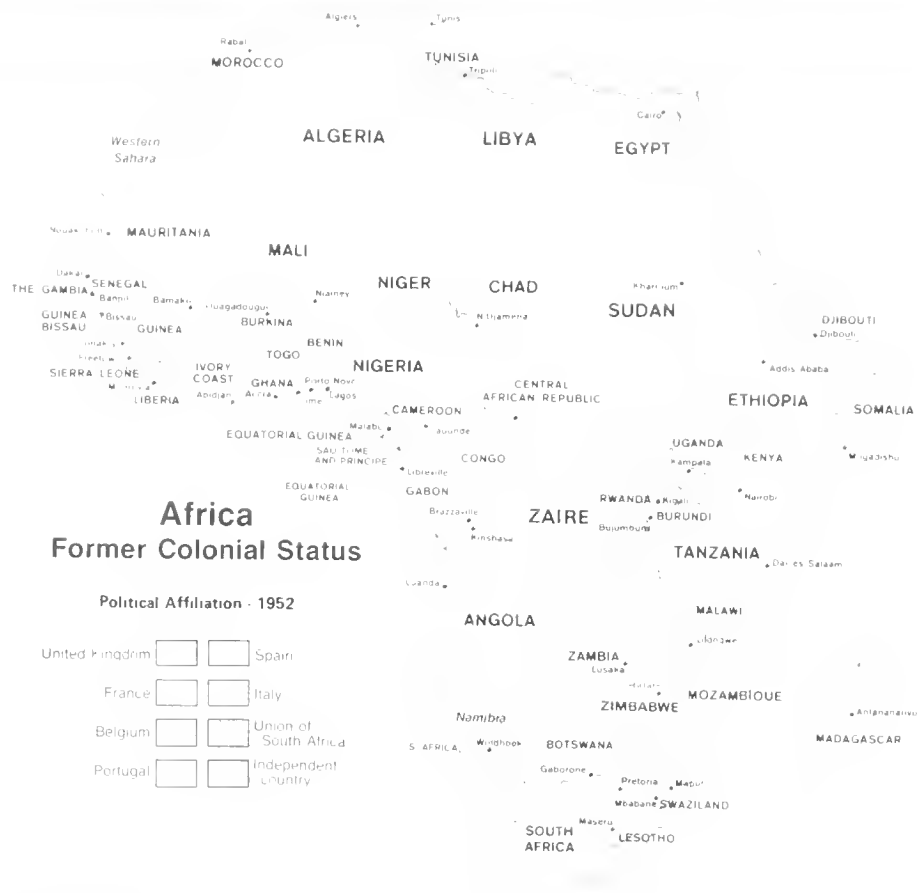
Missionaries, traders, and adventurers penetrated the heart of the continent in the 19th century. These were the

...ch explorers as Mungo Park, ...rgnan de Brazza, Rene Caille, H.M. ...ley, Sir Richard Burton, and David ...ngstone. They were followed, espe- ...y after 1880, by government officials ...ged in extending colonial domains. ...nce the dimensions of Africa's in- ...geography and resources were ...n, colonization proceeded rapidly. ...ough only a small part of the Afri- ...Continent was under foreign rule ...re 1880, all but 2 of the present 46 ...pendent countries of sub-Saharan ...a were under European control by ...The two exceptions were Liberia, ...blished by freed American slaves in ...1840s, and the ancient Empire of ...opia. The remainder of Africa was ...olled by France, Great Britain, ...gical, Belgium, Spain, Germany, and ...During the next half century, Eu- ...ns settled in various areas of the ...ent, traded, extracted minerals, ...stablished governments reflecting ...fferent policies and institutions of ...olonial powers.

Independence Period

...factors helped to create a climate ...ich most of the European-ruled ...es in Africa eventually became in- ...dent. These included the participa- ...of Africans in World Wars I and II; ...rowth of African nationalist move- ...s; the Atlantic Charter of 1941 ...aiming the right of all peoples to ...e the form of government under ...they would live; and changing Eu- ...n economic and political concerns ...spect to the efficacy and burdens ...pire.

...he wave of African independence ...in 1957. Led by Nkrumah of the ...Coast (Ghana), Houphouet-Boigny ...Ivory Coast, and Sekou Toure of ...h Guinea (Guinea), a host of sub- ...an countries in rapid succession ...ties with their colonial rulers. Oc- ...ally, the changeover was accompa- ...nied by violence, as in Zaire, ...mbique, Angola, and Zimbabwe. ...1957, 42 nations have joined the ...reviously independent countries of ...opia, Liberia, Sudan, and South ...Africa became an independ- ...ent with Dominion status within ...ritish Commonwealth in 1910, and ...separated from Egypt and the



United Kingdom in 1956. Namibia, under de facto South African control, remains the region's only dependent territory; efforts are underway to move from violence to negotiation toward Namibian independence.

Africa's political evolution during the past two decades has been tumultuous, with nearly two-thirds of the countries undergoing nonconstitutional changes in government. Although more than half of the nations are led by military leaders or committees, some have now returned to constitutional civilian rule. Despite political trauma in many countries, examples exist of relative tranquility and stable leadership.

Secession attempts have threatened some nations. Eritrea has been seeking independence since 1962, when Ethiopia

assumed direct control and terminated Eritrea's federated status. Shaba (formerly Katanga) unsuccessfully attempted to secede from Zaire (Belgian Congo) when it became independent in 1960, and Biafra from Nigeria in 1967. Cultural and religious differences have led to periodic civil wars in Sudan and Chad. Warfare also has erupted between states. Somalia and Ethiopia have been fighting intermittently over possession of the Ogaden region. Tanzania invaded Uganda in 1979 to oust the barbaric government of Idi Amin and to retaliate for Ugandan attacks on its territory. Libya forcibly annexed a portion of northern Chad in 1980-81 and pushed further south in 1983, halting only after regional and international pressures were applied. Nigeria and Cameroon also have had tense relations over poorly defined borders.

People

Africa's estimated population is more than 400 million, 85% of whom live south of the Sahara. If the current growth rate of about 3% continues, the continent's population may reach 800 million by the year 2000—an increasing concern of many African governments.

Because of the vastness of the continent, population density is less than half that of the United States—about 30 persons per square mile. However, people are dispersed unevenly throughout the region. Large expanses of desert and mountains are virtually uninhabited. On the other hand, good climate, fertile land, navigable rivers, safe ports, and demographic movements have created several areas with a population density as high as 500 persons per square mile. Sub-Saharan Africa's most populated areas are:

- The lands bordering the Gulf of Guinea in West Africa, particularly Nigeria and the southern parts of Ghana, Benin, and Togo;
- The Nile Valley in northern Sudan;
- The East African highlands, particularly the plateaus of Ethiopia, Kenya, eastern Zaire, Rwanda, Burundi, and Tanzania; and
- The eastern and southern coasts and interior High Veld of South Africa.

Most Africans still live in small, rural groups. However, opportunities for a better standard of living have led to increased migration to cities, which are confronted with problems of overcrowding, unemployment, and insufficient municipal services. Among cities with more than 1 million inhabitants are: Kinshasa, Zaire; Lagos and Ibadan, Nigeria; Johannesburg and Cape Town, South Africa; Abidjan, Ivory Coast; Addis Ababa, Ethiopia; and Accra, Ghana.

Tremendous diversity exists among the people of sub-Saharan Africa. This diversity stems from a variety of causes—the infusion of elements from outside the African Continent, migration to new areas in search of better livelihood, rivalries that produced factions and subdivisions, and tendencies to organize into small, close-knit groups for



(Delores Weiss, AID)



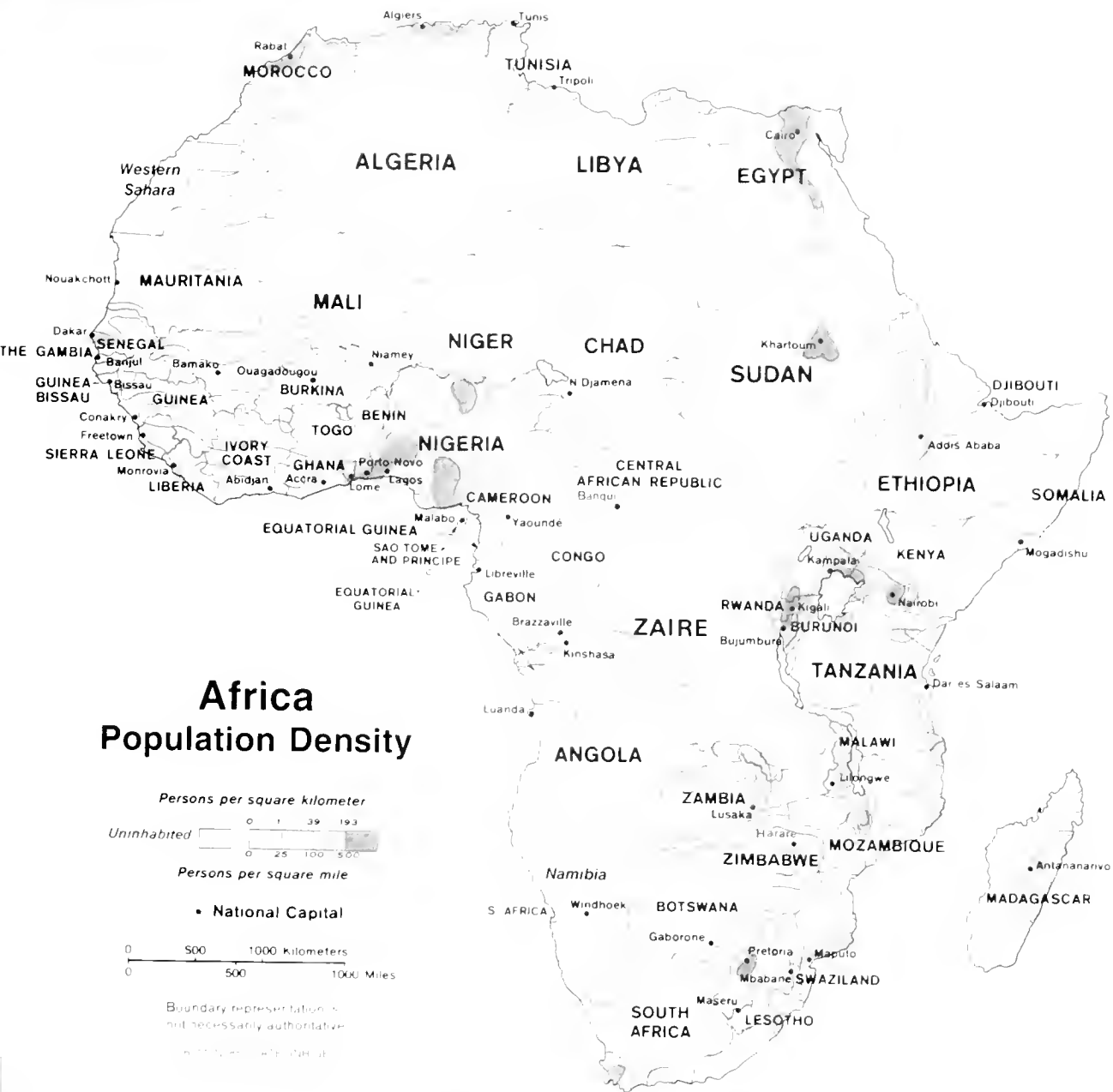
A Somali farmer and businessman check crop grown with seeds imported from U.S.

B Student at the Regional Training Center for Plant Protection, Cameroon.

C Djerma girls in traditional headdress, Niger.

D Liberian training officer and secretary in U.S. AID mission.

(Ministry of Information, Niger)



protection and mutual support. Over thousands of years, this process has produced more than 1,000 ethnic divisions.

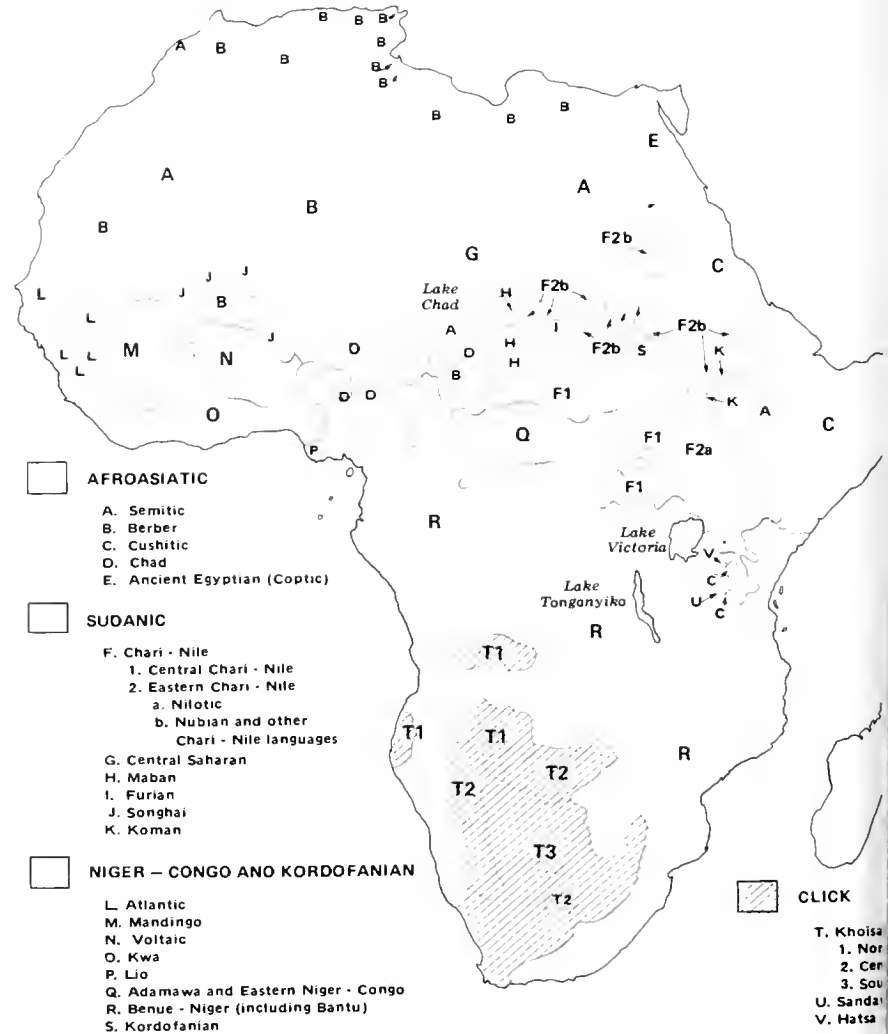
Languages

The complexity of African society is graphically demonstrated by the number of languages. Of more than 800 languages, fewer than 10 are spoken by more than 1 million people. Most languages are native to groups of less than 100,000.

Of the numerous linguistic authorities, the classifications of Joseph Greenberg represent a contemporary consensus (see Bibliography). His listing of categories and map on this page show the general geographic location of groups.¹ In the brief text that follows, references in parentheses are alternate names used by George Murdock, another eminent scholar.

The largest language family is the Niger-Congo and Kordofanian (Nigritic), of which the Bantu sublanguage group is the most important. Speakers of this family of languages are descendants of the earliest people on the continent and still occupy much of sub-Saharan Africa. The Afroasiatic (Hamitic)—including Semitic-, Berber-, and Cushitic-speaking people—stem from the early Caucasoids and live primarily in north and north-east Africa. The Sudanic can be found in a region stretching along the lower Nile and westward through the area known as the Sahel. The Bushmen and Hottentot peoples of southern Africa speak Khoisan or “click” languages. Some languages, such as Swahili and Hausa, serve as *linguae francae* between widely divergent groups, especially in trade.

African Language Groups



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The approximate distribution of the main native language groups of Africa is shown on the above map. Although the number of different languages is very high (perhaps more than 800), all native languages derive from four basic stocks. These stocks are represented by the shaded and unshaded portions of the map. Key letters indicate divisions of the main stocks and are placed in localities where inter-related languages are spoken. European and European colonial languages, which often serve as a common language between language groups, are not included in this presentation. The dotted line at E shows the area where ancient Egyptian was spoken, but the present language is Arabic. Certain other distributions, too minute to be shown on the map, include complex variations in the Sudanic languages; pockets of Fulani in the Atlantic subgroup of Niger-Congo (L) found as far east as Lake Chad; and Bantu (R) encroachments on the territory of the Click speakers.

© Macmillan Educational Corp., 1974

Ethnolinguistic Groups

The diversity of ethnic groupings, which reflect original racial strains and often have names similar to the languages they speak, is illustrated on the map. This map includes a portion of the continent of well-known ethnic linguistic or racial groups. Their inclusion does not necessarily reflect their relative importance, nor is their location on the map definitive.

Scattered throughout the continent are about 5 million people of predominantly European descent, most of them concentrated in southern Africa. There are also nearly 1 million people of Asian (principally Indian or Pakistani) origin in Africa.

Religion

Religion traditionally has played an important role in African culture. There are many indigenous religions, but most recognize a supreme being who created the world, gave the world its order, and endued it with energy. Many African religions attribute conscious life to natural and natural objects, which has led some scholars to use the term "animist" to refer to traditional African religions. Traditional religions, however, have been slowly giving way to Christianity and Islam as life in the African interior becomes less isolated.

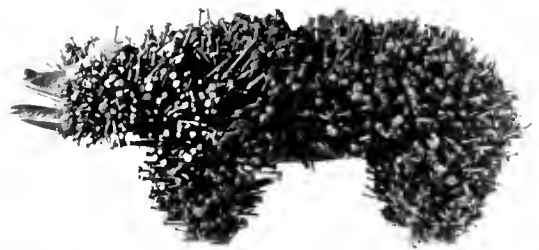
Christianity was spread principally by European missionaries after the 16th century. With the advent of independence, the foreign missionary effort gradually has been replaced by African churches. Today, some 95 million Christians live in Africa.

Islam swept across North Africa in the 7th century and then expanded southward. The Sahelian countries are predominantly Muslim, as are the north-coastal areas of sub-Saharan Africa. With 125 million adherents, Islam is Africa's largest religion.

Ethnolinguistic Groups



This Kongo (Congo) oath-taking figure represented a power figure whose importance derived from the special qualities that the Bakongo assigned to dogs. When activated by the driving in of a nail, the dog figure was presumed to hunt malevolent spirits in the night. The large number of nails it contains is testimony to the confidence of the Bakongo in its force.



(Musee de l'Homme)



Musée de l'Homme

(Volkmar Wentzel National Geographic Society)

D

C

A Yoruba mask, Benin

B Zulu dancers in Swaziland

C Slit wooden drum, Central African Republic

D Yacouba stilt dancer in the Ivory Coast.

ture
 cultural richness of Africa is shown
 our major forms: art, music, dance,
 literature. All uniquely interpret
 traditional African values: religious be-
 ; veneration of the deceased; respect
 nature; and the importance of child-
 ring, the family, and the community
 its leaders. The arts express rever-
 e for the past, teach social roles and
 onsibilities, and encourage the as-
 silation of traditional beliefs.

Thanks to energetic collectors, from
 y colonial explorers to modern cura-
 and tourists, sculpture is the best
 yn African art form. Most recent
 tures are of wood, but museums
 tain collections from Nigeria of
 a-cotta Nok statues from the second
 third centuries B.C. as well as an-
 . Benin and Ife bronzes. Other
 s of traditional graphic or plastic
 include rock paintings, decorative
 lwork, basketry, and jewelry.
 Traditional dances reveal much of
 an lore and legend, philosophy, and
 f. They may celebrate past glories
 triumphs, mark contemporary
 ts and rites of passage, or make
 lication for a good harvest or the
 rity of the community. Folk dances
 markedly throughout the continent,
 lly involving group efforts with par-
 ants massed in circles or lines.
 Drums are most often identified
 African music. For thousands of
 s, however, Africans also have
 ed wind, string, and other percus-
 instruments, obtaining subtle and
 olex expressions from relatively sim-
 le devices. Although much of the music
 served as accompaniment for danc-
 soloists and ensembles perform on
 y other occasions. The rhythmic pat-
 s of African music have influenced
 e outside the continent, most nota-
 American jazz.

A rich oral tradition has existed in
 a for centuries. Experts estimate
 more than 250,000 myths, legends,
 olk tales flourish in sub-Saharan
 a. Timbuktu had a written tradition
 e the 16th century. In the 18th
 ry other literary traditions deve-

loped in Ethiopia and later in languages
 reflecting Arabic influence, such as Hau-
 sa in West Africa and Swahili in the
 east. In the past 80 years, published
 works on this subject have included
 such landmarks as Blaise Cendrars' *An-*
thology Negre, Leopold Senghor's
 "Necritae" poetry, H.I.E. Dhlomo's *Val-*
ley of the Thousand Hills, Chinua Ache-
 be's *Things Fall Apart*, and Thomas
 Mofolo's *Chaka*.

Political Processes

Political institutions and processes vary
 greatly in sub-Saharan Africa. There are
 federations, constitutional monarchies,
 military oligarchies and autoeracies,
 republics with democratic parliaments,
 unicameral and bicameral houses, fully
 elected and partly appointed legisla-
 tures, and single and multiparty sys-
 tems. Most governments are strongly
 authoritarian, either single party or mili-
 tary based.

When independence was achieved,
 the first order of business was to sur-
 vive, and survival required the building
 of authority rather than its limitation as
 in democratic countries. Authority could
 not be achieved with a multiparty sys-
 tem. Julius Nyerere, former President
 of Tanzania and one of the original
 group of African independence leaders,
 rationalized that the single party system
 is more democratic, "providing it is
 identified with the nation as a whole,"
 since "the people can have more oppor-
 tunity to exercise a real choice than
 where you have two or more parties,
 each representing only a section of the
 community." Party loyalties and disci-
 pline, he maintained, limited freedom
 of expression and of choice. Unfor-
 tunately, "democratic" single party sys-
 tems largely failed to create the
 authority necessary to govern. As a
 result, most became, in fact, no-party,
 authoritarian regimes.

The various forms of government in
 the subcontinent also reflect the herit-
 age of colonial administrative and polit-
 ical institutions as well as indigenous
 historical and social backgrounds.

Ethiopia's former constitutional mon-
 archy, for example, was deeply rooted in
 the country's centuries-old royal history.
 Nigeria's attempt at American-style fed-
 eralism, on the other hand, represented
 an effort to maintain unity in one of
 Africa's largest states by accommodat-
 ing its ethnic, cultural, and historical
 differences in a decentralized system.
 Africa's ethnolinguistic groupings were
 characterized by strongly developed
 traditional structures, which often
 crossed political boundaries superim-
 posed by colonial powers with little or
 no regard for linguistic or cultural
 similarities. Despite the impact of
 modernization in urban areas, traditional
 ethnic loyalties remain strong and have
 impeded the development of national
 consciousness. Opposition often has been
 based on ethnolinguistic and regional
 special interests.

African states probably will continue
 to experience change in governmental
 form and process as they experiment
 with ways to organize political power
 effectively and to devise a durable basis
 for citizen participation in the political
 system.

Economy

Africa's natural wealth is vast but
 unevenly distributed. The continent is a
 major exporter of minerals—such as
 diamonds, cobalt, gold, and petroleum—
 and of agricultural commodities—such as
 coffee, cocoa, and tea. Some countries—
 Gabon, Guinea, Liberia, Mauritania,
 Nigeria, Zaire, Zambia, and South
 Africa—have large mineral reserves. Yet
 other countries, such as those in the
 Sahel region, lack access to the coasts
 as well as natural resources. These con-
 trasting circumstances have been accen-
 tuated by varied colonial and cultural
 heritages and postindependence theories
 of economic development.

Despite its natural wealth, Africa as
 a whole faces an unprecedented
 economic crisis. Falling per capita food
 production, severe drought, world reces-
 sion, mounting debt burdens, and
 mistaken government policies have
 seriously affected development pros-

peets. Widespread famine has accompanied the current drought; some 36 countries recently have been affected by abnormal food shortages. Untold thousands of Africans have perished, and an estimated 30 million urgently require food, medical care, and shelter if they are to survive. Even before the drought, more than 20% of Africa's population consumed less than the minimum number of calories needed to sustain good health. Child mortality in sub-Saharan Africa is double the rate of all developing countries.

Famine and the Decline in Agricultural Productivity

Although little can be done to eliminate drought, which occurs periodically in Africa, much can be done to avoid famine. Drought has been transformed into famine by high population growth rates and the decline in farm output. Famine, in turn, has been aggravated by mistaken national policies and armed conflict.

Africa is the only region in the world in which per capita food produc-

tion has fallen during the past two decades. African dependence on outside food sources is growing at an alarming pace, and commercial imports of grain have risen at an annual rate of 9% over the past 20 years. Africa normally imports more than 10 million tons of cereals, excluding current emergency needs; if trends continue, this deficit will increase markedly. Per capita gross domestic product declined by 3%-4% per year from 1981 to 1983—attributed largely to the decline in agriculture, the primary component of most African economies.

Drought victims in Ethiopia



(United Nations)



6017 12 85 STATE (IN/RI/GE)

Africa has serious agricultural constraints—insufficient rainfall, fragile soil, a variety of microclimates, high temperatures, extreme seasonability, and unique insect pests. Farmers have been shortening the fallow periods of their fields, which has led to reduced yields and increased soil erosion. Overuse of forests for firewood and

intensive grazing also have contributed to erosion. High population growth rates have stretched most African nations to the production limits of their traditional agricultures.

Nonetheless, Africa does have the potential to produce sufficient food for its increasing population and thereby reduce its vulnerability to future

droughts. This potential depends greatly upon the ability of African governments to implement effective national policies that support small farmers and encourage the use of modern technology.



(Hadar, World Bank)

A



- A Traditional farming in Nigeria.
- B Grain storage in Niger.
- C Many Africans, particularly in rural areas, lack access to safe water. In Burkina AID has helped provide improved water systems to replace wells that are easily contaminated and spread disease.
- D African researcher on AID-supported project dry-land farming in Cameroon.



Debt Problems

During the 1960s, African governments benefited from high commodity prices and generous foreign aid. Government revenue was supplemented by borrowing from private commercial banks. With the onset of world recession in the 1970s, however, the prices of African commodities plummeted while the cost of imports remained high. Drought and declining agricultural productivity led to increasing commercial imports of basic foodstuffs.

As African economies declined, their governments turned increasingly to borrowing. From 1972 to 1982, medium- and long-term debt increased by an annual average rate of 22%. Debt service ratios (the relationship between debt payments due and exports of goods and services) worsened as well, with ratios of from 30% to 80% or more prevailing in some countries. Most African nations now have major debt problems. In the international forums where public and private debts are rescheduled, the majority of 1984 reschedulings were for African countries.

Inefficient Government Policies

Africa's economic problems are closely linked to the inefficient use of its resources. Two decades after independence, African leaders are confronted with difficult choices and overwhelming economic obstacles that would try the patience and administrative capacity of more experienced govern-

ments elsewhere in the world. These leaders often discourage farm production by adopting politically expedient tax and pricing policies that have favored politically influential urban populations and have disadvantaged farmers, whose output has declined accordingly. They have created large bureaucracies, ignored the private sector, promoted state-run industries that do not produce or produce only at very high cost, maintained overvalued currencies that discourage exports and lead to balance-of-payments crises, and allowed physical infrastructure to deteriorate.

Increasingly, however, African governments are recognizing errors in past policies, and changes are occurring throughout the continent. In the last several years, attitudes have shifted dramatically on such issues as exchange rates, on measures to rehabilitate infrastructure and export industries, on reducing government regulation and bureaucracy, and on assuring that farmers are rewarded through pricing and marketing reform.

Aid donor countries and international institutions are beginning to realize that some of their practices also have contributed unwittingly to inefficient use of resources. However well intentioned, donors have insisted on imposing their own requirements on recipients that have caused administrative problems and strained the absorptive capacity of African nations—for example, 50 donors have contributed to 188 projects in Malawi, 61 donors to 321 projects in Lesotho, and 69 donors to 614 projects in Zambia. Furthermore, aid donors sometimes have subsidized inefficient state enterprises and supported the creation of elaborate government projects that could not be maintained without continued foreign assistance. Nonetheless, foreign assistance has accomplished much in Africa. Notably, several major diseases have been eradicated, and physical infrastructure has been created to market crops and minerals. Foreign donors also helped to establish the first universities and technical training centers on the continent.



Multilateral Organizations

United Nations. Sub-Saharan African nations play an important role in international and regional organizations. They regard the United Nations as the major forum for presenting their views and as a useful arena for advancing foreign policy objectives. Because each country, large or small, has one vote in the UN General Assembly, and because all 46 independent sub-Saharan states are UN members, Africa represents nearly one-third of the Assembly's 159 votes. When taking a common stance, African states thus can have significant, sometimes crucial, influence on many issues in the Assembly and other UN bodies. The African members have been particularly concerned about issues involving colonialism, North-South economic issues, dependent peoples, and human rights. Members of the Organization of African Unity (OAU) have been prime movers in General Assembly and Security Council resolutions dealing with southern African problems. Occasionally, however, many have been reluctant to take controversial positions involving other African states, preferring to deal with such issues within the OAU or in other African forums.

Just as African nations participate actively in the General Assembly and Security Council, UN specialized agencies and other organizations have been deeply involved in Africa. Among these are the UN Conference on Trade and Development (UNCTAD); the International Bank for Reconstruction and Development (IBRD); the International Development Association (IDA); the International Finance Corporation (IFC); the International Monetary Fund (IMF); the World Health Organization (WHO); the International Labor Organization (ILO); the UN Children's Fund (UNICEF); the Food and Agriculture Organization (FAO); the UN High Commissioner for Refugees (UNHCR); and the UN Educational, Scientific and Cultural Organization (UNESCO). Many of these bodies participate in the UN Development Program (UNDP), which allocates a major portion of its resources to sub-Saharan Africa.

Organization of African Unity. The Organization of African Unity is the most prominent and encompassing organization on the African Continent. Founded in May 1963, it includes all independent African states except the Republic of South Africa and Morocco. South Africa never belonged to the organization, and Morocco withdrew in 1985 because of the admission of the Saharoui Arab Democratic Republic (Polisario). Headquartered in Addis Ababa, the OAU has both political and economic responsibilities. The organization has no enforcement powers over its members and OAU resolutions are advisory rather than binding, although individual OAU member states historically have been reluctant in other international forums to depart from OAU positions adopted by resolution. An important OAU function is to obtain an African consensus on questions of interest at the United Nations, where the OAU maintains a permanent office.

The preamble of the OAU Charter reaffirms the principles of the United Nations and its Universal Declaration of Human Rights. It also pledges to support the aspirations of the African peoples and to foster African political and economic development. Signatories agree to coordinate and harmonize their general policies in order to promote African progress and unity, to defend the sovereignty and territorial integrity of member states, and to eradicate

colonialism from Africa. Signatories agree to adhere to the principles of no interference in one another's affairs, the peaceful settlement of disputes, the condemnation of political assassination or subversive activity against neighboring states, respect for existing boundaries, the liberation of remaining dependent areas, and nonalignment with respect to non-African blocs.

The work of the OAU is carried out through four principal institutions—the Assembly of Heads of State and Government; the Council of Ministers; the General Secretariat; and the Commission of Mediation, Conciliation, and Arbitration. Specialized and ad hoc commissions deal with a variety of activities of common interest and attempt to instill a spirit of cooperation among member states.

Annual OAU summits endeavor to deal with current crises, often involving African interstate relations. Debates sometimes avoid confrontation on the tough issues and differences that divide nations, but they can be acrimonious. The OAU has attempted to limit external intervention in African problems; to assist in such issues as the use of mercenaries in Zaire, the Biafran rebellion, disputes between Ethiopia and Somalia and between Algeria and Morocco, the transition to independence in Angola, the status of the Western Sahara, self-determination issues in southern Africa, and human rights. In 1981 the OAU established its first joint military force to help keep peace during the civil war in Chad. Nigeria, Senegal, and Zaire contributed troops to the peacekeeping force during its 6 months in Chad.

A 1982 executive decision by the OAU Secretary General to seat the Polisario—a self-styled liberation movement fighting for the independence of the Western Sahara—was strongly opposed by Morocco and many African states. However, because the organization was increasingly paralyzed due to the controversy over this one issue, the Polisario finally was allowed to take its seat at the November 1984 OAU summit. Morocco withdrew from the OAU as a result.

OAU Members

Algeria, Angola, Benin, Botswana, Burkina, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Western Sahara (Saharoui Arab Democratic Republic), Zaire, Zambia, Zimbabwe.

Economic Commission for Africa. The Economic Commission for Africa (ECA), a UN regional body in which all independent African states, except South Africa, are represented, was established in 1958 for the promotion and planning of African economic and social development through cooperative regional action. The ECA performs extensive research and served as a catalyst in the creation of the African Development Institute and the African Development Bank. It maintains and endeavors to strengthen economic ties with other countries of the world. The headquarters of the ECA Secretariat is in Addis Ababa, Ethiopia.

African Development Bank and Fund. The purpose of the African Development Bank and Fund, headquartered in Abidjan, is to contribute to members' economic and social development. The Bank and Fund finance investment projects and development programs. After the Bank opened membership to nonregional countries, the United States joined in 1983, becoming the largest nonregional donor, with an annual commitment of \$18 million in loan capital and \$54 million in callable capital. It has increased its contribution to the Fund, the Bank's soft loan window, by \$50 - \$75 million annually. The United States remains the largest contributor, providing 15.4% of the total Fund disbursement.

Lome Convention. The Lome III Convention was signed in Lome, Togo, in December 1984; it continues the special economic relations between the European Economic Community (EEC) and 67 nations of the African, Caribbean and Pacific (ACP) Group of States. The new convention replaces Lome II, which expired in February 1985. Lome I was signed in 1975. The 5-year accord provides ACP countries with trade preferences, industrial cooperation, and \$6.3 billion in economic assistance, including the STABEX program, which helps to maintain stable export earnings for certain ACP commodities. Although similar to its predecessor conventions, Lome III adds provisions on private investment, fisheries, cultural coordination, and refugee aid.

ACP Group. The African, Caribbean and Pacific Group of States was convened originally to negotiate the Lome Convention with the EEC. Founded as a permanent organization in July 1975, the ACP Group aims to represent its members' views concerning the Lome Convention. It also tries to develop closer trade, economic, and cultural relations among ACP states and to promote effective interregional cooperation. ACP headquarters is in Brussels.

Economic Community of West African States. The Economic Community of West African States (ECOWAS) has 16 members, including nearly all the Francophone, Anglophone, and Lusophone countries of the West African region from Mauritania to Nigeria. Its objective is to create a common market in which internal trade barriers will be eliminated. The Community

promotes free movement of people, services, and capital; harmonization of agricultural policies; joint development of economic and industrial policies; and elimination of disparities in levels of development. Community headquarters is in Lagos, Nigeria.

Inter-African Coffee Organization. The Inter-African Coffee Organization (ICAO) was founded in 1960 and now has 15 members. Its objective is to adopt a unified policy on coffee marketing. The organization facilitates contacts among member countries, coffee buyers, and the International Coffee Organization. It is headquartered in Abidjan, Ivory Coast.

West African Rice Development Association. The West African Rice Development Association (WARDA) has 14 members. Its purpose is to work cooperatively in the research, growing, and marketing of rice. It lobbies for increased quotas on the world market. WARDA's headquarters is located in Monrovia, Liberia.

¹Although the generic term "Africa" frequently is used throughout this publication, and some data pertain to the entire continent, attention is focused on sub-Saharan Africa and the off-shore island states, which together include the majority of countries and of the continent's population. Within the Department of State, the Bureau of African Affairs is responsible for the conduct of relations with this region. Relations with North Africa are conducted through the Department's Bureau of Near Eastern and South Asian Affairs. ■

Part 2, discussing U.S. relations with sub-Saharan Africa and including data tables and a bibliography, will be published in the May 1986 issue of the *Bulletin*.

Strengthening American Security

*President Reagan's televised
address to the nation on
February 26, 1986.¹*

My fellow Americans, I want to speak to you this evening about my highest duty as President—to preserve peace and defend these United States.

But before I do, let me take a moment to speak about the situation in the Philippines. We've just seen a stirring demonstration of what men and women committed to democratic ideas can achieve. The remarkable people of those 7,000 islands joined together with faith in the same principles on which America was founded—that men and women have the right to freely choose their own destiny. Despite a flawed election, the Filipino people were understood. They carried their message peacefully, and they were heard across their country and across the world.

We salute the remarkable restraint shown by both sides to prevent bloodshed during these last tense days. Our hearts and hands are with President Aquino and her new government as they set out to meet the challenges ahead. Today, the Filipino people celebrate the triumph of democracy, and the world celebrates with them.

One cannot sit in this office reviewing intelligence on the military threat we face, making decisions from arms control to Libya to the Philippines, without having that concern for America's security weigh constantly on your mind. We know that peace is the condition under which mankind was meant to flourish. Yet, peace does not exist of its own will. It depends on us—on our courage to build it and guard it and pass it on to future generations. George Washington's words may seem hard and cold today, but history has proven him right again and again: "To be prepared for war," he said, "is one of the most effective means of preserving peace." Well, to those who think strength provokes conflict, Will Rogers had his own answer. He said of the world heavyweight champion of his day: "I've never seen anyone insult Jack Dempsey."

Rebuilding U.S. Strength

The past 5 years have shown that American strength is once again a sheltering arm for freedom in a dangerous world. Strength is the most persuasive argument we have to convince our adversaries to negotiate seriously and to cease bullying other nations. But tonight the security program that you and I launched to restore America's strength is in jeopardy—threatened by those who would quit before the job is done. Any slackening now would invite the very dangers America must avoid—and could fatally compromise our negotiating position. Our adversaries, the Soviets, we know from painful experience, respect only nations that negotiate from a position of strength. American power is the indispensable element of a peaceful world—it is America's last, best hope of negotiating real reductions in nuclear arms. Just as we are sitting down at the bargaining table with the Soviet Union, let's not throw America's trump card away.

We need to remember where America was 5 years ago. We need to recall the atmosphere of that time—the anxiety that events were out of control, that the West was in decline, that our enemies were on the march. It was not just the Iranian hostage crisis or the Soviet invasion of Afghanistan, but the fear, felt by many of our friends, that America could not, or would not, keep her commitments. Pakistan, the country most threatened by the Afghan invasion, ridiculed the first offer of American aid as "peanuts." Other nations were saying that it was dangerous—deadly dangerous—to be a friend of the United States.

It was not just years of declining defense spending but a crisis in recruitment and retention and the outright cancellation of programs vital to our security. The Pentagon horror stories at the time were about ships that couldn't

sail, planes that couldn't fly for lack of spare parts, and army divisions unprepared to fight.

And it was not just a one-sided arrangement that made it easy for one side to cheat, but a treaty that actually permitted increases in nuclear arsenals. Even supporters of SALT II [strategic arms limitation talks] were demoralized, saying, well, the Soviets just won't agree to anything better. And when President Carter had to abandon the treaty because Senate leaders of his own party wouldn't support it, the United States was left without a national strategy for control of nuclear weapons.

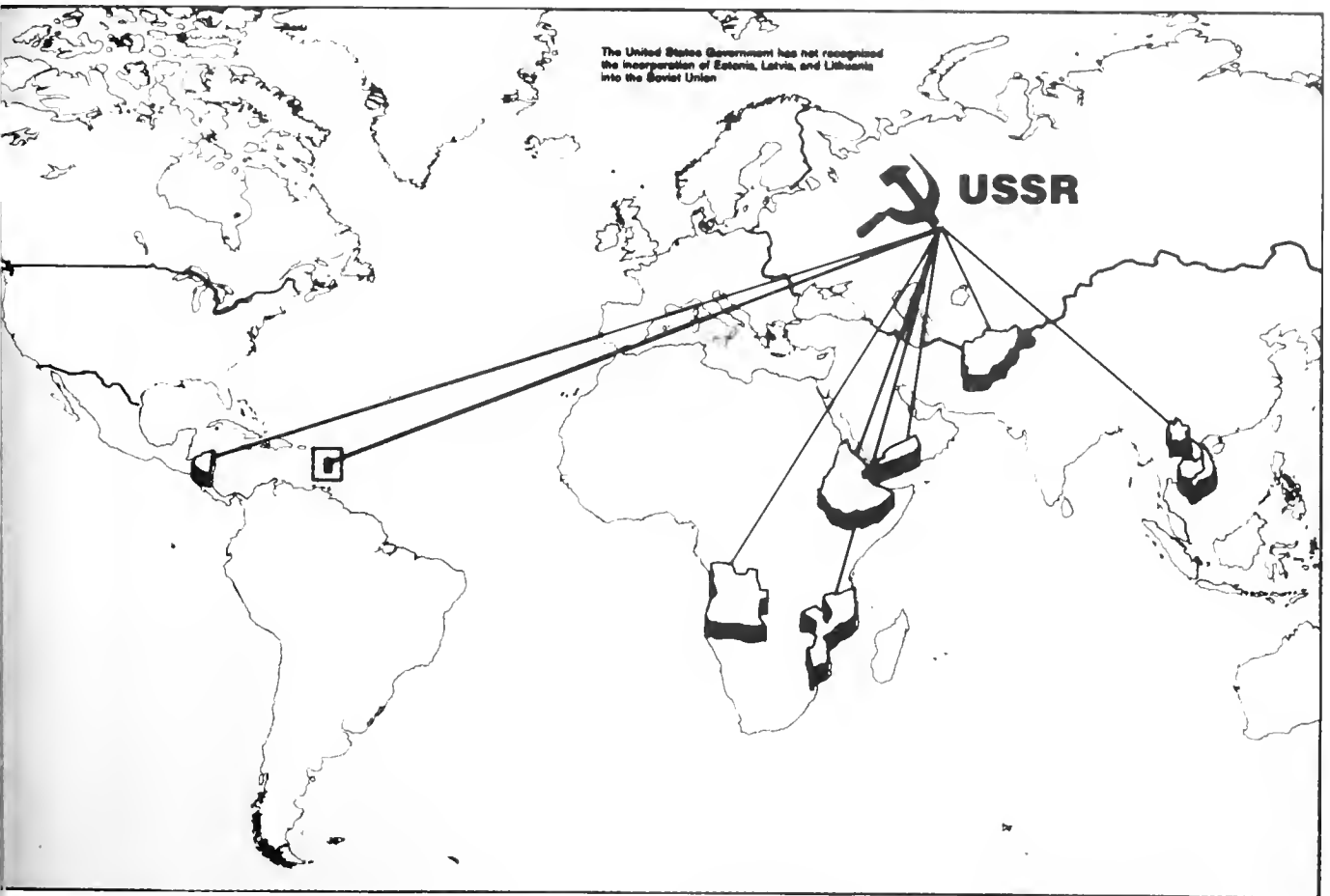
We knew immediate changes had to be made. So here's what we did: we set out to show that the long string of governments falling under communist domination was going to end; and we're doing it.

In the 1970s, one strategic country after another fell under the domination of the Soviet Union. The fall of Laos, Cambodia, and South Vietnam gave the Soviet Union a strategic position on the South China Sea. The invasion of Afghanistan cut nearly in half Soviet air time to the Persian Gulf. Communist takeovers in South Yemen and Ethiopia put the Soviets astride the Red Sea, entryway to the Suez Canal. Pro-Soviet regimes in Mozambique and Angola strengthened the Soviet position in southern Africa. And finally, Grenada and Nicaragua gave Moscow two new beachheads right on the doorstep of the United States.

In these last 5 years, not one square inch of territory has been lost, and Grenada has been set free.

When we arrived in 1981, guerrillas in El Salvador had launched what they called their "final offensive" to make that nation the second communist state on the mainland of North America. Many people said the situation was hopeless; they refused to help. We didn't agree; we did help. And, today, those guerrillas are in retreat. El Salvador is a democracy, and freedom fighters are challenging communist regimes in Nicaragua, Afghanistan, Angola, Cambodia, and Ethiopia.

We set out to show that the Western alliance could meet its security needs, despite Soviet intimidation. And we're doing it. Many said that to try to counter the Soviet SS-20 missiles would split NATO because Europe no longer believed in defending itself. Well, that was nonsense. Today, Pershing and



se missile deployments are on sched-
and our allies support the decision.
We set out to reverse the decline in
ale in our Armed Forces. And we're
g it. Pride in our Armed Forces has
n restored. More qualified men and
men want to join—and remain in—the
ary. In 1980, about half of our
y's recruits were high school gradu-
; last year, 91% had high school
omas.

Our Armed Forces may be smaller
ze than in the 1950s, but they're
e of the finest young people this
try has ever produced. And as long
m President, they'll get the quality
ment they need to carry out their
ion.

We set out to narrow the growing
s in our strategic deterrent. And
e beginning to do that. Our modern-
on program—the MX, the Trident
arine, the B-1 and Stealth
bers—represents the first significant
ovement in America's strategic
rrent in 20 years.

Those who speak so often about the
alled arms race ignore a central fact:
e decade before 1981, the Soviets
e the only ones racing.

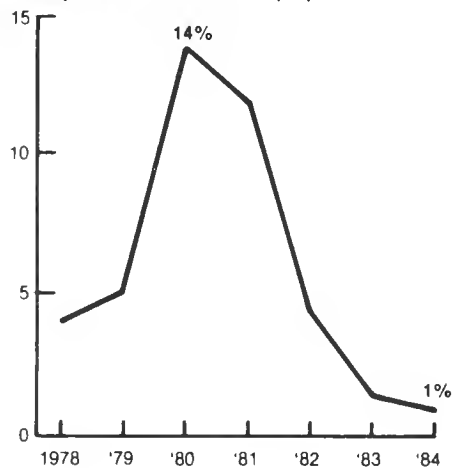
During my 1980 campaign, I called
Federal waste and fraud a national scandal. We knew we could never rebuild
America's strength without first controlling the exploding cost of defense
programs. And we're doing it.

When we took office in 1981, costs
had been escalating at an annual rate of
14%. Then we began our reforms. And
in the last 2 years, cost increases have
fallen to less than 1%.

We've made huge savings. Each
F-18 fighter costs nearly \$4 million less
today than in 1981. One of our air-to-air
missiles costs barely half as much.

Getting control of the defense
bureaucracy is no small task. Each year
the Defense Department signs hundreds
of thousands of contracts. So, yes, a horror
story will sometimes turn up despite
our best efforts. That's why we appointed
the first Inspector General in
the history of the Defense Department—
and virtually every case of fraud or
abuse has been uncovered by our
Defense Department, our Inspector
General. Secretary Weinberger should
be praised, not pilloried, for cleaning the
skeletons out of the closet. As for those
few who have cheated taxpayers or
have swindled our Armed Forces with

Weapons Cost Growth (%)



faulty equipment, they are thieves stealing
from the arsenal of democracy—and
they will be prosecuted to the fullest
extent of the law.

Finally, we've set out to reduce the
danger of nuclear war. Here, too, we're
achieving what some said couldn't be
done. We've put forth a plan for deep
reductions in nuclear systems; we're

pushing forward our highly promising Strategic Defense Initiative (SDI)—a security shield that may one day protect us and our allies from nuclear attack, whether launched by deliberate calculation, freak accident, or the isolated impulse of a madman. Isn't it better to use our talents and technology to build systems that destroy missiles, not people?

Our message has gotten through. The Soviets used to contend that real reductions in nuclear missiles were out of the question. Now, they say they accept the idea. Well, we shall see. Just this week, our negotiators presented a new plan for the elimination of intermediate-range nuclear missiles, and we're pressing the Soviets for cuts in other offensive forces as well. One thing is certain: if the Soviets truly want fair and verifiable agreements that reduce nuclear forces, we will have those agreements.

The Defense Debate

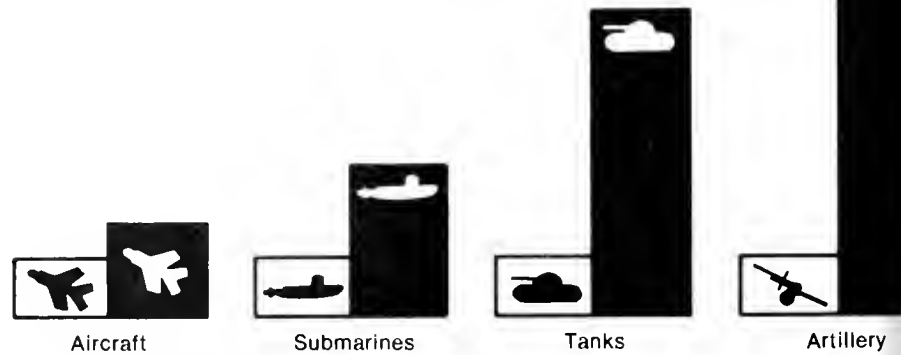
Our defense problems 5 years ago were immense, and drastic action was required. Even my predecessor in this office recognized that and projected sizable increases in defense spending—and I'm proud of what we've done. Now, the biggest increases in defense spending are behind us. And that's why, last summer, I agreed with Congress to freeze defense funding for 1 year, and after that to resume a modest 3% annual growth. Frankly, I hesitated to reach this agreement on a freeze because we still have far too much to do. But I thought that congressional support for steady increases over several years was a step forward.

But this didn't happen. Instead of a freeze, there was a sharp cut—a cut of over 5%. And some are now saying that we need to chop another \$20, \$30, or even \$50 billion out of national defense.

This is reckless, dangerous, and wrong. It's backsliding of the most irresponsible kind, and you need to know about it. You, after all, paid the bill for all we've accomplished these past 5 years. But we still have a way to go. Millions of Americans actually believe that we are now superior to the Soviet Union in military power. Well, I'm sorry, but if our country's going to have a useful debate on national security, we have to get beyond the drumbeat of propaganda and get the facts on the table.

Over the next few months, you'll be hearing this debate. I'd like you to keep in mind the two simple reasons not to

U.S.-Soviet Force Comparison



cut defense now. One, it's not cheap. Two, it's not safe. If we listen to those who would abandon our defense program, we will not only jeopardize negotiations with the Soviet Union—we may put peace itself at risk.

I said it wouldn't be cheap to cut. How can cutting not be cheap? Well, simple. We tried that in the 1970s, and the result was waste, enormous waste—hundreds of millions of dollars lost because the cost of each plane and tank and ship went up, often way up. The old shoppers' adage proved true—they are cheaper by the dozen.

Arbitrary cuts only bring phony savings, but there's a more important reason not to abandon our defense program. It's not safe. Almost 25 years ago, when John Kennedy occupied this office during the Cuban missile crisis, he commanded the greatest military power on earth. Today, we Americans must live with a dangerous new reality. Year-in and year-out, at the expense of its own people, the Soviet leadership has been making a relentless effort to gain military superiority over the United States. Between 1970 and 1985 alone, the Soviets invested \$500 billion more than the United States in defense—and built nearly three times as many strategic missiles. As a consequence of their enormous weapons investment, major military imbalances still exist between our two countries.

Today, the Soviet Union has deployed over one-and-a-half times as many combat aircraft as the United States, over two-and-a-half times as many submarines, over five times as many tanks, and over 11 times as many artillery pieces.

We have begun to close some of these gaps, but if we're to regain our margins of safety, more must be done. Where the Soviets once relied on numbers alone, they now strive for both quantity and quality. We anticipate that over the next 5 years, they will deploy on the order of 40 nuclear submarines, 500 new ballistic missiles, and 18,000 modern tanks. My 5-year defense budget maintains our commitment to America's rebuilding program. And I'm grateful that Secretary Weinberger is here to fight for that program with all the determination and ability he has shown in the past.

But my budget does not call for matching these Soviet increases. So a question must be asked: can we really afford to do less than what I've proposed?

Today, we spend a third less of our gross national product on defense than under John Kennedy, yet some in Congress talk of even deeper cuts. Barely 6% of our nation's gross national product—that's all we invest to keep America free, secure, and at peace. The Soviets invest more than twice as much

now strip away spending on salaries, housing, dependents, and the like and compare. The United States invests in actual weapons and research only 1% of our gross national product, while the Soviet Union invests 11% on weapons, more than four times as much. This is the hard, cold reality of our defense deficit.

But it's not just the immense Soviet arsenal that puts us on our guard. The record of Soviet behavior, the long history of Soviet brutality toward those who are weaker, reminds us that the very guarantee of peace and freedom is military strength and our national will. The peoples of Afghanistan and Czechoslovakia and Cuba and many other captive countries, they understand this.

Some argue that our dialogue with the Soviets means we can treat defense more casually. Nothing could be farther from the truth. It was our seriousness about defense that created the climate in which serious talks could finally begin.

Now that the Soviets are back at the table, we must not undercut our negotiators. Unfortunately, that's exactly what some Members of Congress have done. By banning any U.S. tests of antisatellite system, Congress not only protected a Soviet monopoly, it unilaterally granted the Soviets a concession they could not win at the negotiating table.

Principles for Defense Program

Our defense program must rest on the following principles.

- First, we must be smart about what we build. We don't have to copy anything the Soviets do. We don't have to compete on Soviet terms. Our job is to provide for our security by using the strengths of our free society. If we think smart enough, we don't have to think quite so big. We don't have to do the job with large numbers and large force. We don't have to increase the size of our forces from 2 million to 5 million—as long as our military and women have the quality tools we need to keep the peace. We don't have to have as many tanks as the Soviets—as long as we have sophisticated antitank weapons.

Innovation is our advantage. One example: advances in making airplanes and cruise missiles almost invisible to Soviet radar could neutralize the vast air defense systems upon which the Soviets—

and some of their most dangerous client states—depend.

But innovation is not enough. We have to follow through. Blueprints alone don't deter aggression. We have to translate our lead in the lab to a lead in the field. But when our budget is cut, we can't do either.

- Second, our security assistance provides as much security for the dollar as our own defense budget. Our friends can perform many tasks more cheaply than we can. And that's why I can't understand proposals in Congress to sharply slash this vital tool. Military assistance to friends in strategic regions strengthens those who share our values and interests. And when they are strong, we're strengthened. It is in our interest to help them meet threats that could ultimately bring harm to us as well.

- Third, where defense reform is needed, we will pursue it. The Packard commission we created will be reporting in 2 days. We hope they will have ideas for new approaches that give us even better ways to buy our weapons. We're eager for good ideas, for new ideas—America's special genius. Wherever the commission's recommendations point the way to greater executive effectiveness, I will implement them, even if they run counter to the will of the entrenched bureaucracies and special interests. I will also urge Congress to heed the commission's report and to remove those obstacles to good management that Congress itself has created over the years.

- The fourth element of our strategy for the future is to reduce America's dependence on nuclear weapons. You've heard me talk about our Strategic Defense Initiative, the program that could one day free us all from the prison of nuclear terror. It would be pure folly for the United States not to press forward with SDI when the Soviets have already invested up to 20 years on their own program. Let us not forget that the only operational missile defense in the world today guards the capital of the Soviet Union—not the United States.

But while SDI offers hope for the future, we have to consider today's world. For too long, we and our allies have permitted nuclear weapons to be a crutch, a way of not having to face up to real defense needs. We must free ourselves from that crutch. Our goal should be to deter and, if necessary, to repel any aggression without a resort to nuclear arms. Here, again, technology

can provide us with the means not only to respond to full-scale aggression but to strike back at terrorists without harming innocent civilians.

Today's technology makes it possible to destroy a tank column up to 120 miles away without using atomic weapons. This technology may be the first cost-effective conventional defense in postwar history against the giant Red Army. When we fail to equip our troops with these modernized systems, we only increase the risk that we may one day have to resort to nuclear weapons.

These are the practical decisions we make when we send a defense budget to Congress. Each generation has to live with the challenges history delivers. And we can't cope with these challenges by evasion. If we sustain our efforts now, we have the best chance in decades of building a secure peace. That's why I met with General Secretary Gorbachev last year, and that's why we're talking to the Soviets today, bargaining—if Congress will support us—from strength.

We want to make this a more peaceful world. We want to reduce arms. We want agreements that truly diminish the nuclear danger. We don't just want signing ceremonies and color photographs of leaders toasting each other with champagne. We want more. We want real agreements—agreements that really work—with no cheating. We want an end to state policies of intimidation, threats, and the constant quest for domination. We want real peace.

I will never ask for what isn't needed; I will never fight for what isn't necessary. But I need your help.

We've come so far together these last 5 years—let's not falter now. Let's maintain that crucial level of national strength, unity, and purpose that has brought the Soviet Union to the negotiating table and has given us this historic opportunity to achieve real reductions in nuclear weapons and a real chance at lasting peace. That would be the finest legacy we could leave behind—for our children and for their children.

¹Text from White House press release. ■

Visit to Grenada

President Reagan visited St. George's February 20, 1986, where he addressed the people of Grenada at Queen's Park.¹



The President with Prime Minister Herbert Blaize (left) and Governor General Sir Paul Scoon (right).

Prime Minister Blaize, Governor General Scoon, distinguished Prime Ministers, and my dear Grenadian friends: I bring you the goodwill and affection of the people of the United States. It is my honor to be on this platform with these Caribbean leaders. We stand before you as friends who share a fundamental belief in democracy. Our commitment to humane and representative government is stronger than any tyrant's chains. And I'm certain that my colleagues approve when I say to you, we are grateful to God, today, that Grenada is once again safely within the ranks of free nations.

There is a freedom tide rising in our hemisphere. Your Prime Minister and these other elected leaders are testimony that the spirit of democracy is assuming its rightful role as the great unifier of the people. Democracy is based on respect for the rights and dignity of every person, whatever his or her station in life. In the last century, a champion of Grenadian independence, William Galway Donovan, put it well

when he wrote, "A naked freedman is a nobler object than a gorgeous slave."

Now in a sense, and I mean this in a kind of geographical sense, we are, in a way, all Americans in this hemisphere, from the North Slope of Alaska to the tip of South America—these are known as the Americas—and it's our birthright to live in freedom. It is our heritage. In this quest, we stand together. And we shall always stand together.

Just in the last 5 years, Brazil, Argentina, Guatemala, Honduras, Bolivia, Uruguay, El Salvador, and, yes, Grenada, have returned to democracy. Today, 27 of 33 independent countries, countries with 90% of this hemisphere's population, are democratic or in transition to democracy. And we won't be satisfied until all the people of the Americas have joined us in the warm sunshine of liberty and justice.

In free societies, government exists for the sake of the people—not the other way around. Government is not directed by the whims of any dictator or the mandate of any clique but by the good

sense of the people through a democratic vote. In free societies, people do not live in fear. They never worry that criticizing the government will lead to late knock on the door, an arrest by some goon squad. When people are free their rights to speak and to pray are protected by law and the goons are not running the jails: they're in the jails. In a free society, neighbors don't spy on neighbors; neighbors help neighbors. And that's the way God meant it to be.

As we rejoice in your new renewed freedom, let us not forget that there are still those who will do everything in their power to impose communist dictatorship on the rest of us. Castro's tyranny still weighs heavy on the shoulders of his people and threatens the peace and freedom of this hemisphere. Doing the bidding of his faraway master, he has shipped Cuba's young men by the thousands to fight and die in faraway lands. When one recalls the tons of military equipment that were captured here, we can thank God that they were changed before young Grenadians too were sent off to fight and die for alien ideology.

From the first days of my Presidency, I was aware of the growing trouble here in Grenada. We were worried about you and what appeared to be an attempt to turn your island into a staging area for subversion and aggression.

I can still remember being awakened early in the morning and told that six members of the Organization of Eastern Caribbean States, joined by Jamaica and Barbados, had sent an urgent request that we join them in an effort to protect lives and to restore order and democracy to your country. There were some 800 students from the United States whose lives were in danger. And there were more than 90,000 of you—Grenadians, friends, and neighbors—who were living in fear of never again regaining your freedom. Ladies and gentlemen, my dear friends, I will never be sorry that I made the decision to help you, and I made it before the sun came up.

There is a story—perhaps it's a legend—that in 1933 a group of young boys was in a swimming race across your harbor. And in the midst of the race, according to the story, to the horror of the crowd that watched, a shark appeared and surfaced directly under one young swimmer. For a few terrifying minutes, the boy was carried on his back of the shark until the shark hit wharf and the boy was knocked to safety and pulled out of the water by

White House photo by Pete Souza

friends and neighbors. Dear people Grenada, for a time it appeared that it were like that boy riding on the back of a shark. Your friends held their breath hoping and praying for you. And it was our honor to help you get off the shark. And—all of us up here—we're just glad we got here before it was time for his supper.

Today in Nicaragua, we see a chain of events similar to what happened here. We hear the same excuses made by the communists, while the people of Nicaragua see their freedom, slowly, but surely, eaten away.

Edmund Burke, a British parliamentarian who championed the cause of American independence, once wrote, "When bad men combine, the good must associate; else they will fall one by one. . . ." Those words still ring true. That's why we came to your aid. And that is why the United States must help you struggling for freedom in Nicaragua. In the cause of liberty, all the people are part of the same family. We should stand together as brothers and sisters. And if we do, the Nicaraguan people will be able to free themselves from communist tyranny and have the liberty that you now enjoy in Grenada.

President Reagan lays a wreath at the memorial in St. George's honoring the U.S. servicemen killed in Grenada in October



(White House photo by Bill FitzPatrick)

There are those, of course, who claim we must give up freedom in exchange for economic progress. Pardon me, but anyone trying to sell you that line is no better than a three-card trick man. One thing becoming more clear every day is that freedom and progress go hand in hand. Throughout the devel-

oping world, people are rejecting socialism because they see that it doesn't empower people, it impoverishes them. In Cuba, Castro has turned a once thriving economy into a basket case. Lately, he's taken to haranguing his people, blaming them for the failures of his dictatorship.

Grenada—A Profile

People

Nationality: *Noun and adjective*—Grenadian(s). **Population** (1984 est.): 92,000. **Annual growth rate** (1977–82): 0.9%. **Ethnic groups:** Mainly black African descent. **Religions:** Roman Catholic, Church of England, other Protestant denominations. **Languages:** English (official), some vestigial French patois. **Education:** *Years compulsory*—6. *Literacy*—85% of adult population. **Health:** *Infant mortality rate*—16.7/1,000. *Life expectancy*—69 yrs. **Work force** (36,000): *Agriculture*—23.5%. *Industry*—24.1%. *Unemployment* (1984 est.)—30%.

Geography

Area: 344 sq. km. (133 sq. mi.); about twice the size of Washington, D.C. **Cities:** *Capital*—St. George's (pop. 30,000 est.). **Terrain:** Volcanic island with central mountainous rain forest. **Climate:** Tropical.

Government

Type: Independent state since February 1974; recognizes the British Monarch, Queen Elizabeth II, as chief of state. Administered by an interim government immediately following the ouster of the People's Revolutionary Government in October 1983, and returned to a Westminster-style parliamentary system through national elections in December 1984. **Independence:** February 7, 1974. **Constitution:** December 19, 1973.

Branches: *Legislative*—Parliament composed of a 15-seat directly elected House of Representatives and a 13-seat Senate appointed by governor general on the advice of the government and opposition. *Executive*—prime minister and Cabinet direct an apolitical career civil service in the administration of the government. *Judicial*—Supreme Court, composed of High Court of Justice and a Court of Appeals.

Administrative subdivisions: Six parishes and one dependency (Carriacou and Petit Martinique in the Grenadines).

Political parties: New National Party (NNP), Grenada United Labour Party (GULP), Maurice Bishop Patriotic Movement (MBPM), Grenada Democratic Labor

Party (GDLP), Christian Democratic Labor Party (CDLP).

Central government budget (1985): \$92.4 million. *Recurrent expenditures*—\$45.6 million. *Capital expenditures*—\$46.9 million. (Capital expenditures financed largely by foreign assistance.)

National holiday: February 7.

Flag: Red, yellow, and green with a nutmeg left of center.

Economy

GDP (1983 at market prices): \$116 million. **Annual growth rate** (1983): -1.6%. **Per capita GDP** (1983): \$1,261. **Avg. inflation rate** (1983): 6.1%. (1984 est.) 5%.

Agriculture (1983, 21% of GDP): *Products*—fruits and vegetables, cocoa, nutmeg, bananas, mace.

Industry (1983): *Types*—Manufacturing—4%. Tourism—3.6%. Construction—8.7%.

Trade: *Exports*—\$18.9 million (1983), \$17.4 million (1984 est.): fruits and vegetables, cocoa, nutmeg, bananas, garments, and mace. *Major markets* (1983)—CARICOM countries 38.7%, United Kingdom 25.7%, West Germany 11.1%, Netherlands 11.1%. *Imports* (1983)—\$64.6 million: food, machinery and transport, manufactured goods, fuel. *Major suppliers* (1983)—West Indies 25%, UK 19.5%, US 17.4%.

Official exchange rate: Eastern Caribbean dollar (EC) \$2.70 = US\$1. *Standard bank rate*—EC\$2.6882 = US\$1.

Fiscal year: Calendar year.

Membership in International Organizations

UN and some of its specialized agencies; International Fisheries Service, Non-Aligned Movement, Organization of American States (OAS), Organization of Eastern Caribbean States (OECS), Latin American Economic System (SELA).

Taken from the *Background Notes* of July 1985, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■



White House photo by Pete Souza

While in St. George's, the President met with (front row, left to right) Prime Minister Eugenia Charles (Dominica), Prime Minister Edward Seaga (Jamaica), President Reagan, Prime Minister John Compton (St. Lucia); (middle row, left to right) Prime Minister Kennedy Simmonds (St. Christopher and Nevis), Prime Minister James Mitchell (St. Vincent and the Grenadines), Prime Minister Herbert Blaize (Grenada); (back row, left to right) Prime Minister Vere C. Bird (Antigua and Barbuda), Prime Minister George Chambers (Trinidad and Tobago), and Prime Minister Bernard St. John (Barbados).

I think it's time that we—the United States and the Caribbean nations working together—showed Castro and his gang how it's done. The foundation is already being laid. I had a conversation with Prime Minister Blaize a few months ago, and he asked if it were possible for the United States to extend more scholarships to Caribbean students. Prime Minister Blaize, I'm proud to announce today that over this year and the next two, we will roughly triple the funding for our training and education programs for the Caribbean. Our goal is to train 1,500 students from these islands each year.

And when these young people finish their education and training, we want to make certain that a growing, healthy economy is ready for them. Two years ago, we put in place the Caribbean Basin Initiative [CBI], aimed at spurring growth and investment in the Caribbean. The progress resulting from our efforts has been slow, but steady. But nothing good happens fast. It takes patience. It takes work on everyone's part.

Prime Minister Seaga has urged expanding the provisions of the CBI to permit greater access for Caribbean tex-

tiles in the U.S. market. This, he has said, would be a giant step for job creation through the Caribbean. I'm proud to announce today a special program that will guarantee access to the U.S. market for Caribbean-produced clothing made from cloth woven and cut in the United States. This will be good for the U.S. textile industry, but it will mean jobs for the people of the Caribbean.

And there's something else brewing that will be a big boost to the people of the Caribbean. Our Congress is considering a change in the tax code to permit funds in Puerto Rico's Development Bank to be used for investment loans elsewhere in the Caribbean. This proposal, worked out with Governor Hernandez Colon of Puerto Rico, has my endorsement and bipartisan support in our Congress. The Governor has spearheaded a drive to persuade U.S. firms in Puerto Rico to invest in plants in other parts of the Caribbean. And he is committed to the ambitious goal of \$100 million in new investment into Caribbean Basin countries each year. Three major U.S. firms have already announced plans to place projects here in Grenada, and other projects are moving forward elsewhere in the Caribbean.

The tax provisions being considered by Congress are tied to the success of the investment program. We applaud Puerto Rico's contribution and urge congressional approval.

Finally, I would like to announce that the United States will be undertaking, in conjunction with Caribbean governments, a 5-year, \$5.5 million program to help support the free and independent judicial systems of the Caribbean islands, recognized around the world as a pillar of your democratic traditions.

I'd like to take a moment to commend some people who are doing a terrific job in fostering the spirit of freedom and opportunity that I've been talking about—our Peace Corps volunteers and our Agency for International Development personnel. AID has been working on everything from repairing your roads and water system, to finishing up your new airport. Of course, it will be used to bring tourists and businessmen, instead of bombers and spy planes. Tourists are nicer, and they're a lot more fun.

The goodwill between our peoples also be seen in the many private projects that we could talk about. The vast majority of these projects are serving are volunteers, professionals who work hard at their regular jobs and then, in their time off, donate medical and health related services to you—out of the goodness of their hearts. These and other volunteers in the Caribbean make all of us back home proud.

And a word of advice for my good friends. Whether the CBI succeeds and economies of the Caribbean nations prosper depends as much on what you do as on what we do. High taxes, over-inflation, artificially high exchange rates, and bureaucratic red tape kill enterprise and hope for the future. And know that your Prime Minister feels the same way. There is much that could be done in these areas by Caribbean countries to put their economic house in order.

Needless to say, what you do to reform your systems and to create the environment for jobs and progress is up to you. That's the democratic challenge. Remember, whatever you do, the people of the United States are on your side. We want you to succeed and to prosper.

Personally, after talking with these leaders and meeting you today, I am optimistic. What problems you have can be solved. In the not too distant future, I see businessmen flocking to the Caribbean. When they do, they will find a bounty of opportunity, they'll find honest, hard-working people, happy and warm people. And they will find a democratic government. That has to be the formula for good times.

And as I look around today, I know that St. George's has been a location for a "jump up." And believe me, I remember this one. I also know that Queen's Park was the location of a command post during the liberation 2½ years ago. The people of the United States sent our young men, our courageous soldiers—sailors, marines, and

airmen—to protect our own and to save a neighbor in distress. Nineteen of our sons died here. Many were wounded. Our brave lads risked all because they believed in those ideals that we've spoken about today—justice, freedom, and opportunity. Let us pledge that their sacrifice was not made in vain. Let us recapture the joyous spirit of liberty that is truly the dream of all the Americas and spread it throughout this hemisphere. That is what our fallen heroes would have wanted.

I can't tell you how moved I have been from the first of you who waved a greeting to me since we've been here, and now those of you who we see here. I couldn't feel closer to anyone at this moment than I do to you. And I'm going to take the message back to those Americans back home who aren't here and tell them where we've got an awful lot of good friends. Thank you all and God bless you.

Text from White House press release. ■

State of the Union Address

*Excerpts from President Reagan's address before a joint session of the Congress on February 4, 1986.*¹

Thank you for allowing me to delay my address until this evening. We paused together to mourn and honor the valor of our seven *Challenger* heroes. And I hope that we are now ready to do what they would want us to do: Go forward America and reach for the stars. We will never forget those brave seven, but we shall go forward.

Mr. Speaker, before I begin my prepared remarks, may I point out that tonight marks the 10th and last State of the Union message that you've presided over. And on behalf of the American people, I want to salute you for your service to Congress and country. Here's to you.

I have come to review with you the progress of our nation, to speak of unfinished work, and to set our sights on the future. I am pleased to report the state of our Union is stronger than a year ago and growing stronger each day. Tonight we look out on a rising America, firm of heart, united in spirit, powerful in pride and patriotism. America is on the move!

What is true for families in America is true for America in the family of free nations. History is no captive of some inevitable force. History is made by men and women of vision and courage. Tonight freedom is on the march. The United States is the economic miracle, the model to which the world once again turns. We stand for an idea whose time is now: Only by lifting the weights from the shoulders of all can people truly prosper and can peace among all nations be secure.

Teddy Roosevelt said that a nation that does great work lives forever. We have done well, but we cannot stop at the foothills when Everest beckons. It's time for America to be all that we can be.

We speak tonight of an "agenda for the future," an agenda for a safer, more secure world. And we speak about the necessity for actions to steel us for the challenges of growth, trade, and security in the next decade and the year 2000. And we will do it—not by breaking faith with bedrock principles but by breaking free from failed policies.

. . . .

I mentioned that we will meet our commitment to national defense. We must meet it. Defense is not just another budget expense. Keeping America strong, free, and at peace is solely the responsibility of the Federal Government; it is government's prime responsibility. We have devoted 5 years trying to narrow a dangerous gap born of illusion and neglect, and we've made important gains. Yet the threat from Soviet forces, conventional and strategic, from the Soviet drive for domination, from the increase in espionage and state terror remains great. This is reality. Closing our eyes will not make reality disappear.

We pledged together to hold real growth in defense spending to the bare minimum. My budget honors that pledge, and I'm now asking you, the Congress, to keep its end of the bargain. The Soviets must know that if America reduces its defenses, it will be because of a reduced threat, not a reduced resolve.

. . . .

As we knock down the barriers to growth, we must redouble our efforts for freer and fairer trade. We have already taken actions to counter unfair trading practices and to pry open closed foreign markets. We will continue to do so. We will also oppose legislation touted as providing protection that in reality pits one American worker against another, one industry against another, one community against another, and that raises prices for us all. If the United States can trade with other nations on a level playing field, we can outproduce, outcompete, and outsell anybody, anywhere in the world.

The constant expansion of our economy and exports requires a sound and stable dollar at home and reliable exchange rates around the world. We must never again permit wild currency swings to cripple our farmers and other exporters. Farmers, in particular, have suffered from past unwise government policies. They must not be abandoned with problems they did not create and cannot control. We've begun coordinating economic and monetary policy among our major trading partners. But there's more to do, and tonight I am directing Treasury Secretary Jim Baker to determine if the nations of the world should convene to discuss the role and relationship of our currencies.

. . . .

And the same technology transforming our lives can solve the greatest problem of the 20th century. A security shield can one day render nuclear weapons obsolete and free mankind from the prison of nuclear terror. America met one historic challenge and went to the Moon. Now America must meet another: to make our strategic defense real for all the citizens of planet Earth.

Let us speak of our deepest longing for the future: to leave our children a land that is free and just and a world at peace. It is my hope that our fireside summit in Geneva and Mr. Gorbachev's upcoming visit to America can lead to a more stable relationship. Surely no people on Earth hate war or love peace more than we Americans.

But we cannot stroll into the future with childlike faith. Our differences with a system that openly proclaims and practices an alleged right to command people's lives and to export its ideology by force are deep and abiding. Logic and history compel us to accept that our relationship be guided by realism—rockhard, clear-eyed, steady, and sure.

Our negotiators in Geneva have proposed a radical cut in offensive forces by each side with no cheating. They have made clear that Soviet compliance with the letter and spirit of agreements is essential. If the Soviet Government wants an agreement that truly reduces nuclear arms, there will be such an agreement.

But arms control is no substitute for peace. We know that peace follows in freedom's path, and conflicts erupt when the will of the people is denied. So, we must prepare for peace not only by reducing weapons but by bolstering prosperity, liberty, and democracy however and wherever we can.

We advance the promise of opportunity every time we speak out on behalf of lower tax rates, freer markets, sound currencies around the world. We strengthen the family of freedom every time we work with allies and come to the aid of friends under siege. And we can enlarge the family of free nations if we will defend the unalienable rights of all God's children to follow their dreams.

To those imprisoned in regimes held captive, to those beaten for daring to fight for freedom and democracy—for their right to worship, to speak, to live, and to prosper in the family of free nations—we say to you tonight: You are not alone, freedom fighters. America will support you with moral and material assistance, your right not just to fight

and die for freedom but to fight and win freedom—to win freedom in Afghanistan, in Angola, in Cambodia, and in Nicaragua.

This is a great moral challenge for the entire free world. Surely no issue more important for peace in our own hemisphere, for the security of our frontiers, for the protection of our vital interests, than to achieve democracy in Nicaragua and to protect Nicaragua's democratic neighbors.

This year I will be asking Congress for the means to do what must be done for the great and good cause. As Scoo Jackson [the late Senator Henry M. Jackson], the inspiration for our Bipartisan Commission on Central America, once said, "In matters of national security, the best politics is no politics."

What we accomplish this year, in each challenge we face, will set our course for the balance of the decade, deed, for the remainder of the century. After all we've done so far, let no one say that this nation cannot reach the destiny of our dreams. America believes, America is ready, America carries the race to the future—and we shall.

. . . .

¹Text from Weekly Compilation of Presidential Documents of Feb. 10, 1986.

America's Agenda for the Future

Following are excerpts from President Reagan's message to the Congress of February 6, 1986.¹

I. Introduction

On Tuesday night, I came personally before the Congress to review with you the progress of our Nation, to speak of unfinished work, and to set our sights on the future. In that address, I spoke of an America on the move—stronger than a year ago and growing stronger every day.

Almost 5 years ago I addressed a previous Congress and spoke of the need for policies that would promote economic growth and expansion, reduce the intrusion of government in areas where its role had grown too large, and strengthen our defense capabilities in order to protect the peace and fully meet our global commitments. These goals and that agenda have not changed, and although we have made significant progress, the work is not yet finished.

In addition to the proposals contained in my budget for FY 1987, this message—*an Agenda for the Future*—spells out in great detail how we as Americans can continue to make progress in each of these areas and successfully meet the challenges of the next decade, the year 2000, and beyond.

. . . .

Antitrust Reform. If America hopes to compete successfully abroad, we cannot be the hand of American business and industry at home. Therefore, we are asking the Congress to remove unreasonable constraints on U.S. competitiveness by reforming our Federal antitrust statutory framework to reflect the global nature of our markets. These changes will enhance the vigor and competitiveness of American businesses, while continuing to protect American consumers from businesses from adverse effects of practices such as monopolies, cartels, and price-fixing.

. . . .

Free and Fair Trade. As we knock down barriers to growth, we must redouble our efforts for freer and fairer trade. We have already taken actions to counter unfair trading practices and to open closed markets abroad. We will continue to do so. We will also open legislation touted as providing "protection" that in reality pits one American worker against another, one industry against another, one community against another, and one country against another. It raises prices for us all. I believe that if the United States can trade with other nations on a level playing field, we can out-produce, out-compete, and out-sell anybody, anywhere in the world.

Trade is the life blood of the global economy. Growing world markets means greater prosperity for America and a stronger, safer, and more secure world for the family of free nations. We will continue to work to promote free, fair, and expanding world trading systems by continuing to seek legislation authorizing a \$300 million fund for combating discriminatory tied aid credits by other countries. In addition, we will propose legislation to strengthen and broaden protection of intellectual property. We will continue to work with Congress to put into place other changes that reflect the principles and policies of free and fair trade.

We will continue to enforce vigorously laws that protect against unfair trade, including Section 301 of the Trade Act of 1974 and the anti-dumping and countervailing laws. The Strike Force on Trade will continue its efforts to identify unfair foreign trading practices.

We will aggressively renegotiate the Textile and Fiber Arrangement (MFA), currently scheduled to expire July 1, 1986, on terms no more favorable than present. We are consulting with the U.S. textile and apparel industries to ensure that their views will be represented during these negotiations. We will continue the market-oriented market-oriented or selective (MOSS) talks, working with the Japanese to identify all the trade barriers in specific sectors and encouraging the Japanese to remove them. The talks are making progress and markets are opening up in telecommunications, pharmaceuticals, and other sectors. We will continue to press for the removal of barriers in these and additional sectors. We also welcome Prime Minister Nakasone's expressed determination to move toward the restructuring of Japan's export oriented economy.

Our Administration is also working vigorously to launch a new round of multilateral trade negotiations through the Preparatory Committee established last November by the GATT [General Agreement on Tariffs and Trade]. Under the leadership of the U.S., the Preparatory Committee is developing the framework for negotiations that would strengthen the international trading system, eliminate unfair trade practices, address major new problem areas in international trade such as services, intellectual property protection, and investment. Our Administration hopes to begin discussions with Canada, our largest trading partner,

to enhance freedom of trade between our two countries. We will work with the Congress to assure that a mutually beneficial agreement can be achieved.

In addition, we will engage some of our major trading partners in discussing the idea of establishing a multinational or regional patent office. Such an office could provide a higher level of common patent protection, including coverage and terms, and establish a more efficient system for gaining patent protection beyond United States borders.

Further, we will work to correct the deficiencies in the new farm bill, including: the provision mandating a reduction in the amount of sugar permitted to enter the United States; the 3-year payment-in-kind bonus export program; and the new dairy program, which taxes milk producers to fund a program that obligates the Government to pay farmers to liquidate their dairy herds and to buy the meat in order to support prices.

The Global Economy. Today, America is part of a global economy. The constant expansion of our economy and exports demands a sound and stable dollar at home and reliable exchange rates around the world. It also demands that our trading partners grow along with us.

We cannot race forward to the future if our friends and allies are lagging behind. Many of the trade problems we are experiencing today are caused by the imbalance between our low-tax, high-growth economy and the high-tax, low-growth economies of so many of our trading partners. Our dynamic, expanding economy is hungry for goods from abroad; but economies still suffering under excessive taxation, over-regulation, and top-heavy government simply cannot afford to buy from us.

Our Administration is working to promote growth in the world economy by strengthening economic policy coordination among our industrialized trading partners. I have directed Treasury Secretary James A. Baker III to determine if the nations of the world should convene to discuss the role and relationship of our currencies.

Many of the developing countries, where large debts further oppress struggling economies, are in particularly dire straits. Our Administration will vigorously pursue implementation of our proposed "Program for Sustained Growth" to address problems of debt and declining growth in the developing countries. This program calls for increased lending by commercial banks and an expansion of loans by multilateral development banks conditioned on structural reforms, including tax reforms, in the debtor countries.

I am looking forward to meeting with the other leaders of the industrialized nations at the Economic Summit this spring in Japan to discuss ideas and policies that can make the global economy stronger. These policies include removing structural rigidities in our economies that impede the capital and labor markets and improving the working of the free trade system, while resisting protectionism.

V. Expanding the Family of Free Nations

In the area of foreign affairs, America will continue to encourage democracy, freedom, and respect for human rights around the world. We will be a strong and reliable ally to our friends, and a firm but hopeful adversary for those who, for now, choose not to be our friends. With the former we hope for continued harmony; with the latter, for progress toward that most elusive of goals, peace.

A Relationship Based on Realism. Our relationship with the Soviet Union must be supported by the twin pillars of hope and realism. The United States and the Soviet Union are not alike; we are not two equal and competing Superpowers divided only by a difference in our "systems." The United States is a free and open society, a democracy in which a free press and free speech flourish. The people of the Soviet Union live in a closed dictatorship in which democratic freedoms are denied. Their leaders do not respond to the will of the people; their decisions are not determined by public debate or dissent; they proclaim, and pursue, the goal of Leninist "revolution."

And so the tensions between us reflect differences that cannot be wished away. But the future is not predetermined. Knowing this, and truly desiring to make the differences between us smaller and more manageable, the United States continues to pursue progress in all aspects of our relationship with the Soviet Union.

Our Administration seeks to ensure that this relationship remains peaceful. We want restraint to be the Soviet leadership's most realistic option and will see to it that our freedoms and those of our Allies are protected.

We seek a secure future at lower levels of arms, particularly nuclear forces, through agreements that are equitable and verifiable. The soundness of our proposals, our renewed military strength, and our bipartisan determination to assure a strong deterrent create incentives for the Soviet Union to negotiate seriously.

We can move toward a better, more cooperative working relationship with the Soviet Union if the Soviet leadership is willing. This will require full Soviet compliance with the letter and spirit of both past and future agreements.

There is much work to be done. I will meet General Secretary Gorbachev later this year, and in preparation my Administration will pursue discussions with the Soviet government at all levels. I also hope to see greater communication and broader contact between our peoples. I am optimistic that if the Soviet leadership is willing to meet us halfway, we will be able to put our relations on a more cooperative footing in 1986.

Sustaining Our Strong Commitment to National Defense. In spite of our current discussions, the Soviet leaders are continuing a massive military buildup that threatens the United States and our free world allies. Real

arms reductions are possible only if the Soviets and others do not doubt our strength and ability to counter aggression.

Keeping America strong, free, and at peace is solely the responsibility of the Federal Government; it is Government's *prime* responsibility. We have devoted 5 years trying to narrow a dangerous gap born of illusion and neglect. And we have made important gains.

In the past 5 years, our Administration has reversed the decline in defense funding that occurred during the 1970s and has made significant progress in strengthening our military capabilities. Last year the Congress and I reached a deficit reduction agreement. We pledged together to hold real growth in defense funding to the bare minimum. My 1987 budget honors that pledge. It proposes defense levels that are essential simply to maintain the defense capability that we have achieved in the face of the continuing Soviet military buildup. I am now asking Congress to keep *its* end of the bargain. With the additional cuts under Gramm-Rudman-Hollings, FY 1986 budget authority for defense corresponds to more than a 5 percent real decline. This simply cannot continue. I am proposing 1987-1991 defense levels which provide the real program growth agreed to in last year's Budget Resolution. It is critical that these levels be supported. The world must know that if America reduces her defenses, it will be because of a reduced threat, not a reduced resolve.

We will continue vigorously to pursue our strategic modernization program in my 1987 budget—to modernize our bomber, ICBM [intercontinental ballistic missile], and missile-submarine forces so as to assure effective and stable deterrence.

Our Administration will also actively continue research into new technologies in search of secure strategic defense systems. The Strategic Defense Initiative offers the prospect of finding such systems, which threaten no one, to keep the peace, protect the United States and our allies in greater safety, and ultimately to eliminate the threat of nuclear weapons by making nuclear-armed missiles obsolete. We have invited allies to join us in this research effort. We have already agreed with Great Britain to undertake cooperative research and are laying the groundwork for cooperation with others.

We have witnessed in the past 5 years a remarkable improvement in personnel quality and retention throughout all components of the Military Services. My 1987 budget continues to ensure that the high quality of our forces is maintained.

Our Administration is strongly committed to improving management of our defense programs. I look forward to receiving the recommendations of my Blue Ribbon Commission, chaired by David Packard, which has been reviewing this issue. The Department of Defense will continue to root out waste and inefficiency and will aggressively initiate any new improvements necessary to assure that taxpayer dollars are well spent. We will also pursue organizational changes, where appro-

priate, to ensure the continued effectiveness of our Armed Forces.

While acknowledging the importance of the free flow of knowledge and information for commercial purposes, our Administration will not sacrifice our strategic technological advantages in the area of national security. We will forcefully administer the Export Administration Act.

Our Administration has pressed the governments of Indochina for the fullest possible accounting of the POW/MIA question. These efforts have shown significant progress and will continue. We will continue to pursue, with all resources available to us, reports of Americans who could still be held captive.

We will continue to support the nearly 28 million veterans who have given faithful service in defense of our Nation. We will provide quality medical care, fair and compassionate disability compensation, and other benefits for eligible veterans.

Support for a World of Hope. The United States continues to pursue a world of hope where people are free to choose the political system by which they will be governed. We seek to roll back the tide of tyranny; we seek to increase freedom across the face of this planet, for serving the cause of freedom also serves the cause of peace. It is for this reason that Americans have always supported the struggle of freedom fighters. It is also why I put forward my "regional initiative" at the United Nations last fall—a three-stage plan for ending a series of dangerous wars that have pitted a series of governments against their own people and their neighbors.

As we have in the past, America must actively wage the competition of political ideas—between free government and its opponents—and lend our support to those who are building the infrastructure of democracy. Failure to sustain other democracies will be very costly in the long run, both materially and spiritually.

In Afghanistan we must continue to help the forces fighting a Soviet invasion and an oppressive Communist regime. As a result of the Soviet Union's military presence and vicious campaign against the freedom fighters, a quarter of the Afghan population has been killed or has fled to refugee camps. The Afghan people will have our support as long as the Soviet Union continues its war against them.

In Latin America the trend toward elected civilian governments continues, with Guatemala as the latest new entry. Over 90 percent of the people of Latin America and the Caribbean now enjoy democratic rule. That compares to less than one-third only 5 years ago. However, Communist subversion and the insidious spread of narcotics trafficking continue to menace the region. In fact, they sometimes work hand in hand, as in Colombia, where insurgents are increasingly linked to drug traffickers and narcotics growers.

The Central American democracies need our help. Our assistance is crucial, as demon-

strated by the success of El Salvador in preserving democratic institutions in the face of a Communist insurgency. The levels of economic and security assistance we will request for Central America are the absolute minimum needed to maintain progress toward the objectives set out in the report the Bipartisan Commission on Central America.

For moral and strategic reasons, we must continue to support those seeking democracy in Nicaragua. The Nicaraguan resistance is fighting not only the Sandinistas, but Cuba armed with Soviet weapons. I will be asking the Congress to provide the Nicaraguan freedom fighters with the moral and material support they require to continue and expand their struggle. We will continue to press the Sandinistas to negotiate with their own people and to fulfill the promises made to them of genuine democracy. Reconciliation in Nicaragua, based on democratic elections, remains the key to peace in Central America.

In Africa, many countries have experienced deep economic distress and starvation in the past year, brought about in part by the drought and in some cases—particularly Ethiopia—by the brutal policies of a Communist regime. As the human cost of such policies mounts, we encourage African governments to take the lead in moving toward economic and political freedoms.

We are moved by the efforts of freedom fighters such as Jonas Savimbi and the members of UNITA [National Union for the Total Independence of Angola]. They deserve our support in their brave struggle against Soviet-Cuban imperialism in Angola. We will work with the Congress to determine the most effective way of providing support.

In South Africa, we stand forthrightly the principle that the government must achieve freedom and justice for all its citizens. Apartheid, in our view, is doomed. We have a major stake—as elsewhere, both moral and strategic—in encouraging a peaceful transition and avoiding a terrible civil war. This is why we reject the approach of those on both sides who pursue violence and oppression. Our ability to affect the ultimate outcome is limited, but we will continue to employ our good offices—both official and private—to pursue dialogue and negotiation as the best way to change the system while protecting the future of all South Africans.

In Southeast Asia, the United States supports ASEAN [Association of South East Asian Nations] in its efforts to aid the struggle of the Cambodian people to free their country from foreign occupation while aid Thailand, the ASEAN front-line state. As in other regions, we are prepared to contribute to a negotiated settlement of this war, in the context of the proposals I put forward at U.N. General Assembly last year. We are implementing humanitarian measures in response to the refugee problems in the region.

We are concerned by the development of the Philippines, our long-time ally, and we work to encourage political moderation, fair play, and the strengthening of democratic

stitutions. Only on this basis can the people of the Philippines check and ultimately defeat insurgency whose goal is to end democracy.

No discussion of peace and freedom can complete without a reference to Europe's past and just hope: an end to the artificial division of the continent. The dividing line between freedom and oppression is one boundary that can never be made legitimate. The most significant way of making all Europe more secure is to make it more free.

We stand for the principles of freedom, democracy, the rule of law, unconditional human rights, and government with the consent of the governed. The cause of Poland's solidarity continues to arouse the conscience of mankind. Solidarity will not die because its heartbeat is an indestructible truth that resonates in every human heart.

We can help those seeking democracy not only by economic and military aid, but with our own and the active involvement of democratic parties and institutions. The National Endowment for Democracy has a creative role to play in fostering the ideals that make democracy work.

Alliances and Friendships. America's strength and staying power are the essential requisites for strengthening our alliances and friendships and for protecting the values and interests that bind us together. In the hope we have launched, together with our NATO allies, a Conventional Defense Initiative to find more effective means to improve conventional deterrent; we are also seeking ways, with congressional support, to facilitate armaments cooperation. The alliance remains firmly on course in deploying NATO intermediate-range weapons to counter Soviet SS-20 missiles. We are also continuing alliance implementation of the decision to reduce by 1,400 the number of nuclear warheads available to NATO, bring our theater-nuclear inventory to its lowest level in 20 years; this decision is being carried out despite the absence of reductions by the Soviet Union.

In our relations with Japan, we will expand our efforts to resolve bilateral trade issues through trade liberalizing solutions that open Japanese markets to American goods. We continue to rely on the United States-Japanese Mutual Security treaty as a pillar of Asian peace and stability.

Our commitment to the security of the Republic of Korea has never been stronger. We have a number of differences on trade issues but believe the market-opening steps being taken or under consideration by the Republic of Korea will alleviate these difficulties.

Elsewhere in Asia I will continue to expand and deepen cooperation with China, and improve our relationships in Southeast Asia and the dynamic Pacific Basin as a whole. The continuation of United States Trusteeship of the Micronesian Territories, which I hope we can achieve this year, will be a landmark in our relations with the emerging Pacific Island nations and a symbol of our

support for democracy and freedom everywhere.

One of the areas most critical to our security is the Middle East. Security assistance to the countries of the region is important to maintaining United States influence, to preventing Soviet intimidation and exploitation, and to giving friendly governments the confidence to move toward peace in the face of often violent opposition. We are helping Israel and Jordan to narrow their differences in the peace process. We will continue our efforts to facilitate direct negotiations between Israel and her Arab neighbors. We must also enlarge the gains already made between Israel and Egypt.

In South Asia major strides have been taken in the past year to advance regional peace and prosperity. A new regional association was inaugurated to grapple with the twin killers of narcotics and terrorism. The leaders of India and Pakistan have met frequently to address outstanding differences. The United States stands ready to promote regional peace and reduce the risk of a South Asian nuclear arms race in any way we can.

In terms of our legislative intentions, let me be clear: in all these regions of the world, a strong security assistance program is one of the most effective, and least costly, ways of protecting interests we share with allies and friends. I will work with the Congress to preserve this invaluable policy tool. I will also seek congressional approval of our requests to sell arms to Jordan and other pro-Western governments in the Mid-east.

Countering Terrorism and Espionage.

Terrorism is a growing threat, as evidenced by the increased targeting of innocent civilians engaged in innocent pursuits. We are taking several measures to increase our capability to deal with this scourge. We are aware that it thrives with the support of nations such as Libya that provide funding, logistics, direction, and safehavens.

The Vice President's Task Force on Combating Terrorism, formed at my direction last July, has submitted its report to me with a series of recommendations. Our Administration has already begun to implement those recommendations that are within the purview of the Executive Branch. We will increase our intelligence cooperation with friendly nations to share information on terrorist plans and intentions. Our intelligence community will place greater emphasis on collecting information on terrorist groups and their state supporters. And we will increase our readiness to strike back at terrorists where they have been identified and their responsibility for actions against Americans has been determined. Those countries that support and direct the terrorists should know there is no refuge, there is no hiding place, there is no sanctuary that will keep them safe forever.

Our Administration will continue, on its own and in cooperation with allies, with private sector transportation companies, and with international organizations, to take preventive and response measures to counter the brutal, savage terrorist attacks on inno-

cent people. Through the Federal Bureau of Investigation here at home and intelligence services abroad, we will act to head off terrorist incidents before they can occur. Our tightened security measures already include new regulations for checked baggage, cargo, and access to aircraft. We are working with the International Civil Aviation Organization and the International Maritime Organization to enhance security standards worldwide.

Our Administration will ask the Congress for legislation to further improve security measures, enhance anti-terrorism assistance programs, and in general enable us to meet our counter-terrorism responsibilities. We are requesting additional funds to improve the security of our diplomatic missions abroad and of foreign diplomats here in the United States. We are also asking the Senate to approve the Supplementary Extradition Treaty with the United Kingdom to allow the return of international terrorists for trial. This treaty will assure that our own courts cannot become a sanctuary for certain terrorists and will serve as a model for cooperation between nations.

Our Administration will continue to counter the threat posed by the worldwide activity of hostile intelligence services such as the KGB and GRU. We will follow a realistic approach to countering illegal technology acquisition, espionage, and the attempt to manipulate public opinion through active measures and disinformation. We will enhance our world effort to identify and neutralize the activity of intelligence services working against American interests or threatening our security.

VI. Conclusion

What we accomplish this year, in each challenge we face, will set our course for the balance of the decade, indeed for the remainder of the century. After all we've done so far, let no one say this Nation cannot reach the destiny of our dreams. America believes, America is ready. America can win the race to the future—and we shall.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Feb. 10, 1986. ■

News Conference of February 11 (Excerpts)

*Excerpts from President Reagan's news conference of February 11, 1986.*¹

Q. The observers you sent to the Philippines have just returned with reports that they witnessed fraud and violence. Doesn't this undermine the credibility of the election and strengthen the hand of communist insurgency on the island?

A. I am not going to comment on this process, just as they are not going to render an official report, until the counting has finally been finished. I don't think it would be proper to do so. Yes, they told me in just an interim few remarks and made it plain that they're not going to issue the official report yet. But they told me that there was the appearance of fraud, and yet, at the same time, said that they didn't have any hard evidence beyond that general appearance.

So we're going to wait. We're neutral. And then we hope to have the same relationship with the people of the Philippines that we've had for all these historic years.

Q. Did what they tell you give you concern about the credibility there and what the impact will be for U.S. interests in the Philippines?

A. I think that we're concerned about the violence that was evident there and the possibility of fraud, although it could have been that all of that was occurring on both sides. But at the same time, we're encouraged by the fact that it is evident that there is a two-party system in the Philippines and a pluralism that I think would benefit their people. And we're glad to see that particular thing happen and we'll wait until we hear the outcome.

Q. Two weeks ago your Chief of Staff, Donald Regan, said that if Ferdinand Marcos was reelected and certified as such, we would have to do business with him even if he were reelected through fraud. Is that your policy?

A. What we have to say is that the determination of the government in the Philippines is going to be the business of the Philippine people, not the United States. And we are going to try and continue, as I said before, the relationship regardless of what government is instituted there by the choice of the people. And that is all I can answer.

Q. It is argued that there is a communist insurgency there; that the best way to play into the hands of the communists is to back someone—a dictator—who has been reelected by fraud, that the best way, it is argued, to oppose the communist insurgency is to back the forces of democracy. What about that?

A. We are backing the forces of democracy and the people there are voting and they are holding their own elections. The only party in the Philippines that boycotted the election was the Communist Party. So there is very great evidence that whatever takes place—you've got two parties and the evidence that a sizable percentage of each party has voted for a different candidate for the—of the two candidates. So there is a solid support for both candidates there. Now, as I said before, I'm not going to comment on any of these other things while this vote count is still going forward.

Q. The Soviets today released dissident Anatoliy Shcharanskiy, but of course there are thousands of other Soviets who would like to leave that country that the Soviets won't let leave. Do you regard today's release as a propaganda move, or do you see any real change in the human rights situation in the Soviet Union?

A. I don't have any way to determine what their motives are in doing this. I only know that since the Geneva meeting, there have been not only this but others released—more so than in a great many years. I am encouraged by this because I did talk at great length about the matter of human rights with the General Secretary. And all we can do is hope that this is a beginning—a sign for what is going to continue to take place.

Q. Mr. Gorbachev says that he cannot release another leading dissident, Andrey Sakharov, because of his knowledge of Soviet nuclear secrets. Do you see any legitimacy to that argument?

A. It is an argument they have used for a number of people—people who have, in their estimation, been close to some things that they feel are secrets for their own security and that they have said that they cannot let people go that have access to those secrets.

I have no way of judging how valid that is, but, as I say, they've made a start and I hope it is just a start and that they'll continue.

Q. Did the United States play any role in President Duvalier's decision to leave Haiti? And the second question, do you intend to increase economic aid to the new government there?

A. We are just faced now with what we can do—I can only tell you we hope we can be of help as this interim government goes forward to try to institute democracy there in Haiti. Our participation in Duvalier's leaving was that of providing an airplane to fly him to France.

Q. You didn't give him any sort of strong advice to leave, did you?

A. No. And he never asked us for any.

Q. The United States, as you know, is beginning to resume the flight operations in the Mediterranean near Libya. Do you believe—and it's also designed to reassert our rights to patrol international waters. Why then haven't we crossed that line that Qadhafi calls the death line?

A. I don't know the nature of the operations that have been conducted. They conduct them in various parts of the Mediterranean. I don't know that they're all through yet. We have conducted operations there very early on in my Administration in which I was informed, because they thought I should be, that he had ordered that that was their waters—which was akin to us claiming all of the waters from the tip of Florida over to the border of Mexico and Texas—and that some of the maneuvers would entail some planes and some ships in crossing that line, but not getting into what are actually their waters.

And I gave the go-ahead on that. And I would again. I don't know—if they didn't cross it in any way this time, it must have been because the maneuvers did not call for it.

Q. Do you think, though, that resuming the operations at this time might be playing into Qadhafi's hands?

helping him project the image that he wants to, that he's being picked on by the United States?

A. It didn't add to his image the first time we did it. And as I say, it could be done not for any impression on him; it would be done because simply we believe that our squadrons which are here—the Navy—is going to have to conduct exercises and keep itself in fighting shape.

Q. Your previous answer on the Philippines election left the impression that no matter what goes on in the election, the United States will accept the outcome. You didn't mean to say that an unprecedented fraud is going to be accepted by the United States, did you? Is there some limit here we stop?

A. No, I said that we're depending on the Filipino people to make this decision. This is their election, and we'll wait and see what the final count determines.

Q. But once they do make the decision, if it's quite obvious—and even some of the observers from your own commission are indicating that—if it's quite obvious that it's been a total deal, the United States isn't going to accept the outcome just as it is, are they?

A. You're asking me one of those "if" questions and I'm not going to answer "if" questions. I took my pattern from Franklin Delano Roosevelt when he was President and he held his first press conference, and he said "I will set down one ground rule..." which he never violated. He said, "I will not answer any 'if' questions."

Q. Some within your Administration are reported to be growing impatient with what they see as Soviet foot-dragging over setting a date for this year's summit. Do you share in that impatience?

A. I'd like to have it pinned down. They haven't come up with any other date. They mentioned another period, and we informed them that that was going to be running into our coming election and we would prefer the earlier date. No, we haven't seen any evidence that they're trying to get out of this or anything of the kind, because they've already invited me there for one in 1987.

Q. So, still in your view, there's no thought that possibly Mr. Gorbachev may be trying to win some concessions on arms control in exchange for an agreement on dates?

A. I don't think so. That kind of linkage wouldn't work.

Q. Are the two U.S. bases in the Philippines of paramount importance when you consider U.S. policy for the Philippines? Or would you put the future of those bases at some risk if it meant standing up for democracy?

A. One cannot minimize the importance of those bases, not only to us but to the Western world and certainly to the Philippines itself. If you look at the basing now of the Blue Ocean Navy that the Soviets have built, which is bigger than ours, and how they have placed themselves to be able to intercept the 16 choke points in the world. There are 16 passages in the world—sea

passages—through which most of the supplies and the raw material and so forth reaches not only ourselves but our allies in the Western world. And obviously the plan in case of any kind of hostilities calls for intercepting and closing those 16 choke points. And we have to have bases that we can send forces to reopen those channels. And I don't know of any that's more important than the bases on the Philippines.

Q. Has the United States given any consideration to other places in the region we might have bases, if the situation in the Philippines seems to become untenable?

A. I have to tell you, as good military will always do, and not just here, but in anything else—I am confident that our Navy has sought for and is looking for contingency plans for anything that might happen anywhere to us.

¹Text from White House press release. ■

Vice President Bush Visits Guatemala and Honduras



We are committed to supporting the development of free, democratic governments throughout this hemisphere



Vice President Bush headed the U.S. delegations to the inauguration ceremonies of two Central American Presidents: Marco Vinicio CEREZO Arevalo of Guatemala on January 14, 1986 (above) and Jose AZCONA del Hoyo of Honduras on January 27, 1986.

(White House photos by Dave Valdez)

Nicaragua: Will Democracy Prevail?

*Secretary Shultz's statement before
the Senate Foreign Relations Committee
on February 27, 1986.¹*

U.S. assistance to the Nicaraguan democratic resistance is an essential element in our efforts to defend Central America from aggression, to preserve recent democratic gains, and to improve prospects for renewed economic growth and equitable development. It is an important stimulus to a diplomatic solution to the Central American conflict. It contributes to our defense against Soviet and Cuban military intervention in this hemisphere. Finally, it can help to restore to the Nicaraguan people their right to self-determination denied by a minority that seeks to perpetuate itself in power by force of arms and totalitarian controls.

In short, the assistance the President requested on February 25 is needed. It is legally, morally, and strategically justified. And it can make a vital difference to the emergence of a democratic outcome in Nicaragua and throughout Central America.

WHAT IS THE PROBLEM?

In talking with foreign leaders and Members of Congress, I find that just about everyone agrees on what the problem is. It is that a democratic revolution has been betrayed by a violent minority willing and even eager to serve as an instrument of Soviet and Cuban strategic designs on the hemisphere, including armed aggression in the form of support for terrorism and subversion.

In 1979, Nicaraguan democrats and their sympathizers throughout the world believed that the end of the Somoza regime marked a new beginning for Nicaragua. Nicaraguans learned very quickly, however, that instead of democracy, they had fallen prey to what the Sandinistas say is "revolution by vanguard" and what the rest of us know is communist totalitarianism. The popularity of the overthrow of Somoza concealed the establishment of a new dictatorship that threatens the security

of Nicaragua's neighbors and has brought the cold war to Central America.

Intervention

One of the most striking characteristics of Sandinista communism is its messianic impulse to violence. As Congress has repeatedly and formally found, Nicaragua has since 1980 been engaged in unlawful intervention, serving as the staging ground for arms shipments to guerrillas in El Salvador. Because so much attention has been focused on this arms flow to El Salvador, which has been sustained and occasionally massive, it is less widely known that at one point or another Sandinista intervention has touched virtually the entire hemisphere.

The map on page 33 depicts the breadth of Nicaragua's interventionist activities. (It also makes clear, incidentally, that the Nicaraguan communists are perfectly serious when they refer to their policy as one of "internationalism.") The map identifies the countries where the current Nicaraguan Government has shipped arms, to whose citizens it has provided military training, or the kinds of support necessary for terrorist operations. Managua has become a gathering place for terrorists from all over the world, including Europe and the Middle East as well as Latin America.

Two aspects of this pattern of intervention are worth emphasizing.

First, the intervention is strongest against Nicaragua's immediate neighbors, but it is not limited to Central America.

Second, the pattern is politically indiscriminate. Violence and subversion have been directed against democracies and even against Contadora countries as well as against dictatorships and more traditional military regimes.

Militarization

The Sandinistas like to portray themselves as nationalists, but their soldiers are trained and supported in combat by thousands of Cubans and other foreigners known as "internationalists." And this is why, despite its limited size and resources, Nicaragua is able to intervene so widely in the hemisphere: it has been armed by the Soviet Union and is manned by Cubans in key sectors from training and weapons use to intelligence and counterintelligence.

The first Cuban advisers entered Managua with the Sandinistas and took up positions in Somoza's bunker less than a week after he left it. As soon as the security apparatus was in place, Soviet-bloc arms began to arrive to give the Nicaraguan communists the capacity to repress their own people and to engage in unconventional warfare against their neighbors without risk of a conventional military response.

Chart 1 depicts the militarization of Nicaragua by this combination of Soviet bloc weapons and Cuban manpower. The total of Cuban advisers has stabilized a slightly lower level since October 1983 when the U.S. action in Grenada led the Cubans to seek a lower profile in Nicaragua. Soviet arms shipments peaked in the fall of 1984 with the delivery of HIND attack helicopters at a time when the resistance had been cut off from U.S. Government assistance. The reality is clear: Managua's military capabilities are closely tied to the Soviet Union and Cuba.

Cuban military and security officers, in fact, have done everything from helping with the establishment of political control structures in the armed forces and the state security apparatus to an active combat role with sophisticated Soviet weapons systems.

THE RISE OF THE RESISTANCE

When Daniel Ortega spoke in Havana on February 5 to the Congress of the Cuban Communist Party, he referred to "the blood of Cuban internationalists fallen on Nicaraguan soil." Ortega was talking about Cubans killed fighting Nicaraguans inside Nicaragua.

In this fact is a bitter truth: Nicaraguans who dissent must fight more than other Nicaraguans. And they must fight a sophisticated, heavily equipped, and pervasive security apparatus designed to deny power to all but the ruling communist vanguard. O



need look no further than the fate of Solidarity in Poland over the last few years to realize the difficulty of taking on such a formidable internal security apparatus.

Chart II (see p. 35) demonstrates the growth of armed resistance in the face of the new Nicaraguan police state. The resistance responds to a long series of repressive acts, some of which are listed chronologically in the chart. These go from the arrival of the Cubans and the establishment of the defense committees in the summer of 1979 to the start of censorship and the postponement of elections, the murder of opposition leader Jorge Salazar, and the burning of Indian villages in 1981. Catholic and Protestant church leaders were systematically attacked, and the Pope was insulted. Forced conscription came next, followed by stage-managed elections, Ortega's visit to Moscow, and finally the suspension of civil rights in the fall of 1985.

By betraying their promises of pluralism, the Nicaraguan communists have forced the citizens of Nicaragua to take up arms once again. Like Somoza, the Sandinistas don't seem to listen to anyone who isn't armed. And, like Somoza, they seek to blame outside forces for the resistance of their own people to their policies.

The Nicaraguan communists like to say that covert U.S. support created the resistance; that their opponents are all agents of the CIA [Central Intelligence Agency] and of the heirs of Somoza. This is ridiculous. It was Sandinista repression that in 1979, 1980, and 1981 destroyed the coalition that overthrew Somoza and sparked the resistance. In 1979, 1980, and 1981, the United States was providing aid to the Government of Nicaragua, not to the resistance.

From May of 1984 until late in 1985—well over a year—the U.S. Government provided no assistance to Nicaraguan resistance forces. As indicated in Chart II, the resistance grew by 50%, roughly from 10,000 to 15,000 during a period when there was no U.S. Government assistance.

The Sandinistas, of course, would like to create the impression that there is no viable alternative to them. Like Somoza before them, they have driven many of their opponents into exile. But these opposition groups represent a variety of political and programmatic viewpoints. They are committed to presenting those viewpoints to the Nicaraguan people in a competitive democratic process and would do so if given the opportunity.

Adolfo Calero, Arturo Cruz, and Alfonso Robelo lead the main resistance

organization, the United Nicaraguan Opposition (UNO). All three actively opposed Somoza while he was still in power. Calero was jailed by Somoza; first Robelo then Cruz became junta members with the Sandinistas until they could no longer accept betrayal of democratic principles and of Nicaraguan national interests.

The largest guerrilla forces belong to the Nicaraguan Democratic Force (FDN), headed by Calero since 1983. Other important resistance organizations include ARDE [Democratic Revolutionary Alliance], built by Robelo and former Sandinista Comandante Eden Pastora, and MISURASATA [Miskito, Sumo, Rama, and Sandinista] and KISAN [United Indigenous Peoples of Eastern Nicaragua] guerrillas active among the Indians of the Atlantic coast.

Resistance fighters are overwhelmingly rural youths. Most are between 18 and 22 years old. They are fighting to defend their small plots of land, their churches, and in some cases their indigenous cultures. Some joined the resistance rather than be forced to fight for the Sandinistas against their friends and neighbors. In defending their families and communities, these young Nicaraguans are fighting for self-determination above all else.

The commanders are more likely to come from urban areas and have more diverse occupations and backgrounds. They include both former National Guardsmen and former Sandinista fighters, but most are civilians from the very groups the Sandinistas claim to represent: peasants, small farmers, urban professionals, and students. One was a primary school teacher; another, an evangelical pastor.

Chart III (see p. 38) depicts the backgrounds of the 153 most senior military leaders of the FDN as of last November. The FDN has the largest number of former military professionals; however, less than half the commanders have prior military experience. And notice a key fact that many have tried to hide: a full 20% of the FDN leaders joined the resistance after serving in the Sandinista army, militia, or security services.

The evidence irrefutably confirms that the Nicaraguan resistance is the product of a popular, pervasive, and democratic revolt.

Chart I

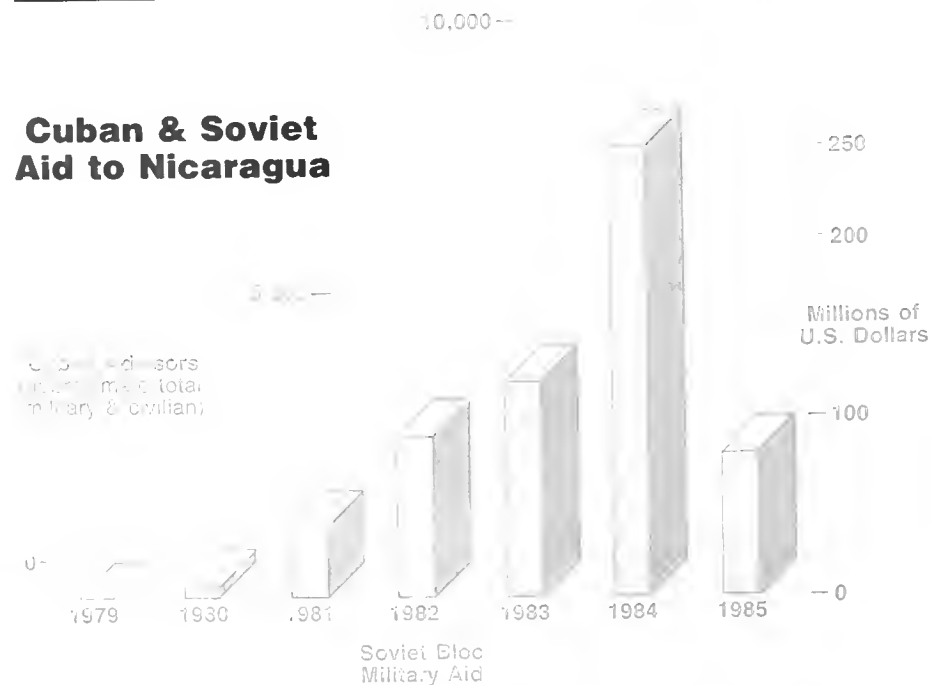
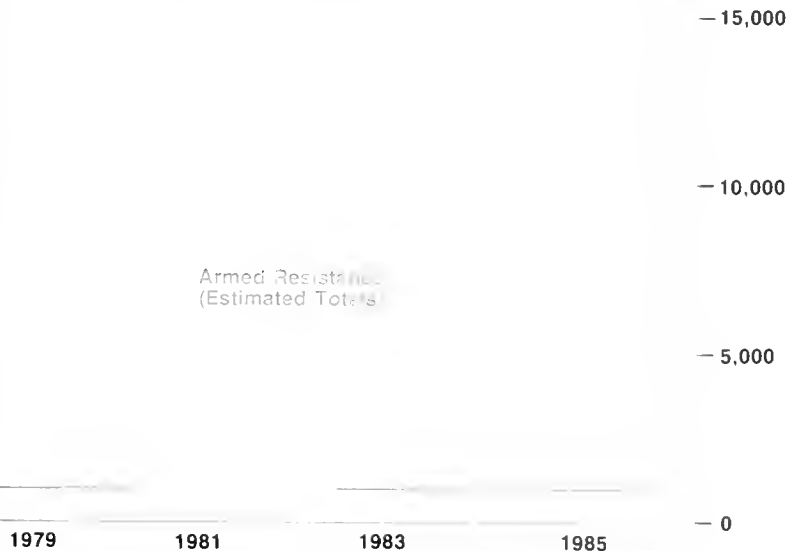


Chart II

Sandinista Repression & the Growth of Armed Resistance: 1979 - 1985

Armed Resistance
(Estimated Totals)



1979
Cubans Arrive
"Defense" Committees
Elections Postponed
Censorship
Salazar Murdered
1981
Indian Villages Burned
Church Leaders Attacked
Pope Insulted
1983
Direct Action
1985
Congress Suspended

As Latin Americans, however, our neighbors also reject Cuban-Soviet intervention. And when Cuban pilots fly Soviet helicopters, it is not the United States that is injecting the East-West conflict into Central America. It is the Soviets, and that is how it is perceived in Latin America.

So Nicaragua poses a problem on two levels. The Latin American dimension they feel that they can and must deal with themselves; the Soviet dimension they believe only we are strong enough to deal with. This is a point they have made to us repeatedly. The Latin American foreign ministers told me when I met with them on February 10 that they agreed with us that Cuban-Soviet intervention in Nicaragua was unacceptable.

Of course, though nobody wants a second Cuba, most would oppose any direct U.S. military intervention in Nicaragua. But we are not making a case for direct U.S. military action. We are making a case for helping Nicaraguan democrats to help themselves. If our policy advances democracy, we will always have at least tacit support.

Latin American support—indeed, enthusiasm—for democracy is evident. I would hope that by now ours is, too.

WHY PRESSURE IS NECESSARY

If democracy is our objective, why do we want to pressure Nicaragua? The answer is simple: we want a political solution. The Nicaraguan communists do not. They want a political solution only if they can violate it militarily. Pressure is the one way to bring them to the bargaining table ready to bargain. Power and diplomacy must go hand in hand.

A vote for military assistance to the democratic resistance will give Con-tadora a *better* chance to succeed, because it will give the Sandinistas an incentive to negotiate seriously—something they have yet to do. They did not negotiate with the Carter Administration when the United States was Nicaragua's largest supplier of aid. And they did not negotiate seriously either with us or with their neighbors when the Congress suspended all aid to the resistance 2 years ago. On the contrary, in the fall of 1984, instead of bringing their political opponents back into the political process through competitive elections, the Sandinistas imported assault helicopters from the Soviet Union.

DEMOCRACY AS THE HEMISPHERIC ANSWER

Throughout these 6½ years while Nicaragua was trading one dictatorship for another, the rest of the hemisphere was making an unprecedented and historic turn toward democracy.

The maps on pages 36 and 37 illustrate the shift to democracy in Latin America and the Caribbean over the last 10 years. The map on the left shows the politics of the region in 1976, while the one on the right shows the situation today.

Largely or entirely democratic and open societies are green. Dictatorships and military regimes are shown in light brown. Three countries not readily categorized as either democracies or dictatorships are colored gray.

Ten countries (Argentina, Bolivia, Brazil, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Peru, and Uru-

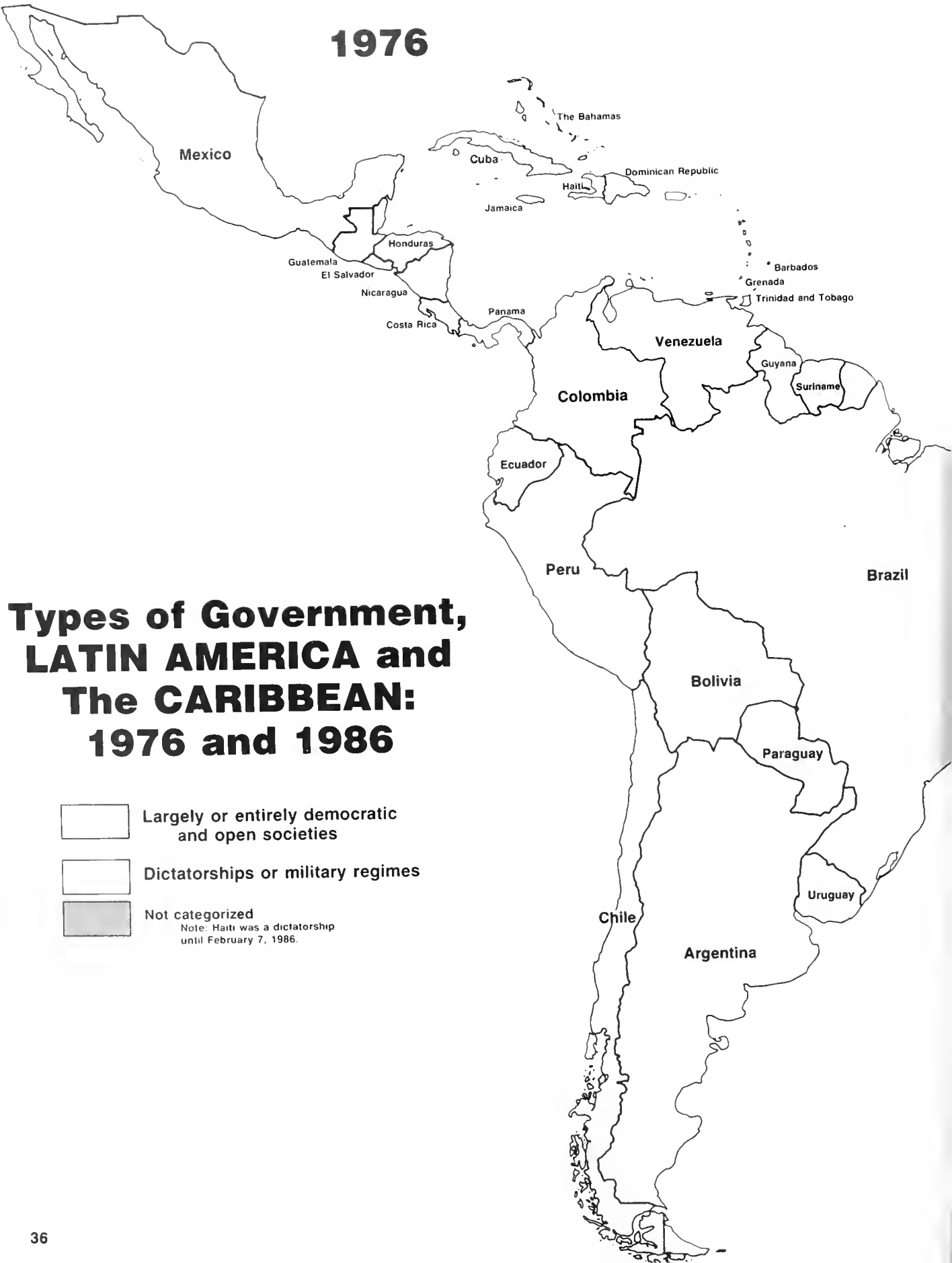
guay) joined the democratic column in this last decade.

Since the fall of Duvalier in Haiti, Nicaragua is one of only five dictatorships or military regimes left in all of Latin America (the others being Chile, Cuba, Paraguay, and Suriname).




The question is sometimes asked whether any Latin American country supports our Nicaraguan policy. But isn't a better question whether any Latin American country (other than Cuba) supports Nicaragua's policies? Differences between the United States and our allies, to the extent they exist at all, are not over policy goals but over how to achieve them.

Nicaragua poses very complicated issues for Latin Americans, as it does for us. Latin Americans are properly concerned about the defense of sovereignty and the rejection of foreign intervention. History has focused much of that rejection against past military interventions by the United States.

1976



Types of Government, LATIN AMERICA and The CARIBBEAN: 1976 and 1986

-  Largely or entirely democratic and open societies
 -  Dictatorships or military regimes
 -  Not categorized
- Note: Haiti was a dictatorship until February 7, 1986.

1986



Military pressure is just as essential now to convince the Sandinistas to negotiate a political solution as it was critical in convincing them to agree to the Contadora process in the first place.

The United States can now help the Contadora process by doing two things simultaneously:

First, the United States must support Contadora politically and diplomatically, so as to help keep the negotiating process alive for the day when the Sandinistas finally do negotiate. This support must include cooperating in the staff work needed to ensure verification of any agreement. After the Sandinistas' record in repudiating their commitments to the Organization of American States, who would trust an agreement that is not enforceable?

Second, the United States must support the Nicaraguan resistance, so as to sustain pressure on the Sandinistas to accept meaningful negotiations toward a workable Contadora agreement. Why would the Sandinistas negotiate if there were no armed resistance?

WHAT WE ARE ASKING

Carefully thought-out and implemented assistance to the Nicaraguan democratic resistance can make a difference. The President transmitted his proposal to you 2 days ago only after we had consulted widely with our friends in Central America and in the Contadora

Group as well as with the members of this committee and others in the Congress.

- \$100 million would be made available to the Nicaraguan democratic resistance by transfer from the FY [fiscal year] 1986 Department of Defense Appropriations Act. Twenty-five percent would become available immediately, with an additional 15% released every 90 days through the end of September 1987, as reports are submitted to Congress.

- \$30 million of the total \$100 million package would be reserved for humanitarian assistance administered by the existing Nicaraguan Humanitarian Assistance Office (including \$3 million specifically earmarked for human rights programs and activities). The President would be free to use the remaining \$70 million for any kind of assistance he deems appropriate, using whatever agencies he desires, subject to normal procedures for congressional oversight. If properly led and trained, the armed resistance will be able to minimize the suffering of Nicaraguan noncombatants during military operations. The United States expects that the armed resistance will follow a code of conduct on the battlefield that will protect noncombatants and prisoners.

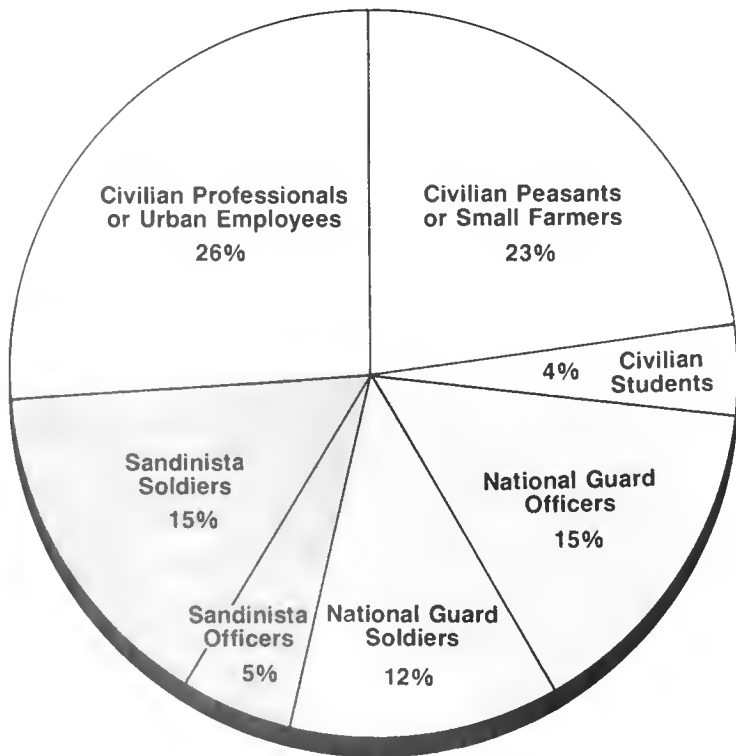
- In the event of a peaceful resolution of the conflict in Central America, any remaining balance of the \$100 million could be used (through the end of FY 1987) for relief, rehabilitation, and reconstruction purposes in the countries of Central America, including Nicaragua.

All current statutory conditions on involvement by intelligence agencies would be satisfied by congressional approval of the President's request. At the same time, we are not breaking relations with the Sandinista government. This demonstrates our willingness to keep open the lines of communication. It strengthens the possibility of a peaceful settlement. It increases everyone's ability to cooperate. And it maintains the program's operational viability.

We are thus asking for an overt vote on a program that will operate within clearly defined parameters. We see these parameters, if Congress approves the President's request, as follows:

- U.S. policy toward Nicaragua will be based on Nicaraguan responsiveness to U.S. concerns about Soviet/Cuban ties, military buildup, support for sub-

Background of FDN Military Leaders: Late 1985



Total Civilian	53%
Total National Guard	27%
Total Sandinista	20%

ersion, internal repression, and refusal to negotiate.

- The United States will address these concerns through economic, political, and diplomatic measures, as well as support for the resistance. In particular:

- We will engage in simultaneous talks with Nicaragua if Nicaragua will also engage in internal dialogue as proposed by UNO (the UNO proposal includes a cease-fire and lifting of the state of emergency); and

- We will respond positively to other steps by the Government of Nicaragua toward meeting our concerns.

- Any easing of U.S. pressure on Nicaragua will be implemented, after consultation with Congress, by reference to observable Nicaraguan conduct (e.g., freedom of the press, reduced arms deliveries or foreign military presence, prospect for a cease-fire).

- The U.S. actions shall be consistent with our right to defend ourselves and assist our allies for the purpose of achieving a comprehensive, verifiable antidora agreement and democratic conciliation in Nicaragua, without the use of force by the United States.

- The President will report to Congress every 90 days on diplomatic efforts, human rights, and use of appropriated funds. This is the same as current reporting requirements.

I should note that the objectives selected in these undertakings are not those of the United States alone. Each of them, including national reconciliation through dialogue with the armed opposition, are agreed objectives of the Contadora process. We are asking the Sandinistas to do no more than what they themselves have ostensibly agreed are the steps essential to a lasting peace in Central America.

CONCLUSION

Either we are willing to act on a vital issue close to our shores at a critical moment when the world is watching, or we are not. Either we help Nicaraguans to gain their freedom, or we do not. In Europe and in the Middle East, in Afghanistan and in Cambodia, in South America and in southern Africa, our friends and our enemies will draw their own conclusions from what we decide.

The Sandinistas' record in dealing with Nicaraguans and other Central Americans makes clear that the resistance is the only constraint they recognize. As long as the Sandinistas are free to try to expand their revolution, the killing and misery will continue in Central America.

Only a democratic opening in Nicaragua can alter these dim prospects. And the resistance is the major element in the present equation that can help create that opening. Nicaraguans are disenchanted with the Sandinistas; more Nicaraguans are likely to join the resistance if they believe the United States will support the restoration of the revolution's original goals.

U.S. aid to the Nicaraguan resistance may intensify support for the Sandinistas among certain individuals who are already firmly in their camp, but we do not see the ranks of Sandinista supporters growing as a result of our backing of the resistance. On the contrary, our assistance will give heart to the vast majority of Nicaraguans who yearn for freedom.

Opposition to U.S. aid to the resistance is greatest *outside* Nicaragua, wherever people do not appreciate that the Sandinistas depend on violence as a political tool, or where they lack information about the extent of Sandinista abuses of human rights, or among those who do not realize that the true underdogs are the Nicaraguan people and their neighbors who are resisting violent minorities backed by military aid from Cuba and the Soviet bloc. Reactions among former Sandinista sympathizers

suggest that the reality of the new tyranny in Nicaragua is being increasingly understood in Europe as well as Latin America and the United States.

The bottom line is this: absent a credible challenge to their militarized control of Nicaragua, the Sandinistas have no incentive to negotiate a lasting political solution to the conflict in Central America. The resistance can provide such a challenge—if we help. Without military aid to the resistance, the Sandinistas will simply monopolize power and continue to destabilize their neighbors. If the Central American house remains divided against itself, prospects for democracy would ultimately be doomed in the region as a whole as well as Nicaragua.

The United States has both moral and strategic interests in the consolidation of democracy in this hemisphere. To the extent that we support Latin Americans who are struggling for objectives similar to ours, we reduce the likelihood of having to intervene to protect our interests and defend our allies. If there were no armed resistance, we might ultimately confront choices even more difficult than this one.

Under the expedited procedures that Congress has provided, the President is entitled to a vote on his request. A positive vote is essential to protect our strategic interests, preserve opportunities for diplomacy, and assure that the progress made in recent years in El Salvador, Honduras, and Guatemala will not be reversed and that Costa Rica will maintain its democracy.

There are many uncertainties ahead in Nicaragua. We are fully aware of them. But we are also aware that there were many uncertainties in El Salvador, in Central America generally, and most recently in Haiti and the Philippines. We were right in El Salvador. Castro, and the Soviets, and the Libyans, and the Nicaraguan communists have clearly made their choice. Now it is up to us to make ours.

¹Press release 33. 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. ■

Foreign Policy Challenges

Secretary Shultz's statement before the House Foreign Affairs Committee on February 5, 1986.¹

This decade continues to be a time of turbulence in the world—but I also see it as a time of great promise and opportunity for U.S. foreign policy. A year ago, I made a number of speeches and statements stressing that the world was changing and that our ways of thinking needed to keep up with new realities. Most of the new trends in the world were positive; thus, if we were imaginative and bold—and strong—we could help shape events in accordance with our vision of a better world.

Across the globe, we saw new evidence of the powerful appeal of liberty; we saw democracy take root in country after country, demonstrating the vitality and relevance of our ideals. We saw a kind of revolution in economic thinking, in which old truths about economic freedom and the true sources of economic progress were newly appreciated; with the dawn of a new era of technology, the open and free economic systems seemed to have an advantage.

We also learned some lessons about the relation between power and diplomacy and about how strength, staying power, and a willingness to negotiate were crucial if we were to help resolve

have responded to some of these challenges and about the challenges likely to confront us in the coming months.

Democracy on the March

1985 confirmed what we have always felt and increasingly known to be true: that the yearning for political freedom, far from being culture-bound, is one of the most powerful forces across the planet. The past year confirmed, too, that the United States, as the strongest free nation on Earth, is a crucial source of inspiration and support to peoples aspiring to liberty.

The most dramatic example of this truth is Latin America, where Guatemala is only the latest in a series of countries that have abandoned military rule for elected civilian government. In the last 6 years, elected civilian leaders have replaced authoritarian regimes in Argentina, Bolivia, Brazil, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Peru, and Uruguay. Over 90% of all people in Latin America and the Caribbean now enjoy democratic government, as opposed to less than one-third in the early 1980s.

A few years ago, critics of Central America and U.S. policy toward that region were skeptical that democracy could gain support in an environment

democratic experiment. If we truly believe in human rights and economic and social progress, we must keep that lesson in mind as the peoples aspiring to freedom turn to us for support in the coming months.

The most immediate danger to democracy in Central America, of course, is the assault on it from communist Nicaragua, aided by Cuba and the Soviet Union. Democratic El Salvador is an outstanding example of a country that has managed to withstand a communist insurgency, and we have been privileged to play a part by our encouragement and help. So our policy—if we keep at it—is working. All the democracies of Central America look to us for help in defending themselves. We must support them. And we must support, not abandon, the democratic resistance within Nicaragua, which we support for both moral and strategic reasons. We will be discussing with the Congress what this moral and strategic imperative requires.

Toward Open Markets

The past few years have also confirmed the connection between freedom and economic progress. In the early 1980s, this Administration developed economic policies aimed at liberating the creativity of the American people. The results speak for themselves: 9 million new jobs in this country in the last 3 years, helping pull the world economy out of recession, and inflation running at a level one-third of that prevailing 5 years ago.

The world economy is still troubled. But nations everywhere are rediscovering the basic truth that the source of economic growth is individual creativity, not the state. The same laws of economics apply to developed and developing countries alike, and the countries that apply its truths are reaping the rewards.

Much remains to be done. The traditional practices of our allies and friends are particularly important to us. Economic growth is one of the free world's greatest strengths. It is vital not only for our standard of living but also for our political cooperation and mutual defense. The Bonn economic summit last year showed a convergence of views on how to promote growth, jobs, and prosperity in the world economy. And the United States has recently taken the lead in developing a balanced approach to the challenges of debt and economic adjustment facing many developing nations.

The most immediate danger to democracy in Central America . . . is the assault on it from communist Nicaragua, aided by Cuba and the Soviet Union we must support, not abandon, the democratic resistance within Nicaragua. . . .

political problems. On the negative side, we faced the continuing challenge from the Soviet Union, and we confronted the new scourge of terrorism—which required new ways of thinking in order to defeat it.

These are powerful trends. We have sought to meet them and shape them, and we have made some headway. Let me speak briefly today about how we

where history and economic hardship seemed to impose such burdens. They are less skeptical now. They have seen the people themselves, in one free vote after another, demonstrate their belief that democracy is the road to a better life for themselves and their children. They have also seen that our moral support and economic and security assistance can help make the difference between the success and failure of this

I cannot overemphasize the importance of avoiding protectionism—a menace not only to our foreign policy partnerships but to any hopes of stimulating global growth. We continue to work vigorously to open markets throughout the world to U.S. goods and services.

Power, Diplomacy, and the Summit

Our liberty and our economic well-being both depend on our security. And our security depends on a policy of realism, strength, and a willingness to solve problems through diplomacy. The meeting last November between President Reagan and General Secretary Gorbachev was a good example, teaching some fundamental lessons about the conduct of diplomacy and negotiation in the modern age.

The Soviet Union continues to pose the most profound challenges to American and free world interests and ideals. Our countries are governed by irreconcilable views of the world. Nevertheless, the realities of the nuclear age mean that we must pursue constructive relations with the Soviets whenever we can do so without violating our principles. As the Geneva summit showed, constructive negotiations are possible.

In the 1970s, we let our defenses slip; for a time we seemed to shy away from a strong role of leadership; and the world became a more dangerous place. We had to make a major effort in the 1980s to rebuild our defenses, and I believe we have recovered our self-confidence as a nation. And it stands to reason that American strength and continuity of purpose are a prerequisite to successful negotiations and a more constructive relationship with the Soviet Union. Defense preparedness and maintenance of our strategic modernization program, including the MX [missile] and the Strategic Defense Initiative, remain crucial. Now is the time to support our basic interests and our negotiating position at what could be a promising moment in the quest for a safer world.

We approached the Geneva summit with a spirit of both aspiration and realism, and we will bring that spirit to our negotiations with the Soviets throughout the coming year. Our agenda, as before, embraces four sets of issues: arms reduction, regional conflicts, human rights, and bilateral relations. We will continue to seek agreements with the Soviets whenever they are in our interest. We

will pursue the Geneva negotiations with energy and good faith and without artificial deadlines. We will also pursue them with a sense that we may be at a rare moment of opportunity.

Strength and diplomacy are not contradictory. In fact, they go hand in

We also know that more needs to be done. We will continue to marshal all the weapons in our arsenal—nonmilitary and military—against the terrorist threat. We must continue to improve our intelligence capabilities and achieve closer cooperation and coordination with

Our agenda [with the Soviets], as before, embraces four sets of issues: arms reduction, regional conflicts, human rights, and bilateral relations. We will continue to seek agreements with the Soviets whenever they are in our interest.

hand. And the same principle holds true in our efforts to promote political solutions to regional conflicts around the world, whether in southern Africa, Central America, Southeast Asia, or Southwest Asia.

Responding to Terrorist Warfare

Another challenge—one of the most important we face in 1986—is international terrorism. The December terrorist attacks on the Rome and Vienna airports, aided and abetted by the Libyan Government, are only the most recent reminder of this scourge of our age. And yet we have made headway—both in understanding what terrorism is and in formulating our responses to it.

We have all come to understand that terrorism is a form of warfare waged by political forces—including some sovereign states—that are hostile to democracy and determined to undermine the position of the West. We know it is not random violence but violence directed against our values and interests and against our diplomatic efforts for peaceful solutions to conflicts. There is a growing international recognition that a policy of appeasement of terror offers no protection.

We are not without recourse. We intercepted the aircraft carrying the *Achille Lauro* hijackers to ensure that they would be brought to justice. We took broad economic and other measures against Libya. And, as the President has pointed out, we and our friends have succeeded in foiling 126 planned terrorist attacks last year by acting in advance.

other governments. International law supports measures of self-defense and offers important avenues for effective international cooperation. The U.S. Government has strengthened itself organizationally. We amended our own criminal law in October 1984 to give us new tools against terrorism—an example of productive cooperation between Congress and the President.

This is an area, I know, in which the American people will want to see their government acting flexibly, swiftly, and effectively against terrorist threats.

No review of this subject would be complete without noting the six Americans who remain missing in Lebanon. Their safe return remains a priority concern for the U.S. Government. Our intensive efforts will continue until these missing Americans have returned home, safe and sound.

Our battle against terrorism will be long and arduous. But if we have the will, we can prevail over this challenge as we have over so many others in our history.

Gramm-Rudman-Hollings

Let me finish on a very practical note: the Department of State is determined to do its fair share, under the Gramm-Rudman-Hollings legislation, to cut the Federal budget deficit. Cutting that deficit is essential for many reasons, including the health of our own economy and the world economy.

The Department of State is intensively reviewing the way we do business at home and abroad in order to reduce costs and operate more efficiently and effectively. We have a special task force

to reassess our structure and operations. In the short run, we are reducing travel and stretching out equipment purchases; we will also review employment and new hiring; and we will reassess our number of posts abroad and the possibilities for streamlining their operations.

We recognize we have a burden of proof to meet in requesting more funds. The increases in our FY [fiscal year] 1987 request come mainly in improving protection of our diplomatic personnel and facilities abroad. Our security assistance request, which seems higher when compared to the post-Gramm-Rudman-Hollings levels of FY 1986, is essentially the same as was requested in FY 1986. We are not seeking large increases in security assistance; rather, we are continuing to seek a level of resources adequate to meet our international commitments and to pursue aggressively our national security interests. The President has determined that these are among the government's highest priorities. The resources we are requesting have been accommodated within the FY 1987 budget and the deficit target contained in the Gramm-Rudman-Hollings legislation.

The dangers to our personnel and facilities from rising terrorism are known to all; the level of economic and security assistance requested is essential to our foreign policy interests. However, we regard the increase in security assistance for FY 1987 as a transition: we are already shifting toward increasing the proportion of grant and concessional lending in our overall program. By increasing the true economic value of our program, we have been able to accommodate lower funding levels. But I must stress that any precipitous reduction in current levels, without giving time for adjustment to those countries which have long depended on us, could help our adversaries and do great damage to our security interests. I look forward to discussing these matters in depth with the committee in the future. We must work together to ensure that we and our aid partners derive the maximum economic value from the resources provided by Congress.

Prospects

In summary, the world remains a turbulent and sometimes dangerous place. But as we look ahead, we draw strength from our ideals, from our friends and the young democratic nations who have

joined our ranks and now look to us for support. America remains a beacon to the freedom-loving peoples of the world. Powerful trends are on the side of freedom. That is one of the lessons of 1985.

Another major lesson is that realism, strength, and staying power are crucial prerequisites to meeting the challenges we face. History won't do our work for us. We have to be worthy of our opportunities.

And one key to our success will be bipartisanship. This noble tradition, which brought us so many dividends in the postwar years, does not ask any of us to abandon our principles. But it does require all of us to recognize how much harder it is to meet foreign challenges if

Enhancing Diplomatic Security

Secretary Shultz's statement before the Senate Committee on Foreign Relations on February 4, 1986.¹

I am pleased to have this opportunity to speak in support of the Administration's proposals to strengthen the security of U. S. diplomatic operations. These proposals are based on the recommendations of the Advisory Panel on Overseas Security [Inman panel] and much work and thought in the Department and other interested agencies.

Over the past few years, the attention of the world has been riveted to terrorist dramas unfolding around the globe. This is a new and chilling phenomenon, one with which civilized nations and civilized peoples are inadequately equipped to deal. That can and must change. We must do everything we can to thwart those who seek to advance their ends through terror. We must protect official Americans and their dependents from these criminal activities.

We in the State Department and our colleagues from other agencies serving abroad are on the front line. Our friends and colleagues have been victims of this violence. But the challenge of terrorism has strengthened our determination. The courage and patriotism of our people and their families in the face of these dangers are inspiring.

We must spare no effort to ensure the safety of the people and facilities of all agencies abroad. In this period of budgetary stringency, this task *must* be a priority. Therefore, we have designed

we are not united at home. In recent years, we have seen signs of a rebirth of the postwar bipartisan consensus—based on a realistic understanding of the world as it is and of the need to negotiate differences where possible. I pledge my efforts, and those of the President, to work in a bipartisan spirit with all members of the Congress on behalf of the peace, freedom, and security of this country.

¹Press release 22. 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. ■

a program which, in our view, is prudent, thoroughly thought out, efficient in its commitment of resources—yet responsive to the inescapable necessity we now face.

The United States has always built handsome and accessible embassies and consulates abroad. Our object was to be easily accessible—to demonstrate to other peoples the openness of our society and the hand of friendship we extend to all. We wanted the local populace to see a "welcome" sign above our door and to feel comfortable in entering our buildings. This is the essence of the job we do overseas, and we have been highly successful at it.

We are now faced with a new situation: the current security and terrorist problems have left those same buildings vulnerable. Our challenge is to strengthen our security against the new dangers so that we can maintain our tradition of openness and accessibility. We will *not* let the terrorists win their victory by isolating us, forcing us to close our doors, or denying us our contacts with the peoples of the countries in which we are represented.

The Advisory Panel on Overseas Security

With this goal in mind, I formed the Advisory Panel on Overseas Security, chaired by Admiral Inman. I asked the panel to take a hard look at our security and counterterrorism programs. I didn't want or need an apology; I wanted ideas and recommendations.

I am extremely pleased with the panel's report. The hard work and dedication of the panel is clearly reflected in the quality of its report. The panel exhaustively researched all aspects of our security and counterterrorism programs. Its recommendations have vision and, perhaps more importantly, are practical. They are recommendations which, with your support, are achievable.

The panel gave us 91 recommendations. We have implemented 45, and work is underway on 20 more. An additional 20 are awaiting the resources requested in this proposed legislation.

The recommendations focused on three central points:

- That a Bureau of Diplomatic Security with a Diplomatic Security Service be established in the Department to increase the professionalism of our security personnel and programs;
- That my overall responsibility and that of the Chiefs of Mission for overseas security programs be emphasized because such supervision is fundamental to good management; and
- That significant new resources be made available for a comprehensive worldwide security program to protect our government employees abroad. A key element here is a major multiyear construction program to rebuild or replace embassies and consulates overseas which fall significantly below our physical and technical security standards. Other elements are the upgrading of our communications to state-of-the-art technology so they are faster and more secure and improved intelligence-sharing with host governments and within our own government.

Actions Taken

The Bureau of Diplomatic Security and the Diplomatic Security Service have been established, with your support, through reprogramming of funds. In addition, using existing funds and authorities, we have already:

- Started an ambitious recruitment campaign to bring on board nearly 300 new security agents during fiscal year (FY) 1986 and to more than double the number of overseas security officers before the end of this fiscal year;
- Significantly improved training for security agents;
- Streamlined threat-alert procedures;
- Increased the number of local guards worldwide;

- Added more marines and marine guard detachments to posts;
- Nearly doubled the size of our armored vehicle fleet overseas;
- Made significant physical security improvements at 152 posts in 1985; and
- Dispatched mobile training teams to high-threat posts to provide specialized security training to U.S. Government personnel, dependents, and Foreign Service nationals.

Administration's Proposals

The Administration's proposals now before you will, in addition, do three things:

First, they would authorize a 5-year construction program to replace or upgrade our most vulnerable posts and further authorize improvements in communications and intelligence-sharing, all as recommended by the Inman panel.

Second, our proposals would complete the reorganization of our security program, as recommended by the Inman panel, by providing for a new Assistant Secretary of State to head a Bureau of Diplomatic Security and for a Director of the Diplomatic Security Service. The bureau would be responsible for all operational aspects of our security program. We would authorize certain special recruitment and performance standards for members of the Diplomatic Security Service and emphasize such operational matters as residential, perimeter, and technical security.

In one respect, we have gone beyond the recommendations of the Inman panel. Where the panel favored placing the policy arm of our counterterrorism effort with the Under Secretary for Political Affairs, we have, through reprogramming, created an Ambassador at Large for Counterterrorism, reporting directly to me. Before this reorganization last November 4, this policy function rested with an office reporting to the Under Secretary for Management. This reorganization demonstrates the high priority we place on counterterrorism; it strengthens the interagency role of this key office on the many issues on which the State Department is the lead agency.

Third, our proposals would revise and clarify the chain of command for overseas security, fixing supervisory responsibility directly on the chief of mission and the Secretary of State. They would also formalize and expand the current process by which responsible officials are held accountable for their actions—or inaction. We would

now have an automatic investigation whenever there is a security breach that results in serious bodily injury, loss of life, or significant damage to our property.

Although the draft bill requests "such sums as may be necessary," the Administration's total authorization funding requirement for this program is \$4.4 billion spread over 5 years. Of this total, \$2.7 billion is for construction, and the balance is for related operating expenses including security officers, residential security improvements, and more secure communications equipment. In fiscal year 1986, the Administration is requesting \$237 million for salaries and expenses and \$455 million for construction. In FY 1987, the Administration is requesting \$304 million for salaries and expenses and \$1.1 billion for construction for this program.

The Construction Program

The Inman panel recommended several new security standards—a 100-foot setback, for example. I have accepted these standards, and the setback shall be the goal for our buildings, wherever feasible. Many posts do not meet these standards; thus, a new building program is needed.

Many posts front onto busy streets. Some have extensive glass facades. Often we share office buildings with other organizations and businesses. In still other cases, our embassies and consulates share walls with non-U.S. Government tenants. All this is clearly and generally undesirable and simply unacceptable in a great many situations.

The program places its highest priority on buildings at locations where the security threat is greatest and which are substantially below the new standards.

Great effort has gone into creating a security construction program which would ensure that buildings are designed and built to meet stringent security standards, on time and within budget. It was clear from the outset that a massive expansion of the staff of our Foreign Buildings Office to implement such a major program was not the answer. We have, instead, developed an implementation plan based on the following policies:

- Use of "fast track" and "design/build" methods to accelerate the design and construction process so that projects can be completed more quickly than was possible under previous programs;

- Use of risk analysis, constructability, and value engineering reviews to ensure that design requirements are compatible with local conditions, material availability, and technical capabilities and are cost-effective;

- Upgrade of construction contractor qualification requirements to ensure that construction awards are made to contractors with the financial, organizational, and technical qualifications necessary for successful completion of a major overseas building program;

- Allocation of sufficient resources to onsite construction oversight and inspection to ensure that buildings are constructed to required standards; and

- Use of recommendations from a major research program undertaken for our Foreign Buildings Office by the National Academy of Sciences; these provide the scientific and technical bases, in the form of performance-based security design criteria, for the design and construction of future embassy buildings.

The private sector will play a key role in ensuring effective management and implementation of the building program. We have published a synopsis of our program in the *Commerce Business Daily* with a request for particulars of qualification and experience from private sector firms interested in providing us with program, design and engineering, construction, and operations management services.

We will be ready to enter into a contract with our first private-sector program manager immediately upon receipt of an authorization and appropriation from the Congress.

Bureau of Diplomatic Security

As I said earlier, this legislation would complete the reorganization of security responsibilities in the Department recommended by the Inman panel by:

- Providing for an Assistant Secretary of State to head the new Bureau of Diplomatic Security;

- Creating a Director of the Diplomatic Security Service;

- Establishing several special job-related requirements for membership in the Diplomatic Security Service; and

- Increasing our emphasis on key operational security programs.

The new bureau will concentrate on improving:

- The security of the homes of our people and their families overseas;

- Perimeter security at our facilities;

- Technical security to update and improve our ability to cope with the unprecedented threat of sophisticated penetration systems used by hostile intelligence services against our facilities abroad;

- Protection of foreign dignitaries in the United States;

- Qualifications and performances of our local guards at overseas posts;

- Professionalism and training for our security personnel; and

- Security at Moscow and other East European posts by, among other things, substituting Americans for a substantial number of local employees now working in support positions.

Diplomatic Security Service

I envision the Diplomatic Security Service as a highly professional security organization with the recognition and respect that brings. The panel called for increased professional training, physical fitness standards, and an identifiable career structure within the Foreign Service for the Department's security cadre. I strongly support these recommendations.

The Diplomatic Security Service is to be staffed by drawing upon the existing Foreign Service and Civil Service personnel systems. This proposal will not create a new personnel system.

Rather it identifies a category of employees in the same manner as do the designations "political officer" or "economic officer." Qualifications required for assignment or appointment to positions in the Diplomatic Security Service will be prescribed by the Secretary of State. In the case of security officers, the position qualifications may include minimum and maximum entry-age limitations—perhaps 21 years minimum and 35 years maximum. Such limitations are commonly found in organizations having security-related responsibilities.

In addition, the position qualifications for security officers will incorporate the standards now required by law to carry out our security functions and to exercise the Department's law enforcement authorities. As security officers perform such unique functions as protecting lives and carrying firearms in certain situations, the Secretary will be authorized to issue regulations providing for special disciplinary procedures. This is a common practice among organizations with security-related responsibilities.

The Chain of Command

The Inman panel concluded that management of the security program was overly fragmented and that the chain of command ought to be revised so that the resulting sharper supervisory focus would encourage better management and protection of U.S. Government personnel overseas.

Therefore, the Administration's proposed legislation fixes overall responsibility and authority for the management and direction of the U.S. security program overseas on the Secretary of State and, through him, the Ambassador at post.

We are working closely with other agencies to develop and agree upon appropriate security standards, procedures, and resource levels that are responsive to the needs of all U.S. Government agencies having facilities overseas, except for military bases. Physical security standards and procedures for USIA [United States Information Agency] libraries and relay stations as well as AID [Agency for International Development] and other facilities located separately from embassies and consulates, may differ from those applied to embassies, consulates, and diplomatic residences. But the Ambassador at post and, through him, the Department will have central responsibility for security at these facilities as well as our embassies.

This proposal does not affect the Washington-based security offices of other agencies. There is sound management justification for each agency having its own security advisers in Washington. These advisers play an important role within their agencies, and we need their help in planning and implementing this program.

The Administration's proposal also does not affect the authority or responsibility of any other Federal, state, or local agency with respect to law enforcement, domestic security operations, intelligence activities as defined by Executive order, or the provision of protective services by the Secret Service.

In reviewing the security chain of command, the Inman panel recommended that we have a procedure established in law to draw lessons from security disasters or to fix individual responsibility, if any, for such incidents. The Administration agrees, and this proposal expands our current procedures by creating Accountability Review Board to investigate incidents involving serious injury, loss of life, or significant destruction of property at or related to U.S.

government missions abroad (other than military installations). Such boards would not only make findings relating to security generally, but they would also determine if a breach of duty by an individual employee contributed to the incident. The employing agency would review and act on the findings of the board.

Conclusion

The Administration is proposing a major, national program to improve the physical and technical security of all departments and agencies abroad, except for military bases, as well as the physical security of foreign missions and officials in this country. This proposed legislation is the product of long, hard work to which many agencies have contributed and is intended to meet their requirements. The most important contributions have come from AID, USIA, CIA [Central Intelligence Agency], Justice, Defense, OPM [Office of Personnel Management], OMB [Office of Management and Budget], Commerce, Agriculture, and Treasury.

Our proposal's overriding goal is to maintain the American tradition of overseas posts that extend the warm hand of welcome to the local population. The program I have outlined today is intended to ensure this openness in light of the dangers of today's world. We must not forget the purpose of our overseas presence is to spread our message and communicate our ideals to other nations, not to overwhelm our hosts with the aura of our power by erecting forbidding fortresses.

The Administration's proposed program will not solve all of our security problems, but we can minimize them. Our proposal is a comprehensive—and long overdue—security program which addresses our most basic security concerns. We will need to continue to supplement our limited resources with vigilance and effective intelligence to enhance the security of our posts and the effectiveness, as well as the safety, of our missions abroad.

The President and his Administration place the highest priority on this program. We recommend its early enactment.

¹Press release 20. 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. 20540. ■

International Affairs: FY 1987 Budget

Secretary Shultz's statement before the Senate Budget Committee on February 19, 1986.¹

I welcome the opportunity to speak in support of the President's fiscal year (FY) 1987 budget request for the international affairs function—budget function 150. Our request comes before this committee at a time of great debate over how to reduce our Federal budget deficit. As a former budget director, I know from experience that there are no easy choices. And I am determined to have the Department of State do its fair share in getting the Federal budget under control. In fact, the greatest single contribution the United States can make to the economic well-being of the developing world is to get our own economic house in order.

As recent history demonstrates, strong U.S. growth and lower U.S. interest rates are crucial to the rest of the world, and to the developing countries, in particular. For example, a fall of 2% in U.S. real GNP [gross national product] in 1982 resulted in a 13% decline in U.S. imports from developing countries, while 7% U.S. growth in 1984 was associated with an 18% rise in U.S. imports from the developing world. U.S. interest rates are translated directly into interest payments required from indebted nations. In 1983, the U.S. prime rate fell from 15% to 11%. That year, interest payments fell by almost \$9.5 billion, while the debt outstanding from developing countries actually increased.

Greater fiscal discipline in the United States will help the U.S. economy stay on the moderate, noninflationary growth path projected by the Council of Economic Advisers. This will be a double benefit to the developing countries: we will be a good market for their exports, and lower interest rates will relieve some of their daunting burden of debt. Together, a 4% growth in the United States and another drop in U.S. interest rates should improve their external position by approximately \$10.4 billion in 1986 alone.

One of my responsibilities as Secretary of State is to present to you the essential costs of conducting a successful foreign policy. These costs cannot be wished away. They are required if we are to safeguard our national security

and international interests. We recognize we have a burden of proof to meet in requesting more funds. I can assure you that in preparing this budget every attempt was made to economize.

The increases over FY 1986 levels contained in our FY 1987 request come mainly in improving protection of our diplomatic personnel and facilities abroad. Were it not for the need to provide greater security for them, our current request for function 150 would be lower than the amount originally requested for FY 1986. In fact, our request is \$3.9 billion less than the amounts actually appropriated by the Congress for the international affairs function in FY 1985.

Our security assistance request, which seems higher when compared to the post-Gramm-Rudman-Hollings levels of FY 1986, is essentially the same as we requested in FY 1986. We are not seeking large increases in security assistance; rather, we are continuing to seek a level of resources adequate to meet our commitments and safeguard our interests. As the President has observed, national security has to be our government's highest priority. The resources we are requesting have been accommodated within the FY 1987 budget and the \$144 billion deficit target contained in the Gramm-Rudman-Hollings legislation.

The support that Congress has provided in the past has been invaluable in strengthening America's position in the world. As I shall explain later in greater detail, the growth and deployment of our diplomatic and foreign assistance assets have contributed to major foreign policy successes.

- The NATO alliance is strong.
- Democratic institutions have emerged throughout Latin America and in key countries elsewhere.
- We have an enhanced security posture in Central America, the Caribbean, and the Pacific Basin.
- There has been a dramatic shift in Third World economies away from statist solutions and toward free markets.

- We have maintained the peace process in the Middle East, by an active diplomacy but also by steady support for our friends on both sides who are being asked to take risks for peace.

- We have given effective support to those who fight for freedom and independence in their own countries.

security as our defense budget." We must not succumb to false economizing—leaving ourselves and our friends more vulnerable in areas vital to international security. Vacuums that we create in countries or regions of strategic importance will soon be filled by those less interested in peace and stabil-

open societies and open economies transcend geographic size and cultural diversity. They deserve our moral and material support. The amount of funds we are seeking to support these countries is relatively small—some 17% of the total foreign assistance request. The real and symbolic importance of these resources, however, is considerable.

All other country programs account for only 3% of the total foreign aid request. Some are poverty-stricken African states to which we are directing our humanitarian and technical assistance programs. Others, like Mozambique, are moving from the Soviet bloc toward genuine nonalignment. Still others, such as Burma and Peru, are active partners with us in the war against international narcotics trafficking.

Finally, some 9% of our assistance goes to AID [Agency for International Development] noncountry programs and a number of generously beneficial efforts, including the Peace Corps, refugee assistance, and narcotics control efforts.

We have done some tough pruning and made hard choices to come up with these allocations. It is a lean budget and, in our considered view, a minimum budget. Further reductions would compound our risks, weaken our friends, and add to our dangers. Foreign assistance is a kind of insurance, shoring up our security. If we try to cut corners, we run the risk of greater dangers that could well exact much higher budgetary and foreign policy costs. If the FY 1987 budget is insufficient, as it is in FY 1986, to fund country programs adequately and to provide the flexibility necessary to meet new requirements in an everchanging world, we deny ourselves the opportunity to build and maintain constructive relationships with dozens of countries throughout the world serving a multiplicity of U.S. interests.

Let me now do a brief tour of the world to discuss the specific policy objectives I outlined earlier.

The Search for Peace in the Middle East

Peaceful solutions in the Middle East will become possible when we and our friends make it clear that radical solutions get nowhere. Our commitment to Israel and its security is rock solid, and our levels of assistance must reflect that commitment. At the same time, we must continue to provide significant support to Egypt, which had the courage

. . . the greatest single contribution the United States can make to the economic well-being of the developing world is to get our own economic house in order.

We must consolidate and expand these accomplishments as we continue to explore new opportunities for peace and stability. To meet these objectives, we have constructed a budget which reflects our essential needs.

Budget Overview

The FY 1987 budget request for the international affairs functions totals \$22.6 billion: \$2.1 billion above the FY 1986 "postsequestration" levels; \$1.4 billion above the amounts appropriated by the Congress for FY 1986; but \$200 million below the amounts originally requested by the President for FY 1986. Let me first speak to the two major areas of increase over the postsequestration levels.

The largest increase—\$1.5 billion for the State Department's operating budget—reflects the Administration's proposals to protect our people and diplomatic posts overseas from international terrorism. We in the State Department and our colleagues from other agencies serving abroad are on the front line. The courage and patriotism of our people and their families in facing the dangers of terrorism are inspiring. We must ensure their safety. The Congress urged us strongly to develop a comprehensive program. We have done so and are now presenting it to you.

The second major area of increase is to restore security assistance levels necessary to meet our international commitments and to pursue our priority foreign policy objectives. Helping our friends defend themselves is our first line of defense. As the President said last year: "Dollar for dollar, our security assistance contributes as much to global

ity than we are. In the long run, this will end up costing us much more than the short-term investments reflected in this request.

Let me address the major budget components and the objectives they serve. Our development and security assistance requests for \$16.2 billion serve four main foreign policy objectives:

- Supporting the Middle East peace process;
- Strengthening our alliances and cooperative defense relationships;
- Promoting regional stability in Central America and the Caribbean; and
- Supporting economic reforms and democratic forces throughout the world.

These objectives are interrelated—and crucial.

Nearly 34% of these resources go to Israel and Egypt in support of our search for peace in the Middle East. Assistance to the base rights countries of Spain, Portugal, Greece, Turkey, and the Philippines and to military access and front-line states such as Kenya, Oman, Morocco, Korea, Pakistan, and Thailand represents another 26%. Our efforts to promote regional stability in Central America and the Caribbean take another 11%.

There are other countries of importance to us which share our democratic values, such as India and Colombia; or where new democracies have emerged, such as Bolivia and Uruguay; or where fundamental economic reforms are taking place, such as Ecuador and Senegal; or that are simply strategically important to us, like the island states of the South Pacific. When these countries prosper and remain free, they demonstrate to the world that the benefits of

break ranks with the rejectionists and make peace with Israel. A sound Egyptian-Israeli relationship remains the cornerstone of our broader peace efforts and our regional security policy. We must also help our moderate friends in the Arab world defend themselves against the genuine security threats they face. Radical forces in the region are against negotiations, against peace. Thus, they lash out not only at Israel, whom they seek to destroy, but at any Arab country that shows the courage to seek peaceful solutions.

The necessary condition for further progress in the Middle East peace process is the willingness of both Israel and King Hussein to pursue ways to enter into direct negotiations. Both leaders remain fully committed to this endeavor.

Two key issues remain to be resolved: how to structure international support for direct negotiations and how Palestinian people are to be represented in those negotiations. Prime Minister Peres has accepted the idea of an international forum, and recent discussions with both sides have addressed specific arrangements. The question of Palestinian representation is particularly difficult, confronting King Hussein with the historic challenge of bringing forward Palestinians of good will who will support and associate themselves with efforts to reach a negotiated settlement.

Egypt is uniquely situated to interact constructively with all the parties and wants to help move the process forward. We value President Mubarak's assistance and support. At the moment, Egypt is engaged in talks with Israel aimed at resolving the Taba border dispute and other bilateral issues including the return of the Egyptian ambassador to Tel Aviv. We are hopeful these efforts will soon bear fruit.

Syria and Jordan have recently entered into a dialogue on bilateral relations as well as the peace process. Syria remains an important factor in the equation, and we are following the course of these discussions with great interest.

We are seeking \$5.4 billion in economic and military assistance for Israel, Egypt, and Jordan. We are in the process of reviewing with our friends in the region their needs for defensive arms. Meeting their legitimate defensive requirements is critically important to maintaining the credibility of our security role throughout the region and to preserving our role as mediator in the search for peace. Above all, we must

strengthen our friends in order to deny the Soviets any opportunities to subvert a region crucial to our interests.

Israel's Economic Reforms

Last year, we sought, and Congress appropriated, \$1.5 billion in supplemental assistance to support Israel's economic reform program. Buttressed by this assistance, Israel has made significant progress in stabilizing its economy since last summer. Prime Minister Peres' July 1, 1985, measures included a 19% devaluation of the shekel, cuts in government expenditures leading to a marked reduction in the budget deficit, a sharp decline in real wages, and a restrictive monetary policy.

The combined impact of new fiscal and monetary policies on inflation has been dramatic. The monthly rate of inflation declined from 27.5% in July to 1.3% in December. This has enabled the Israeli Government to keep the shekel/dollar exchange rate stable. Meanwhile, the positive trend in the balance of payments, which began in late 1983, has continued. Israel ran a substantial civilian current account surplus in 1985 due to continued improvement in its balance of trade and substantial increase in transfers from abroad. This improvement resulted in more than a billion-dollar increase in official reserves, from the midyear low point, to about \$3.2 billion at year's end. Israel's foreign debt stabilized and its maturity structure improved as short-

problem continues to be excessive government spending. The new Israeli budget moves in the right direction, but additional reductions in government spending are necessary. Recent wage increases are also cause for concern.

While real wages have fallen sharply since last July, they are programmed to increase in the December-March period; by April, real wages will be where they were last June. Unless offsetting measures are taken to contain the attendant increase in domestic demand and production costs, wage increases of this size could result in renewed inflation and higher unemployment. Future wage increases need to be linked to increases in labor productivity.

Over the longer term, the Government of Israel would do well to consider reforms in a number of other areas as a means of facilitating noninflationary growth. These include delinking financial assets from domestic price indices, labor market reform, and changes in investment and tax policies. Our recent bilateral discussions in the Joint Economic Development Group have focused increasingly on these and other economic and investment issues in recognition of their importance to Israel's long-term growth and prosperity. Our discussions with Israel in this forum underscore our commitment and partnership.

In the context of Israel's economic reform, we strongly endorse Operation Independence, a private sector effort to expand trade, encourage private invest-

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term debt was repaid during 1985. U.S. economic support funds and disbursements from our FY 1985 supplemental appropriation for Israel made an important contribution. The remainder of our supplemental, which was a one-time emergency assistance measure, will be disbursed in FY 1986 in support of further Israeli reform efforts.

Notwithstanding the considerable progress made so far, Israel's stabilization program remains fragile. The major

ment, and reduce Israel's dependence on U.S. aid. Spearheaded by a group of dynamic American businessmen, this initiative has already produced tangible results in expanding Israel's exports.

Egyptian Economic Program

Last year, at the Administration's request, Congress also appropriated \$500 million in supplemental assistance for Egypt. These funds, along with our regular assistance program, were in sup-

port of economic reform. In 1985, the Egyptian Government drew up a 13-point reform program. It raised prices for agricultural commodities, for example, and for a wide range of sensitive consumer items; it also raised electricity rates by more than a third and gasoline prices by 25%. These incremental actions, however, still fall far short of the comprehensive effort needed for long-term economic viability.

During 1986, we will time our disbursement of the remaining \$150 million of the supplemental to support further reform measures. Priority areas for action include reducing the balance-of-payments and budget deficits, improving the system of debt management, and expanding the role of the private sector. Rapid progress in these areas is all the more urgent now, given the damaging impact on the Egyptian economy of the precipitous drop in oil prices.

The Persian Gulf

We continue to be concerned and vigilant about the Persian Gulf. Strategically located, this region is vulnerable to Soviet expansionism. It remains a major source of energy supplies essential to the economic health of the free world. Our naval force in the gulf expresses our interest in the security and stability of the region.

We and our Arab friends agree that they should be the first line of defense of the gulf. Thus, our role—an essential role—is to continue reinforcing the defensive capabilities and security of our friends in the Arabian Peninsula, both through commercial sales and security assistance. The security relationship we have built with Oman is a vital element of our Central Command strategy. Our military assistance to the Yemen Arab Republic, on the other side of the peninsula, is particularly important in view of the recent destabilizing events in South Yemen.

We are troubled by Iran's intransigent prolongation of its brutal war with Iraq, as well as by the dangers which this war poses for nearby neutral countries. We have offered vigorous support for all the numerous efforts, particularly that of the United Nations, to bring the war to a negotiated end with the sovereignty and territorial integrity of both sides intact.

Enhancing Defense and Security Relationships

Around the world, America's alliances and security relationships are sound. We have had some differences with our European allies during the past year. But alliances among free nations will always see expressions of differing perspectives. On the fundamental issues of our mutual security, the Atlantic alliance remains solid. In fact, we made gains in the past year—for example, in our bilateral discussions about participation in the research program of the Strategic Defense Initiative.

With the Soviet military threat to Central Europe and Southwest Asia continuing to grow, security assistance designed to improve the defense capabilities of countries on NATO's southern flank is of special importance. Our security assistance to key NATO allies also helps ensure continued access to strategically important military bases and sustains confidence in the "best efforts" commitments which are the foundations of our base agreements.

We cannot measure our interests in NATO's southern flank solely by our military links. The broad common commitment to Western values has a meaning that transcends these military ties. Spain and Portugal have now joined Europe, in an important symbolic sense, in joining the European Community. This is a triumph for the Western world. On the other side of the Mediterranean, we often hear of problems bedeviling our bilateral relationships with Greece and Turkey. Let us not forget the common interests and shared values that underlie these relations and that establish the basis for the resolution of our difficulties. I view my upcoming trip to these two countries as part of the process of building on our common objectives.

On the other side of the globe, we continue to regard the U.S.-Japanese Mutual Security Treaty as the pillar of Asian peace and stability. Japan has become our largest market after Canada, and both sides are working toward resolving our trade differences. We are also working with the Republic of Korea, whose security has never been more important to us, on trade issues and mutual security and resolving market access problems in our expanding two-way trade. While we have some serious problems with New Zealand, Australia remains a valued ally.

Our aid programs concentrate on the region's more threatened or vulnerable

nations: the Philippines, the Republic of Korea, and Thailand.

The Philippines is experiencing serious economic and political problems. Ambassador Philip Habib is currently assessing the situation there for the President, and we expect his report to influence the course of our efforts to assist the Philippines through this prolonged crisis. In the meantime, we are taking care to ensure that our aid contributes to the structural reforms needed to put its economy back on the path of growth. Our military assistance to the Philippines remains our best and most useful tool to help promote the reform and development of a professional military. Whatever the near-term problems of the Philippines, there is no doubt that the presence of a strong, democratically oriented military is in our best interests. It is also time to fund military assistance at a level necessary for the Armed Forces of the Philippines to fight the insurgency successfully. We must also fulfill the President's "best efforts" commitment made in the context of the last 5-year review of the military bases agreement. The military facilities themselves remain vital to protecting the sea- and air-lanes of the region and providing logistical support for our forces in the Indian Ocean and Persian Gulf.

The Republic of Korea continues to confront the greatest threat to its security from its communist neighbor to the north. Tension on the peninsula remain high, and continued American presence and support are crucial, especially over the next 3 years. Our Korean ally is already devoting a large portion of its GNP to defense, but continued FMS [foreign military sales] credits are needed if Korea is to meet key objectives of its Force Improvement Plan.

Like Korea, Thailand is an ally allocating substantial resources to military modernization and creating a credible deterrent to Vietnamese aggression. We need to support these efforts and assist Thailand in achieving its development goals so that it can maintain a healthy, balanced economy in the face of its increasing security needs. We need to do this not only because of the importance of Thailand itself but because we have an enormous stake in the independence, prosperity, and integrity of the group ASEAN [Association of South East Asian Nations] nations of which Thailand is a part. The ASEAN nations sit astride vital sealanes joining Asia with the Middle East and Europe. The

United States—indeed, most of the free nations of the world—have a critical interest in keeping them peaceful and open. Our assistance programs in Malaysia, Singapore, and Indonesia help ensure stability and promote progress.

One very important element in our support for ASEAN is the effort to find a political solution in Cambodia. To this end, we are backing the noncommunist Cambodian groups resisting Vietnam's occupation of their country. Following the Vietnamese offensive a year ago that drove their camps away from the Thai-Cambodian border, these forces have concentrated on regrouping and training for guerrilla activity inside Cambodia.

Together, the Khmer People's National Liberation Force (KPNLF) and the Sihanoukist National Army have some 9,000 troops currently operating inside the country, with more scheduled to enter. Despite problems that include a serious split within the KPNLF leadership, military resistance leaders are optimistic about their prospects. We are now discussing with interested parties how the U.S. assistance funds for noncommunist groups provided in FY 1986 can best support resistance activities. We do not plan to provide lethal equipment, as the groups are already adequately supplied with weapons.

In the Pacific, we are in the process of establishing a new and unique relationship with the Freely Associated States of Micronesia. In the South Pacific we are facing, for the first time, the threat of increased Soviet interest and activity. The negotiation of a regional fisheries agreement with the nations of the South Pacific promotes U.S. interests in the area. We hope to reach a final agreement later this year.

In South Asia, the Soviet aggression in Afghanistan has continued for more than 6 years. Pakistan's staunch opposition to Soviet aggression and its generosity to more than 2 million Afghan refugees pose an enormous financial burden on Pakistan, which the United States has tried to alleviate through our current 6-year economic, military program of assistance. This program enters its final year in FY 1987. We must maintain that support, out of loyalty to a staunch ally that faces a direct Soviet threat and to maintain the pressure on the Soviets to move toward a negotiated settlement in Afghanistan.

Our assistance provides vital support for Pakistan as that country enters a

new era of democratization, which began with the lifting of martial law on December 30, 1985. The new civilian government is looking to the United States, which has strongly encouraged a more representative government, to provide continued moral and financial support as the government copes with the continuing Soviet aggression in Afghanistan and the burden of refugees. Pakistan is a poor country, and our as-

social progress, we must keep that lesson in mind as the peoples aspiring to freedom turn to us for support in the coming months.

The most immediate danger to democracy in Central America, of course, is the assault on it from communist Nicaragua, aided by Cuba and the Soviet Union. Democratic El Salvador is an outstanding example of a country that has managed to withstand

We will not let the terrorists win their victory by isolating us, forcing us to close our doors, or denying us our contacts with the people of the countries in which we are represented.

assistance also helps it pursue its economic development plans, even under the heavy burdens it bears.

Regional Stability and Security in Central America and the Caribbean

Events in Central America and the Caribbean over the past year have confirmed the important link that exists between foreign assistance and U.S. national interests. Our continuing policy of support to prodemocratic forces is enabling democracy to take root and to become self-sustaining.

Guatemala is the latest Central American country to have abandoned military rule for elected civilian government. Elected civilian leaders also have replaced authoritarian regimes in El Salvador and Honduras. Nicaragua is the only nondemocratic country remaining in that region.

A few years ago, critics of Central America and U.S. policy toward that region were skeptical that democracy could gain support in an environment where history and economic hardship seemed to impose such burdens. They are less skeptical now. They have seen the people themselves, in one free vote after another, demonstrate their belief that democracy is the road to a better life for themselves and their children. They have also seen that our moral support and economic and security assistance can help make the difference between the success and failure of this democratic experiment. If we truly believe in human rights and economic and

a communist insurgency, and we have been privileged to play a part by our encouragement and help. So our policy—if we keep at it—is working. All the democracies of Central America look to us for help in defending themselves. We must support them. And we must support, not abandon, the democratic resistance within Nicaragua, which we support for both moral and strategic reasons. We will be discussing with the Congress what this moral and strategic imperative requires.

The Caribbean, too, is fertile ground for democracy. Cuba is the most egregious exception. In Haiti, after decades of autocratic government and a stagnating economy, the people have new hope of seeing a government responsive to their needs and aspirations. Our policy toward Haiti is the same as our policy toward the rest of the hemisphere. We seek to promote progress toward democracy, greater respect for human rights, and rapid and equitable economic growth. We feel that the Haitian people should choose their own future, and we note that the new government has committed itself to this objective. We hope to be of help as the interim government goes forward with this effort.

On the economic side, the Caribbean Basin Initiative is succeeding in broadening and diversifying the production and export base of the region, laying the foundation for long-term recovery. Unfortunately, many of the gains have been offset by declines in the prices for traditional exports. In some cases, most notably sugar, the declines in prices are

aggravated by our farm bill, which will result in a loss of \$52 million in export earnings by the Caribbean Basin countries. The restructuring of economies to make them less vulnerable to commodity price fluctuations requires a sustained commitment from the political leadership of these countries. It also requires sustained support from the international development community. We will continue to do our share.

Supporting Economic Reforms and Democratic Institutions

Looking beyond Central America and the Caribbean, across the globe, we see further evidence of the powerful appeal of liberty. Democracy is taking root in country after country, demonstrating the vitality and relevance of our ideals.

The past few years have also confirmed the connection between freedom and economic progress. In the early 1980s, this Administration developed economic policies aimed at liberating the creativity of the American people. The results speak for themselves: 9 million new jobs in this country in the last 3 years, helping pull the world economy out of recession, with inflation now one-third the rate of 5 years ago.

The world economy is still troubled. But nations everywhere are rediscovering the basic truth that the source of economic growth is individual creativity, not the state. The same laws of economics apply to developed and developing countries alike, and those that apply its truths are reaping the rewards.

India, the world's largest democracy, is a critical—and successful—test case that shows that democratic politics and economic development are not only compatible but mutually supportive. Under Rajiv Ghandi's able leadership, India is moving into an era of advanced technology and rapid economic growth, spurred on by liberal economic policies. It is not only an increasingly attractive market for American exports but is becoming a major factor in such areas as computer software and light industrial goods.

India has also assumed an increasingly important strategic role, as it takes its place as a major regional—and world—power. It has begun this process by strengthening its ties with its regional neighbors—especially Pakistan, with which it has announced a major nuclear agreement. Our own relations with India have significantly improved this past year, and not at the cost of our ties to China and Pakistan.

In Argentina, Brazil, Ecuador, Uruguay, Bolivia, and Peru, democratic governments are faced with the daunting challenge of restoring economic stability and establishing the conditions for sustained economic growth. The task for the Andean countries is further complicated by narcotics trafficking and terrorism. In Colombia, one of the oldest democracies in South America, terrorists and narcotics traffickers are threatening to undermine years of economic growth and progress. We want to help Colombian efforts to meet these threats. To do so, we are seeking modest increases in our security assistance program.

In Peru, a ruthless terrorist organization and a well-entrenched narcotics industry threaten national stability. We applaud President Garcia's commitment to stamp out narcotics trafficking and his determination to end terrorism within the context of democracy and respect for human rights. A mutually constructive relationship with Peru, however, will require greater moderation and cooperation and meaningful economic reform by the Peruvian Government. If these actions evolve as we hope, we would need to find increased resources to support the Peruvian effort.

In Africa, young and fragile governments are struggling with the most profound economic crisis in the continent's modern history. Our adversaries have shown themselves willing to take advantage of the continent's plight, exploiting political-military conditions in such disparate areas as southern Africa, Chad, and the Horn. It is in our own interest to help Africa realize its potential: to fuel economic growth; to monitor and thwart the actions of Libya, the Soviets, and their surrogates; and to encourage adherence to improving standards of human rights.

Last year, the world witnessed the devastating effects of the drought which put over 30 million Africans at risk of starvation. The American response was extraordinary. Our government and private sector contributions provided unprecedented levels of food, as much as the rest of the world combined. The combined effort saved countless lives, and we can be justifiably proud of the results.

For the long term, we must encourage Africans themselves to promote the policies that lead to agricultural productivity, economic growth, and stability. There is cause for hope. Some African countries are starting to reject the statist economic policies which

proved so disastrous, misallocating scarce resources and discouraging the productive private sectors of the economy.

Our bilateral AID programs are increasingly stressing policy reforms that stimulate private sector productivity. The African economic policy reform program made good progress in 1985 in promoting market-oriented reforms in Malawi, Mali, Mauritius, Rwanda, and Zambia. This year, we plan to start implementing the President's Food for Progress initiative, which will concentrate on reforms in the agricultural sector needed to provide farmers with adequate incentives.

Diplomacy in Southern and South Africa

Turning from purely economic to more general concerns, no region of Africa is the cause of more debate and concern, both in the United States and abroad, than southern Africa. We are committed to playing a positive role as the region grapples with the twin challenges of containing regional strife and bringing the abhorrent system of apartheid to an end.

In the regional conflict, our aim is to show that military solutions will not work. Unfortunately, the Soviet Union and its Cuban and Angolan allies still have illusions on this score. Over the last 2 years, the Soviets have delivered an extraordinary \$2 billion in military equipment to the regime in Luanda and have engaged themselves directly in the fighting. The visit of Jonas Savimbi [President of the National Union for the Total Independence of Angola] to this country should make clear America's determination to ensure that no outside power will be allowed the opportunity to resolve on the battlefield the civil war that divides Angola. At the same time, we search for a negotiated solution. As long as negotiations continue, the path lies open to a settlement which would lead to the independence of Namibia and end the intervention of *all* foreign military forces in Angola.

We are particularly pleased by Mozambique's substantial move toward genuine nonalignment. This is reinforced by major new aid commitments from the West, of which our own aid program is an integral part. We want to encourage this favorable trend. I am concerned that the congressional restrictions on aid to Mozambique threaten to undo what has been a significant political accomplishment of U.S. foreign policy.

In South Africa, the goal of reform must be to end apartheid and to bring about a political system based on the consent of the governed. The President's Executive order of last September 9 was designed to convey the united opposition of the American people to the apartheid system. This is a message we continually reiterate in contacts with the South African Government. It is also a message we are sending in concrete ways as we move to build ties with the black community in South Africa. The aid program mandated by the Executive order works through private voluntary organizations to train black leaders for the future and to assist black entrepreneurs. We are also providing funds for direct legal assistance to the victims of apartheid and their families. The Human Rights Fund will provide \$1.5 million for these and similar projects, while about \$10 million will be available for scholarships for those disadvantaged by apartheid.

America continues to play a positive role in South Africa, but outside countries cannot, alone or in combination, solve South Africa's problems. The government there must take the steps that will make it possible for black leaders to negotiate. In turn, these leaders must be willing to negotiate themselves. The alternative is the kind of violent upheaval that seldom produces just or democratic solutions.

Multilateral Development Banks and Programs

The multilateral development banks play an important and complementary role in many countries important to the United States. As developing countries seek to move from crisis management and austerity to a renewal of sustained economic growth, they will be competing for a finite supply of investment capital from the international financial community. These resources will flow where they are welcome—when conditions are hospitable. A true partnership based on a mutual interest will have to be forged between the developing countries and the holders of development capital—the industrial countries, international lending institutions, and the commercial banks.

Last October, at the Bank-Fund World Bank-International Monetary Fund meeting in Seoul, [Treasury] Secretary Baker proposed a bold, new comprehensive approach to get debtor countries back on the path of sustained

growth. The proposal envisaged a more vigorous World Bank role in facilitating and promoting economic reform and adjustment in debtor nations, as well as greater coordination between the Bank and the IMF in their country programs. The proposal also included a provision for enhancing World Bank and IMF cooperation in providing concessional financing to the poorest developing countries, most of which are located in sub-Saharan Africa.

When Secretary Baker outlined our approach, he stressed that the *sine qua non* of any comprehensive strategy was a more focused and determined effort of market-oriented structural reform aimed at greater efficiency, more domestic saving, and a more attractive climate for domestic and foreign investment. And, in conjunction with this, he addressed two other key elements designed to provide outside support and encouragement for structural reform: more substantial and better coordinated assistance from multilateral institutions and more support from commercial banks.

This was a creative effort, it seems to me, to bring the broader international community into the process of helping solve the debt problem. Both the World Bank and regional development banks are well placed to complement the continued central role of the IMF by providing financing and advice to countries taking the essential steps toward structural reform. The World Bank's considerable expertise can help devise programs for growth through structural reform. It can support these programs through increased lending to promote reform in inefficient sectors of the economy and through increases in policy-based lending. The Inter-American Development Bank is uniquely situated to help in this effort, as well, but improvements are needed in its institutional capabilities before this potential can be fully realized. Our participation in the multilateral development banks is an integral part of our assistance policy. Continued congressional support for our replenishment commitments will sustain our leadership role in these institutions.

The new commercial bank lending that Secretary Baker proposed—\$20 billion over a 3-year period—is also a vital part of the near-term effort. Bank lending to the principal debtor countries has been declining, with very little new net lending having taken place in 1985. Increased lending can provide important support for policies to promote efficiency, competitiveness, and productivity—

the true foundations of growth. Such lending, however, will only be forthcoming if there is a clear commitment to adopt and implement such growth-oriented policies.

In Seoul, Secretary Baker also proposed that the World Bank, IMF, and other donors develop joint programs to support medium-term structural adjustment in the world's poorest countries. Africa will be the chief beneficiary. The proposal calls for the coordinated use of \$2.7 billion in IMF Trust Fund reflows, World Bank funds, IDA [International Development Association] monies, and possible increases in bilateral contributions for Africa to support comprehensive economic reform programs. This proposal merits our full support, as the development of consistent and coherent country economic reform programs is essential if we are to maximize the efficient use of scarce development capital.

The need for increased coordination between the Bank and Fund has been generally supported, and the U.S. initiative is gaining broad acceptance. We have addressed the concerns of Fund and Bank members regarding the need not to blur the distinctive roles of the two institutions while achieving closer cooperation and collaboration.

I do not want to leave the subject of efficient use of development capital without commenting on the need of the developing countries to take full advantage of the opportunities of the world trading system. This is essential if they are to achieve their great potential for expansion of output and export earnings.

Restrictive trade practices have only compounded the problems of many heavily indebted developing countries. All too typically, heavy foreign borrowing has supported fiscal deficits and overvalued exchange rates, putting a great burden on export competitiveness. Import barriers have been erected to protect favored domestic industries from foreign competition. These barriers have severely hampered the growth of trade among developing nations. The developing countries and the industrialized world have one thing in common: all of our peoples are winners if we have a stronger and fairer world trading system. We hope the developing countries will work with us on a new trade round to overcome the narrow interests that threaten our common progress.

The Battle Against Terrorism

I would like to conclude by elaborating on my earlier comments about the requested increase in our operating budget.

Over the past few years, the world's attention has been riveted to terrorist dramas unfolding around the globe. I have spoken frequently on this subject. Civilized nations and civilized peoples have been inadequately prepared for it. That can and must change. We must do everything we can to thwart those who seek to advance their ends through terror and to ensure the safety of our citizens abroad. Even in this period of budgetary stringency, this task *must* be a priority. We have designed a program which, in our view, is prudent and efficient in its commitment of resources, yet responsive to the inescapable necessity we now face.

The United States has always built handsome and accessible embassies and consulates abroad. Our object was to demonstrate to other societies the openness of ours and the hand of friendship we extend to all. We wanted other societies and their people to see a "welcome" sign above our door and to feel comfortable in entering our buildings. This is the essence of the job we do overseas, and we have been highly successful at it.

We are now faced with a new situation: the current security and terrorist problems have left those same buildings vulnerable. Our challenge is to strengthen our security against these new dangers so that we can *maintain* our tradition of openness and accessibility. We will *not* let the terrorists win their victory by isolating us, forcing us to close our doors, or denying us our contacts with the people of the countries in which we are represented.

With this goal in mind—and knowing of the great concern in the Congress—I formed the Advisory Panel on Overseas Security, chaired by Admiral Inman. I asked the panel to take a hard look at our security and counterterrorism programs.

The hard work and dedication of the panel is clearly reflected in the quality of its report. The panel exhaustively researched all aspects of our security and counterterrorism programs. Its recommendations have vision. Equally important, they are practical. They are recommendations which, with your support, we can act on.

The panel made 91 recommendations. We have implemented 45, and work is underway on 20 more. An additional 20 are awaiting the resources requested in our proposed authorization and appropriation legislation.

Using existing resources and authorities that the Congress has already provided, we have made progress in many areas highlighted by the panel. For example, we have started an ambitious recruitment campaign to bring on board nearly 300 new security agents during FY 1986 and to more than double the number of overseas security officers before the end of this fiscal year. In addition, we have:

- Added more marines to posts;
- Nearly doubled the size of our armored vehicle fleet worldwide;
- Made significant physical security improvements at 152 of our posts overseas in 1985;
- Consolidated the security functions of the Department into one office, the new Bureau of Diplomatic Security; and
- Also created an Office of the Ambassador at Large for Counterterrorism, which deals with policy matters and reports directly to me.

There is, however, a limit to what we can do with existing resources. We need additional legislative authorities and resources to implement some key recommendations of the Inman panel. We are seeking a significant part of the total resources in FY 1987.

The Administration's proposals will do three main things:

First, launch a comprehensive worldwide security program, key elements of which are improvements in communications and intelligence sharing and a 5-year construction program to replace or upgrade our most vulnerable posts;

Second, complete the reorganization of our security program as recommended by the Inman panel; and

Third, revise and clarify the chain of command for overseas security programs.

The program places its highest priority on buildings at locations where the security threat is greatest and which are substantially below the new standards. Great effort has gone into creating a security construction program which would ensure that buildings are designed and built to meet stringent security standards, on time and within budget.

But our proposals are more than a security construction program. We will also improve communications and counterintelligence. For example, we will improve security at Moscow and other East European posts by substituting Americans for a substantial number of local employees now working in support positions. Further, we are requesting resources to strengthen our capability to protect foreign missions and dignitaries in the United States.

We are working closely with other agencies to develop and agree upon appropriate security standards, procedures, and levels of resources responsive to the needs of all U.S. Government agencies having facilities overseas (other than military bases).

We are requesting \$4.4 billion spread over 5 years. Of this total, \$2.7 billion is for construction, and the balance is for operating expenses, including security officers, residential security improvements, and more secure communications equipment. In FY 1986 the Administration is requesting \$237 million for salaries and expenses and \$455 million for construction. In FY 1987, the request is \$304 million for salaries and expenses and \$1.1 billion for construction.

The Administration's proposed program will not solve all of our security problems; but we can minimize them. Our proposal is a comprehensive—and long overdue—security program which addresses our most basic security concerns.

Conclusion

In summary, the world remains a turbulent and sometimes dangerous place. But, as we look ahead, we draw strength from our ideals, from our friends and the young democratic nations who have joined our ranks and now look to us for support. America remains a beacon to the freedom-loving peoples of the world. Powerful trends are on the side of freedom. That is one of the lessons of 1985.

Another major lesson of the recent past is that realism, strength, and staying power are crucial prerequisites to meeting these international challenges. History won't do our work for us. We have to be worthy of our opportunities.

Promoting Positive Change in Southern Africa

by Michael H. Armacost

Address before a convocation at Carleton College in Northfield, Minnesota, on January 24, 1986. Ambassador Armacost is Under Secretary for Political Affairs.

The President has observed that the responsibility for the economic health of our country does not reside with one branch of our government or with one political party. The partnerships that must be forged to deal with the Federal budget deficit are also critical to meeting the challenges we face in the international arena, many of which directly affect our national security.

The noble tradition of bipartisanship, which brought us so many dividends in the postwar years, does not ask any of us to abandon our principles. But it does require all of us to recognize how much harder it is to meet foreign challenges if we are not united at home. In recent years, we have seen signs of a rebirth of the postwar national consensus—based on a realistic understanding of the world as it is and of the need to negotiate differences where possible. The President has asked me to reiterate his commitment to work in a bipartisan spirit with all members of the Congress on behalf of the peace, freedom, and security of this country.

Press release 25. 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. ■

Coming to Carleton is like coming home. It has been nearly 30 years since I was last in this chapel. In those days we were required to attend convocations. Children of the 1950s, it did not occur to us to protest. We heard some interesting people speak, and I have no regrets.

I hope the topic of my remarks this morning will be of interest to you. In Washington, we are concerned about southern Africa at all times, but with Congress back, U.S. policy toward southern Africa has again been pushed to the forefront of our consciousness. The subject grips all Americans. The turmoil in South Africa's black townships and the familiar features of racial conflict and brutality—tear gas, rubber bullets, armored cars, dramatic funeral scenes—are regular features on the nightly news.

Beyond the violence, South Africa has captured attention for other reasons. In 1984, the black South African bishop, Desmond Tutu, was awarded the Nobel Peace Prize for his leadership in the nonviolent struggle against apartheid. South Africa has become an issue in the Congress and a matter of concern for a public wanting to make their voices heard against apartheid. Institutions around the country, including colleges like Carleton, are being challenged to reconsider investment policy.

U.S. Objectives in Southern Africa

For all these reasons, I welcome the chance to share some thoughts on a central question we are all asking: what can the United States do to promote peace, stability, and social justice in southern Africa?

I speak not only of apartheid and our desire to see peaceful political change in South Africa but also of our efforts to promote regional peace in southern Africa. Our objectives are clear: the independence of Namibia; the

withdrawal of Cuban troops from Angola; and an end to the cross-border violence that has compounded the hardships of the people throughout the region.

The word "interdependence" might well have been coined to describe southern Africa. Countries in the region are linked by geography, history, economics, and transportation and communications networks. What happens in one country in southern Africa swiftly affects its neighbors.

For this reason, let me put our concerns in South Africa in perspective by starting with the broader regional picture.

Promoting Namibian Independence

A key objective of American diplomacy is independence for Namibia. Namibia is Africa's last colony. It cries out to be free, and the entire world community agrees. We are ready to do our part. For a number of years, we have been in the forefront of diplomatic efforts to implement UN Security Council Resolution 435, which defines how the transition to Namibian independence under UN supervision should occur.

We have coordinated our efforts with those of the front-line black states of southern Africa, SWAPO [South West Africa People's Organization], and other Namibian political entities, as well as with the South African Government. But all of us must face facts. Namibia will not be free unless South Africa, which has occupied it for 70 years and considers the territory important to its national security, agrees to implement UN Resolution 435. Our diplomacy over the past 5 years has, therefore, concentrated on developing a regional consensus that will reconcile the varying interests involved.

Eliminating Foreign Troops From Angola

The situation in southern Africa—and, thus, the achievement of Namibian independence—was enormously complicated 10 years ago when the Soviet Union introduced a Cuban proxy army into Angola. That army, now 30,000 men

strong, is a threat to the security of all the nations of the region.

Africa was for years a continent happily insulated from the East-West military competition. The presence of Cuban troops has destabilized Angola and compounded the difficulty of resolving Angola's civil war. It extended Soviet power into the region. It thereby challenges our own strategic interests; it establishes an unfortunate precedent. The Soviet and Cuban intervention in Angola was the first in a series of Soviet moves in the Third World in the late 1970s. Angola was followed by Soviet interventions in Ethiopia, Cambodia, and Afghanistan—events which helped undermine East-West relations and arms control during that decade.

So, we seek an end to the Cuban military presence in Angola. We have succeeded in securing South African agreement that if the Cuban problem in Angola can be resolved, South Africa will agree to carry out international agreements for Namibia's independence. We have similarly brought the Angolan Government to agree to the principle of Cuban withdrawal. We are now seeking agreement from both on the timing of these reciprocal moves. Agreement will mean an end to Cuba's destabilizing presence in Angola and South Africa's threats to Angola's security and will help promote independence for Namibia—worthy objectives.

Even though we do not maintain formal diplomatic relations with the Government of Angola, we have met regularly with Angolan representatives to pursue a settlement. The most recent meeting took place in Luanda on January 8 when Assistant Secretary [for African Affairs] Chester Crocker held talks with Angolan leaders.

But agreement on Namibia will not, by itself, bring an end to Angola's problems. The Angolan civil war is a reality. For more than a decade, the MPLA [Popular Movement for the Liberation of Angola] government in Luanda and its Soviet and Cuban allies have faced a determined and dedicated indigenous opposition to Marxist rule. UNITA [National Union for the Total Independence of Angola] freedom fighters led by Dr. Jonas Savimbi have carried their resistance movement across Angola, despite opposition from massive infusions of Soviet weaponry and Cuban assistance.

We believe, however, that there is no military solution to the Angolan civil war at this point in history. Peace can

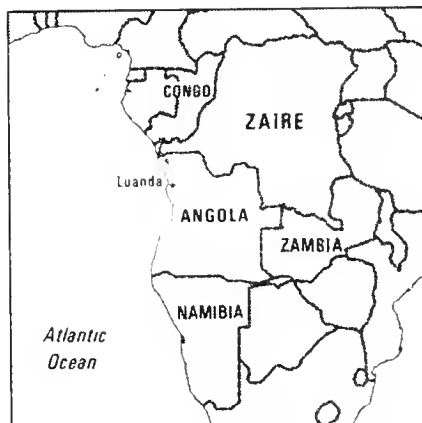
Angola—A Profile

People

Nationality: *Noun and adjective*—Angolan
Population (1984 est.): 8 million **Annual growth rate** (1983 est.): 2.5% **Ethnic groups:** Ovimbundu 37%, Kimbundu 25%, Bakongo 13%, Chokwe and Lunda 8%, Ganguela 8%, Hamica and Humbe 3%, Ovambo 2%, mestizo and white 1%, other 3%
Religions: Ancestor or traditional, Roman Catholic, Protestant **Languages:** Portuguese (official), African (dialects) **Education:** *Attendance*—75%, *Literacy*—30% **Health:** *Infant mortality rate*—147/1,000 *Life expectancy*—42 yrs. **Work force:** *Agriculture*—75%

Geography

Area: 1,246,700 sq. km. (481,351 sq. mi.), about twice the size of Texas. **Cities:** *Capital*—Luanda (pop. 1 million). *Other cities*—Huambo (500,000) **Terrain:** Varied **Climate:** Tropical to subtropical.



Government

Type: Marxist people's republic, one-party rule. **Independence:** November 11, 1975.

Branches: *Executive*—President and Council of Ministers. *Legislative*—People's Assembly. *Judicial*—Military and civilian courts.

Administrative subdivisions: 18 provinces.

Political party: Popular Movement for the Liberation of Angola-Labor Party (MPLA) **Suffrage:** Universal adult candidates limited to those approved by MPLA-PT.

Flag: Two horizontal bars, red over black, centered, a yellow five-pointed star half encircled by a machine gear crossed by a machete.

Economy*

GDP (1982): \$3.5 billion. **Annual growth rate** (1973-81): Negative

Natural resources: Petroleum, diamond, iron, phosphate, copper, feldspar, gold, bauxite, uranium.

Agriculture (42% of GNP): *Products*—cassava, maize, plantains, sweet potatoes, milk, millet, citrus, beans, potatoes, sugar, beef, palm oil, sisal, coffee.

Industry (28% of GNP): *Types*—mining, petroleum, food processing, beer, tires, textiles.

Trade (1984): *Exports*—petroleum, gas, coffee, diamonds. *Partners*—U.S., Bahamas, Netherlands, Spain, Belgium, Algeria, Brazil *Imports*—foodstuffs, textiles, machinery, raw materials, consumer goods, tools, medical supplies, chemicals. *Major suppliers*—U.S., France, Brazil, Portugal, Italy, FRG, Japan

Official exchange rate: Approx. 30 kwanzas = US\$1.

Economic aid received: Primarily from Western private and public sectors; mostly military but some economic aid from Eastern bloc.

Membership in International Organizations

UN, Organization of African Unity, African Development Bank, Non-Aligned Movement

*Data for the period since independence have been extremely limited due to the ongoing civil war.

Taken from the *Background Notes on March 1985*, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

Namibia—A Profile

People

Demographics: *Noun and adjective*—Namibian(s). **Population** (1984 est.): 1,090,000. **Annual growth rate:** 2.7%. **Ethnic groups:** black 85.6%; white 7.5%; colored (mixed), 6%. **Religions:** Predominantly Christian; some indigenous beliefs. **Languages:** Afrikaans, German, English, and various indigenous dialects. **Education:** *Years compulsory*—for whites, to age 16; for others, to age 12. **Attendance** (1983)—whites, nearly 100%; others, 16%. **Literacy** (1983)—whites, nearly 100%; others, 28%. **Work force** (about 1,000 in 1981): *Agriculture*—60%. *Industry and commerce*—19%. *Mining*—6%. *Services*—8%. *Government*—7%.

Geography

Area: 823,145 sq. km. (320,827 sq. mi.); slightly smaller than Texas and Oklahoma combined. **Cities:** *Capital*—Windhoek (pop. 100,000). *Other cities*—Tsumeb, Keetmanshoop, Oranjemund, Otjiwarongo, Luderitz, Swakopmund. **Terrain:** Varies from coastal desert to semiarid mountains and plateau. **Climate:** Subtropical.



Government

Administration: South Africa administers Namibia; originally under a League of Nations mandate (1920-66); since 1966 illegally on a de facto basis.

Branches: *Executive*—Administrator General (appointed). *Legislative*—National Assembly (50 members), not recognized by international community; dissolved in Jan. 1983. *Judicial*—Supreme Court, lower magistrate courts, special courts.

Subdivisions: 10 ethnic areas.

Major political parties: The National Party, Democratic Turnhalle Alliance (DTA), South-West Africa People's Organization (SWAPO), South-West Africa National Union (SWANU). **Suffrage:** Universal adult.

Central government budget (1984-85): \$559 million.

Flag: The flag of the Republic of South Africa is flown. It consists of three horizontal bands—orange, white, and blue from top to bottom—with the Union Jack and the flags of the two former Boer republics (the Orange Free State and the Transvaal Republic) reproduced in miniature and centered on the white band.

Economy*

GDP: \$860.2 million. **Annual growth rate:** 5.4%. **Per capita GDP:** \$789. **Avg. inflation rate** (1984): 9.1% (Windhoek).

Natural resources: Diamonds, copper, uranium, lead, tin, zinc, salt, vanadium.

Agriculture (8.3% of GDP): *Products*—beef, karakul pelts, wool, other meat, fish.

Industry (32.9% of GDP): *Types*—mining 27.5% of GDP; manufacturing, mainly food processing (less than 6%).

Trade: *Exports*—\$462.7 million: diamonds, copper, lead, uranium, beef, cattle, fish, karakul (sheep) pelts. *Imports*—\$488.3 million: foodstuffs, construction material, manufactures. *Major partners*—South Africa, FRG, UK, US.

Fiscal year: April 1-March 31.

Official exchange rate: fluctuating; about 2 South African rand = US\$1 (1984).

*Except as noted, 1983 figures—the latest published figures as of March 1985—are used.

Taken from the *Background Notes* of June 1985, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

be achieved only through reconciliation among the opposing parties. This is a job for Angolans, but it cannot be accomplished so long as Angolan territory is occupied by a foreign army.

We have long recognized Dr. Savimbi's struggle, which is being waged against increasingly heavy odds. We have maintained contact with UNITA and have recognized the legitimacy of its struggle. Dr. Savimbi will visit the United States soon. During this visit, we intend to discuss with him how the United States can help advance the process of reconciliation and Angola's best interests in the period ahead.

Reducing Cross-Border Violence

Across southern Africa the flames of violence are seen. We are determined to do what we can to diminish and end violence between South Africa and its neighbors. We consider it equally unacceptable for guerrilla forces to carry out acts of terror across the region's borders into South Africa as for South Africa to launch military actions into neighboring states. We have urged South Africa and its neighbors to exhibit restraint and to supplant force with dialogue.

The results of these efforts have been mixed. With the signing of the Nkomati accord in 1984, Mozambique and South Africa agreed to stop supporting antigovernment elements operating in the other's country. This was a positive step in the direction of their curtailing cross-border violence and resolving their differences through diplomatic means. We also have devoted attention to reducing tensions between Zimbabwe, Lesotho, and Botswana on the one hand and South Africa on the other.

But these accords are clearly fragile. They have been violated not infrequently. With tensions growing in South Africa, fresh challenges to the peace are occurring daily. South Africa's attack into Botswana last summer set our own peacemaking efforts back and forced us to recall our Ambassador from Pretoria. Violence along Lesotho's and Zimbabwe's borders in recent weeks poses new challenges to regional stability.

Engaging South Africa

Even as we have sought diplomatic and peaceful solutions to regional conflicts among the countries of southern Africa, we have advocated peaceful change and reconciliation among the communities of South Africa itself.

American policy toward South Africa has been much maligned—and much misunderstood. It is taken to describe exclusively government-to-government relations.

But that is wrong. Our policy is to establish a positive dialogue with all elements of South Africa—its government and its people of all races. And, beyond that, we encourage American organizations, corporations, enterprises, and institutions of all kinds to engage themselves with counterpart groups in South Africa. I believe we have something to offer one another across a broad front of relationships, and that's the job we are seeking to tackle.

As you know, this is a daunting task. Our influence—not insignificant—is still limited. We possess no magic formula for setting aright past and current injustices in South Africa. We start, however, from the premise that a blueprint for greater racial justice and harmony can only emerge out of political dialogue and negotiations between the South African authorities and the authentic leaders of its black community. We shall continue to press for the initiation of such a dialogue.

For us, the question in South Africa is not *whether* we should strive to end apartheid. That is a given. Apartheid is morally wrong. It is contrary to our most basic principles. It violates our sense of fair play. Apartheid must end. And its end, I believe, is inevitable. The practical and ethical question we face is *how* we can be most effective in speeding its demise and promoting the evolution of a more just society in South Africa.

Nor is there any question that we must encourage an end to violence. Here I speak not only of repression by the authorities but also vicious acts by blacks against other blacks. I cannot see any American Administration welcoming violent upheaval or extremist solutions. The only course consistent with American values is for us to be a champion of political solutions, negotiation, and peaceful change toward a more just system.

Some insist that we treat South Africa as a pariah; just as others urge us not to deal with Marxist governments in Angola or Mozambique. But acceptance of such counsel would allow little scope for diplomacy. It would encourage our global adversaries to exploit instability, racial injustice, and violence as a means to expand their influence in the region. It would obviously limit our ability to exert a constructive influence on all the parties.

The nations of southern Africa, moreover, have no desire to see us disengage. They desire our involvement. More than any other nation, we enjoy the confidence of all the parties. This enables us to act as mediator and honest broker. It requires difficult decisions as we try to guarantee that the policy means we employ contribute to the policy ends we seek. And this brings me to the issue of economic sanctions.

A Growing Economy as a Force for Change

Many ask why the Reagan Administration has generally resisted punitive economic sanctions on South Africa. Let me tackle this question head-on.

First, South Africa is the economic giant of southern Africa. What happens there is important to neighboring countries which depend on South Africa for much of their food and industrial products, send thousands of laborers into South Africa to work in its mines and industries, and rely on South Africa's well-developed port and transportation network to export their products. Economic hardship within South Africa would impose even greater economic hardship on all the black states of the region. Nor is it possible for the United States or its allies to replace what the South African economy provides. We cannot furnish the capital, the markets, the transportation, the services, and the technology which the region so desperately needs.

Second, since the main impetus for change in South Africa is internal—and I would argue that it is—the greatest enemy of apartheid is a modernizing economy and an expanding work force which need skilled labor, regardless of skin color. It is these realities that have prompted the South African authorities in recent years to increase investment in the education of blacks, encouraged them to countenance the formation of black labor unions, and gradually led

them virtually to eliminate apartheid in the work place by lifting restrictions which excluded blacks from some jobs.

Economic growth does not inevitably bring political liberalization. But it can, and in South Africa it has accelerated the pace of change in a constructive direction. To damage that economy would not only blunt economic growth but also complicate the situation for a whole generation of South African young people, perhaps increasing unemployment and despair. Many young black South Africans are already educated, politicized, and unemployed—an explosive combination. Indeed, we sense that 3 years of economic recession with in South Africa has exacerbated frustration and bitterness under apartheid.

I would repeat, therefore, that a vibrant South African economy can be force for change. In a rapidly growing economy, it is increasingly difficult, if not impossible, for the races to continue to be separated under apartheid. Evidence of this is the shortage today in South Africa of an estimated 100,000 skilled workers. If there is any hope for peaceful political change, it almost certainly depends on a climate of continuing economic well-being.

Thus, U.S. policy has opposed punitive sanctions aimed at destabilizing the economy. Other Western allies have come to similar conclusions and have kept pressure on the South African Government but avoided sanctions which would only add to suffering, not contribute to a solution.

President Reagan's Executive Order

In this regard, the Executive order President Reagan issued on September 9, 1985, was not designed to injure South Africa's economy or harm individual South Africans. Its aim was to apply specially targeted sanctions as a clear signal to the South African Government of U.S. dissatisfaction with the pace of reform. To that extent, it reflected growing sentiment within the United States that stronger actions were required. The President acted to help defuse the climate of polarization and violence inside South Africa. But refused to order punitive sanctions that would destabilize the economy and penalize black South Africans as well as the surrounding black nations.

The Executive order reflected our commitment to maintain a strong presence in South Africa and encoura

merican companies to be forces for change there. It also increased U.S. government funds for scholarships and human rights activities. It banned bank loans to the South African Government in most cases; computer sales to apartheid-enforcing agencies and security forces; nuclear commerce; and the purchase of South African arms. Its proposed ban on the sale of Krugerrands within the United States has now been implemented.

On December 19, 1985, Secretary Schultz announced that 12 distinguished Americans would serve on the Advisory Committee on South Africa. During the coming months, this advisory committee, chaired by Bill Coleman¹ and Frank Frey², will review with us South African and U.S. policies and provide Secretary Shultz with their recommendations.

I would repeat: most of our Westerners have adopted a similar, careful approach in dealing with the problems of the region.

Arguments Against Disinvestment

Paralleling the argument that the U.S. government should impose economic sanctions on South Africa is the suggestion that American institutions should divest from U.S. corporations in South Africa. For the same reasons that I think blanket economic sanctions in South Africa would be counterproductive, I do not think blanket disinvestment would bring a beneficial result.

Indeed, rather than disengage from South Africa and the region, the United States should be seeking even more ways to make a positive difference. And we need to distinguish between decisions made by the U.S. Government and those made by private entities such as this college.

Contrary to conventional wisdom in the circles, U.S. business firms do not dominate the South African economy. Though 300 U.S. firms operate in South Africa, American direct investment there is worth less than \$2 billion, a tiny percent of investment in South Africa comes from South Africa's own capital. The United States accounts for more than one-fifth of the 10% derived from foreign sources. Consequently, investment hardly provides the kind of leverage that could, by itself, bring apartheid to an end.

Second, even if American firms pulled up stakes and left South Africa, they would change so long as there

were British, German, Japanese, or, more than likely, South African companies willing and able to produce what American enterprises now produce. When companies decide to remove themselves, they send their personnel and their capital home: the plant and equipment stay—frequently to be snapped up at bargain basement prices by someone else. Gone as well could be the commitment to racial equality that many American firms have implemented in their operations and employment practices in South Africa. Gone will be the substantial investment U.S. companies have made—over \$100 million in the last several years—for educating and otherwise improving the lives of their black South African workers. Experience has shown that once a company leaves, the decision is likely to be permanent. But the effects are not necessarily those intended.

A case in point is Motorola, which operated in South Africa for 21 years. When the company decided to close its operations in 1985, its plant and equipment were purchased by a South African company which today is turning out products not unlike those produced by Motorola. Whether the lives of black workers in that firm have been affected or not, we do not know. But I think the question is worth asking.

U.S. firms play a constructive role in South Africa. In 1977, Reverend Leon Sullivan, a civil rights leader from Philadelphia, investigated conditions at General Motors Corporation (GM) in South Africa. Reverend Sullivan was the first black board member at GM. As a result of his investigation, he determined that U.S. firms could marshal the resources of American companies for change by adopting a set of standards now known as the Sullivan principles.

A Role for the Sullivan Principles

The Sullivan principles call for equal pay for equal work, a fair minimum wage, increasing numbers of disadvantaged South Africans in administrative and managerial positions, and fair labor practices, including the right to form and join labor unions.

Additional principles include the desegregation of all eating, comfort, locker room, and work facilities; the improvement of quality of life for workers outside the workplace through subsidies to housing, recreation, health, and educational programs; and the establishment of training programs to prepare

nonwhites for supervisory, administrative, clerical, and technical jobs.

The Sullivan principles have been broadened and expanded over the years. In 1977, 12 U.S. companies had adopted the Sullivan principles. Today, 192 companies—a majority of all U.S. firms in South Africa—subscribe to them. American firms have shown the way for other companies operating in that country.

Reverend Sullivan himself says:

It must be argued that the principles have had some influence favoring political change, and that they will continue to do so. Help a person gain economic rights and you will foster gains in his political rights. Equality at the workplace and massive education programs for black and nonwhite workers ultimately will affect every aspect of their lives, public and private. . . . Simply put, the evidence reveals that the principles are a conduit from the workplace through which the workers learn to address broader societal issues, including political rights.

I agree with this. I deeply believe that our Sullivan companies make a difference in South Africa and should be encouraged to carry on. Our collective ability to influence change will be diminished if they are pressed to leave. We need more creative interventions in South Africa, and the Sullivan companies are among the best vehicles we have for promoting that kind of change. I would urge the trustees, faculty, and students at Carleton to take these considerations into account as you decide college policy on this important issue.

Encouraging Dialogue

Today, moreover, American businessmen have joined South African companies in calling on the government there to sit down and negotiate with legitimate black leaders.

This dialogue is not easy when the policies of the South African Government for the past 38 years have prevented it. Suspicion and mistrust abound. Black and white South Africans tend to look at their country and see two conflicting pictures. For one group, the glass is half full; for the other, it is more than half empty.

White South Africans constantly emphasize how much change has taken place in recent years. Some private schools have been desegregated; some sports teams have been integrated; the so-called immorality and mixed-marriages legislation has been abolished; job reservation which fenced off certain jobs for whites only has been scrapped;

some theaters, restaurants, and hotels have been desegregated; nonwhites have been allowed for the first time to sit in Parliament; black unions have been legalized; investment in the education of blacks has been expanded.

To white South Africans these changes appear rapid, even revolutionary. In some, such change inspires fear; among others, it provokes resistance. To still others, the changes offer the premise and the possibility that a more just society can be achieved through peaceful means.

Quite clearly, black South Africans looking at the same events view the process through different eyes and see a different set of realities. Such changes as have taken place to them appear marginal and grudging; invariably, they have occurred without the black community being consulted. There has been little dialogue. Whatever other concessions have been made, blacks still lack citizenship; they still cannot vote. They still must carry on their person the hated passbooks. Black contract laborers still must leave their wives and families behind in the homelands when working in the 87% of South Africa that is reserved for whites. This is a time of rising expectations on the part of blacks in South Africa. It is not surprising that positions have been polarized by the nearly 2 years of violence during which more than 1,000 lives have been lost.

Radicalization makes it harder and harder for blacks committed to negotiation to maintain their credibility, to take risks, and to enter into dialogue. This is a time for statesmanship, not only among white leaders but also among black leaders if the peace process is to be enhanced and the cycle of violence ended. Above all, the rulers of South Africa must communicate to all who live there that they are serious about ending apartheid. And black leaders must be willing to engage in dialogue about the kind of future they wish to build in South Africa.

What evolves within South Africa must be determined by the people who live in the country. The United States has avoided being prescriptive. But certainly a beginning must be negotiations with the accepted black leaders, and you cannot do that if those leaders are in jail. For this reason we have called on the South African Government to release Nelson Mandela and other long-held political prisoners and to enter into meaningful talks with the genuine leaders of the black community.

U.S. Efforts To Help the Disadvantaged

There are other, more concrete things that the U.S. Government is doing, and will continue to do, to encourage positive change. For example:

- A human rights fund of more than \$1 million, administered by the American Embassy in Pretoria, helps support important antiapartheid groups inside South Africa that work for economic, social, legal, and political change. Funds have been used for seminars on human rights, legal aid to detainees and their families, and to pay costs for lawyers challenging apartheid enforcement in the courts.

- The United States currently provides \$8 million per year for scholarships for black and other nonwhite South Africans, enabling them to attend both American and South African universities.

- A \$1 million program administered through the AFL/CIO [American Federation of Labor and Congress of Industrial Organizations] trains black and other nonwhite labor union leaders in negotiation, organization, and other areas formerly prohibited by apartheid law but now allowed.

- A \$2 million program helps black high school students prepare for university entrance exams.

- A \$3 million program trains black entrepreneurs to start small businesses and to take advantage of recent changes in apartheid laws that allow nonwhites to open businesses in central business districts.

Other programs aim at helping to develop black leadership as well as to build bridges between whites and nonwhites in South Africa. We are expanding these programs and adding new ones with one goal: to equip blacks and other nonwhite South Africans to play a more effective role—politically and economically—in the postapartheid era.

In this regard, we also invite South Africans to visit our own multiracial society. Each year our International Visitor and Fulbright programs bring numerous South Africans to visit or study in the United States. New programs will bring black South African journalists to work in U.S. media organizations and black teachers to build skills at U.S. educational institutions.

In South Africa itself, we are considering reopening a consulate in Port Elizabeth to improve our ability to com-

municate with communities in that increasingly important industrial area. We are now conferring with Congress and with the South African Government on such a step.

What Can American Individuals and Organizations Do?

These are some of the things the U.S. Government is doing. You may well ask what American individuals and organizations can do to help promote an end to apartheid and stimulate reforms within South Africa. Certainly, one area is relevant to Carleton College: black South Africans must overcome tremendous obstacles to receive an education equal to that of whites.

Education is a form of leverage. By offering educational opportunities to black university students, we actively help South Africa educate future leaders. Whether to overcome the effects of apartheid or to qualify for future leadership, they need our help.

For some South African students, this could mean study in the United States at either the undergraduate or postgraduate level. Compared to our efforts in Nigeria, which has roughly three times the population of South Africa and presently has an estimated 20,000 students enrolled in American universities, the number of black South Africans in American institutions is a shocking 450. Whatever happens, South Africa will need educated black citizens trained to assume leadership positions.

For other disadvantaged South Africans, it means assistance to study with South Africa. There is plenty of room for American private organizations to help. Because of the depressed South African rand compared to the dollar, total costs for room, board, and tuition for 1 academic year at a South African university amount to less than \$3,500.

I might add that there is considerable movement to enable nonwhite, especially black, South Africans to achieve educational benefits in that country free from constraints of segregation. Recently, nearly all traditionally white universities announced their intention of making an education there available to students regardless of race. In addition, a number of credible private educational institutions have evolved to educate students in the face of the extremely damaging school boycott. Radicals who proclaim, "revolution now, education later," should not discourage America from helping students whose education is itself a vehicle for black advancement.

The U.S. and Angola

by Chester A. Crocker

*Statement before the Senate Committee on Foreign Relations on February 18, 1986. Mr. Crocker is Assistant Secretary for African Affairs.*¹

I welcome this opportunity to speak to this committee today about the complex situation in southwestern Africa. The Angola-Namibia negotiations form an essential part of our policy for the region. Our objectives are clear: to restore and advance U.S. influence in the region; to expand our cooperative relations with African states; and to deny to the Soviet Union the opportunity to use its influence to exacerbate already dangerous situations in Angola, South Africa, and the other countries of the area.

Review of Progress

It is obvious, I believe, to all in this room that our interest and objectives are decidedly not served by a Namibia which is not free and by an Angola which is the scene of a bloody conflict and foreign intervention. Thus, we have worked hard to bring peace to Angola and independence to Namibia. In recent years we have made progress in pursuit of our goals. Allow me to review with you the path we have followed and where we are today.

In 1981, at the start of this Administration, there was no peace process at all underway in southwestern Africa. The quest for Namibian independence was moribund, South Africa sat seemingly unmovable on its side of the Angolan-Namibian border while some 30,000 Cubans sat across on their side of the same border. UNITA [National Union for the Total Independence of Angola] was fighting an apparently endless civil war. No one was talking to anyone else.

This blocked situation posed real dangers to the region and U.S. interests there. The *absence* of a viable Western strategy for Namibia decolonization and the *presence* of a seemingly permanent Soviet-Cuban military in Angola risked heightened polarization and open-ended opportunities for Moscow to exploit African frustration over Namibia and fuel internal and regional tensions. It was essential that we regain the initiative.

It took 2 years to engage Luanda and Pretoria in a real negotiation. It took another year to begin to erode the mutual mistrust and build confidence in an American role. But with the Lusaka accord of February 1984, the South Africans began the process of disengagement from their military positions in Angola in return for restraint by SWAPO [South West Africa People's Organization]. In November of the same year, the Angolans said they were ready to commit themselves to withdraw 20,000 Cuban troops over 3 years, starting with the beginning of implementation of UN Security Council Resolution 435, the internationally agreed independence plan for Namibia. While this proposal was, in itself, not sufficient to conclude an agreement, it was an important step forward in that Luanda had accepted the principle that the independence of Namibia could only take place in the context of the withdrawal of Cuban troops from Angola.

It is, therefore, important to note that by early 1985, we had made real progress in devising and gaining acceptance for a framework for resolving the dual question of Namibian independence and Cuban troop presence in Angola. I would emphasize that this progress in the years 1981-85 helped thwart Soviet goals of advancing its positions in southern Africa. Moscow did not encourage our efforts on Angola and has clearly been placed on the defensive there, in Mozambique, and elsewhere. However, the negotiating process has always moved in fits and starts and has been characterized by mutual suspicion among the parties to the conflict—South Africa, the MPLA [Popular Movement for the Liberation of Angola], UNITA, and SWAPO—and by continuing efforts, sometimes more intense than others, to pursue the military options. Moscow has fueled distrust and fear among the local parties.

Thus, after we tabled fresh compromise proposals—a synthesis of both South African and Angolan ideas on the timing and sequencing of Cuban troop withdrawal—in March 1985, each of the parties pulled back from taking the tough decisions needed to advance the process. In South Africa, a government—under heavy pressure from internal protest and increasing international isolation—pursued other means to accomplish its ends, including greater em-

What more significant contribution could Americans make than to make it financially possible for a disadvantaged South African student to receive an education? And what could make us more proud as Americans than joining together in a positive way to make that kind of difference? There are a number of private organizations within South Africa that could select deserving students to receive these educational grants.

Americans institutions have a long and positive track record in this area. Through the International Institute of Education's South African affiliate, non-white South Africans have been directly and indirectly helped to overcome educational deficiencies. Carleton College may wish to open direct contacts with organizations of that kind.

"Hands-on" education is another way to help. Our summer vacation in the United States is South Africa's winter. Schools are in session between July and July. Carleton students could contribute as tutors, particularly in mathematics and science, where there is a shortage of trained teachers. Or an American institution such as Carleton could help staff an in-service science teacher training program in South Africa.

I believe Americans want to do something positive about South Africa, contribute to racial tension or economic hardship. That is the American way—to give help, not to do harm; to promote something better, not to make things worse.

This is why your government has had to keep its eye on the positive goal and seek and to demonstrate its opposition to apartheid by active involvement to promote change. It's not just a matter of striking a righteous pose. We have some influence; therefore, we have a moral duty to exert it responsibly.

By encouraging South Africans to move toward political dialogue, we seek to build, not to destroy. By using our economic weight in the service of black economic advancement, we provide opportunities and hope for black South Africans.

I invite you to join us in this effort.

William T. Coleman, Jr., former Secretary of Transportation and senior partner in the law firm of O'Melveny and Myers.
Frank P. Carey, former Chairman of the Board and Chief Executive Officer of IBM. ■

phasis on military operations within Angola. The MPLA government in Luanda, buoyed by a massive infusion of Soviet equipment, also retreated from the negotiating path. The result was a major MPLA military thrust into southern Angola in late 1985 which was marked by greater Soviet involvement and South African participation in support of UNITA than had been witnessed before.

We believe that fighting brought home to both sides the dangers of military escalation. In recent months we have had several important meetings with both the MPLA and the South African Government in which the negotiating context has been further defined. We are not yet at the point of success, and frankly, prospects in such a complex enterprise and these negotiations must always be viewed as problematical.

U.S. Reception of UNITA's Leader

These negotiations, and the continuing warfare inside Angola and across its borders into Namibia, represent the backdrop against which the visit of Dr. Jonas Savimbi of UNITA occurred. Dr. Savimbi's visit has generated a lot of public interest and some debate, much



President Reagan met with Jonas Savimbi, President of the National Union for the Total Independence of Angola, on January 30, 1986. (White House photo by Pete Souza)

of it divorced from the political and military realities of southern Africa. Dr. Savimbi spoke effectively on his own behalf and most of you had the opportunity to hear him directly. He told us he had a very useful visit and was returning to Angola with high morale and no doubts about the Administration's support for his efforts.

We do support UNITA; it has sustained a long and brave fight against Soviet and Cuban political and military designs. Our reception of him here was an element of that support. It sent a strong signal to Luanda and Moscow that the United States views UNITA as a nationalist organization with legitimate aspirations of playing a role in the process of national reconciliation that must come about if Angola is eventually to achieve real peace. We intend to be supportive of UNITA in an effective and appropriate manner. As the President said in his State of the Union message, we want to support all those fighting for freedom.

And, as the President said in his important speech to the UN General Assembly in October of last year, we view the Soviet Union as having a responsibility to take action to defuse situations of regional tension which have been made worse by its own policies. We will continue to make that point to Moscow through direct communication and otherwise as well.

Constant U.S. Goals

Some may perceive that the reception Savimbi received here signals a change in U.S. policy. It does not. Our strategy recognizes that the scene on the ground in Angola has changed, largely owing to Soviet actions, and that our ability to respond diplomatically and in other ways has been measurably increased by the repeal of the Clark amendment, effective October 1, 1985. However, I want to categorically state here that the basis and goals of our policy remain unchanged: we seek negotiated solution that will bring independence to Namibia and withdrawal of Cuban forces from Angola. Such a solution opens the way for Angolans to reconcile and achieve peace.

Allow me to say a few words about the broader context of our policy. First, we do not believe that in a contemporary period, as in any other period, that diplomacy and pressure represent polar opposites or alternative strategies. This is also the case in southern Africa where virtually all parties pursue their interests through a wide variety of means.

Inevitably, perhaps, both the South Africans and the Angolans are pursuing several tracks of policy to advance their interests. The same can be said about UNITA and the MPLA as they contend over the future of Angola.

For our part, we recognize that our diplomacy plays out against a backdrop of real and tangible pressures that exist on the ground. For the past several years, we have worked to create a political framework for the ultimate resolution of the intertwined problems of Angola and Namibia. At the level of general principles, we have succeeded.

All of the parties now accept that there is a real connection between Cuban troop withdrawal and Namibian independence. They accept that lack of movement on one side is an obstacle to the solution of other problems. But we have not yet been able to translate that into detailed accords specifying the timing and sequencing of Cuban troop withdrawal in relation to South Africa's commitments under Resolution 435.

It remains our analysis that neither the South African Government nor the Government in Angola, nor SWAPO, nor UNITA can accomplish their goals through outright military victory. The only ones to benefit by continued warfare are the Soviets and Cubans; hence, the continuing relevance of a political framework. That framework offers a context for the multiple political, military, and economic pressures at play. However, that does not mean that the parties will not on occasion try to solve their problems via the deceptively easy way of escalating the war.

This past year we have seen the MPLA government, strongly backed by Moscow and Havana, pursue such an escalation. They sought to reverse 2 years of UNITA gains and deal a body blow to that movement. They failed. It is important in our view that they continue to fail. Just as we are determined that our diplomacy not be used by the South Africans as a cover for the pursuit of other objectives, we feel the same way about the government in Luanda.

The point I am making, then, is that diplomacy requires to be effective a degree of pressure that drives the parties toward a political compromise. But pressure—pure physical power—does not in itself represent solutions and, in our analysis, cannot be effective in the absence of a meaningful political context. As Secretary Shultz has put it, it takes both power *and* diplomacy.

While here, Dr. Savimbi stated his view that there is no possibility for either side in Angola to gain an outright military victory and that national reconciliation will have to come about through

process of negotiation. He emphasized that UNITA does not wish to destroy the MPLA. UNITA, he said, seeks rather to convince the leaders in Luanda of the need to compromise and reach a political settlement. We share Dr. Savimbi's belief that there are no military solutions in Angola. And he affirmed to us his support for our efforts, which focus on the linked issues of resolution 435 and Cuban troop withdrawal, to provide the political context necessary to achieve peace and reconciliation in Angola.

The Need for a Clear Statement From Congress

It is appropriate that this committee view the situation in Angola and U.S. policy to that troubled part of the world. It is, of course, up to the committee to decide what position it wishes to take on this issue. I would like to suggest, however, that America's best interests would be served by a clear statement from Congress that this country is committed to negotiated resolutions in southern Africa but that our willingness to negotiate should not be led by others to pursue their own aggressive ends. In this regard, and keeping in mind the words of Dr. Savimbi when he visited here, I think it important that our government, both the executive and legislative branches, make clear that we support those who fight for freedom and political solutions. How that support should be manifested is a topic for further legislative-executive cooperation and consultation.

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. Strategic Force Structures: The Challenge Ahead

by Paul H. Nitze

Address before the American Institute of Aeronautics and Astronautics Strategic Systems Conference in Monterey, California, on February 4, 1986. Ambassador Nitze is special adviser to the President and to the Secretary of State on arms control matters.

During President Reagan's second term, several factors will play a significant role as the Administration determines its security policy. The most important of these factors will be the Strategic Defense Initiative (SDI); the development of U.S.-Soviet relations, including the arms control process as embodied in the Geneva negotiations and the projected series of Reagan-Gorbachev summit meetings; and, finally, the Gramm-Rudman-Hollings balanced budget act. In confluence, these factors and the policy they will shape will have a substantial and long-term effect on our strategic force structure. I propose to review briefly the approach taken thus far by this Administration in shaping our strategic forces and then to provide an assessment of how these factors of the President's second term may affect those forces.

The Reagan Approach

When President Reagan assumed office, existing U.S. deterrence policy called for maintenance of a range of nuclear response options and set the goal of terminating any war on terms most favorable for the nation. The Reagan Administration continued this policy but recognized several deficiencies in our strategic force structure that hampered its implementation.

Among these shortcomings were a vulnerable command and control structure, an increasingly vulnerable ICBM [intercontinental ballistic missile] force, U.S. inferiority in prompt hard-target-kill capability, and an aging bomber force. In response, the President approved a comprehensive program to modernize our strategic forces, which includes new deployments in all three legs of our strategic triad and a robust effort to upgrade our command, control, communications, and intelligence capabilities.

The President also sought to engage the Soviet Union in arms reduction negotiations, determined that our approach to arms control would not repeat the mistakes of the past. He realized that arms control should be viewed as an important element of our security policy and, as such, a complement to, not in opposition to, the measures we must take unilaterally to maintain an adequate deterrent.

While arms control can potentially play a role in enhancing our security and bringing about a more stable strategic relationship, what we are able and willing to do for ourselves is far more important; it provides the necessary foundation on which deterrence and arms control must rest.

The President also directed that our arms control efforts be designed not merely to regulate the buildup of nuclear weapons, as was the case in SALT [strategic arms limitation talks], but, rather, to achieve strategically significant and stabilizing reductions.

Finally, while accepting the continuing need for reliance on offensive weapons and the ultimate threat of devastating retaliation as the basis for deterrence, the President directed that the SDI research program investigate the possibility of increasingly shifting the basis of deterrence to defensive capability. This has been construed by some as a shift from deterrence exclusively by retaliation to deterrence exclusively by denial.

Such a distinction is a theoretical construct which has had little bearing on the actual practice of deterrence. In actuality, an adversary is deterred from attacking the United States and its allies by the cumulative effect of a wide variety of disincentives. Taken together, these deny a would-be attacker the prospective benefits of aggression.

Our requirement to maintain a credible ability to deny and, thereby, to deter is a longstanding one; it is unlikely to change in the foreseeable future. The task is made especially difficult by the Soviet Union's relentless efforts—in both the strategic offensive and defensive arenas—to counter and to diminish the deterrent effect of our disincentives.

We are taking those steps necessary to continue effective deterrence in the face of projected Soviet counteractions. In this connection, we are both pursuing the deployment of improved offensive systems and exploring technologies which we hope will enable us, over the long term, to rely more heavily on strategic defenses to deter Soviet attack. We believe such an approach offers, for today and for the future, mankind's best hope to preserve the peace.

President Reagan's Second Term

How will President Reagan's second term affect our strategic force structure? I mentioned earlier that three factors will be particularly influential.

- The first of these, the continuation of the Strategic Defense Initiative, presents the potential of profoundly changing force structures, but only in the long term.
- The second, developments in U.S.-Soviet relations, including not only the Geneva arms control talks but also the Reagan-Gorbachev summit just held and the two projected to come, also presents the potential for substantial change, perhaps sooner than SDI.
- The third, the application of the Gramm-Rudman-Hollings act, will begin to be felt almost immediately, although the full extent of the impact is difficult to project.

Let me address each of these in some detail.

The Strategic Defense Initiative

We are now almost 3 years into the SDI research program. Our scientists have made impressive advances in their investigation of the many technologies that would be involved in a large-scale strategic defense system. We continue to believe that these technologies hold the promise of resulting in survivable and cost-effective defenses against ballistic missile attack, thereby providing us with safer and more reliable means of assuring deterrence.

But much more work must be done before we will know whether such defenses can meet the President's criteria of feasibility, survivability, and cost-effectiveness at the margin. It now appears that we will be well into the 1990s before that determination can be made. In the meantime, we are examining carefully the manner in which a transition to greater reliance on defensive systems might proceed.

Our preference, of course, is for a cooperative transition, jointly managed by the United States and the Soviet Union. We believe such an approach can contribute to stability and serve to facilitate the reduction in offensive nuclear forces which remains our foremost objective.

As for the question of how a cooperative transition might be characterized, our research is still in too early a stage and the future strategic situation is too uncertain for any definitive judgment. We must yet determine which defensive technologies are feasible, their probable cost, their survivability, their effectiveness against countermeasures, and how their deployment could be most effectively and verifiably regulated.

I have discussed SDI largely in terms of a cooperative transition, the course the Administration would much prefer. It should be recognized, however, that the Soviets have given absolutely no encouragement to such a concept. Indeed, the Soviets give every programmatic indication of pursuing their own, noncooperative transition to an offense-defense mix by deploying an illegal radar system and apparently developing other capabilities in violation of the ABM [Anti-Ballistic Missile] Treaty. President Reagan has determined and reported to Congress that the U.S.S.R. may be preparing the base for a prohibited territorial defense; the Soviets, thus far, have failed meaningfully to address our concerns about these activities or otherwise correct their noncompliance. As of now, there is no evidence that they will do other than continue to acquire defensive capabilities—including those envisioned for SDI—on a noncooperative basis. This being the case, we must be ready, if necessary, to act on our own. Paradoxically, our being prepared for a noncooperative transition could ultimately provide the Soviets with a powerful incentive to cooperate in the future.

Developments in U.S.-Soviet Relations

As SDI research continues through the second term, we will be proceeding concurrently with our efforts to improve U.S.-Soviet relations. Our immediate goal in the Geneva talks on nuclear and space arms is to achieve strategically significant and verifiable reductions in offensive weapons, properly tailored so as to enhance strategic stability. Such cuts would be valuable whether or not we ended up deploying strategic

defenses, and we see no reason not to negotiate them now.

Last fall, we saw the effect that setting a specific date for a U.S.-Soviet summit can have on the arms control talks. Where the Soviets had refused to make concrete proposals in the negotiating groups dealing with offensive arms—or even to disclose many details of their position—during the first two rounds, they took a much different stance in round three. In September, they tabled specific proposals for offensive reductions, and they fleshed out these proposals with additional ideas in October.

With a second summit in the United States looming this year, we anticipate that this pace will be maintained. We have already seen General Secretary Gorbachev's arms control announcement last month, which, although largely designed to maximize its political and public relations impact, did move away somewhat from previous Soviet positions. Whether this can form the basis for genuine progress remains to be seen.

In the strategic offensive area, the two sides agree on the desirability of deep cuts in the size of their arsenals. This agreement was codified in the joint statement from the Geneva summit as mutual support for "the principle of 50% reductions in the nuclear arms of the U.S. and the U.S.S.R. appropriately applied." The agreement of the sides on this principle, however, should not obscure the fact that there are substantial differences in how each specifies the systems to which the 50% cuts would apply. As experience has shown when evaluating Soviet proposals, it is advisable to examine the fine print.

The United States would apply the cuts to those systems historically limited in strategic arms negotiations—ICBM, SLBMs [submarine-launched ballistic missiles], and heavy bombers. The Soviets would apply them to those systems "capable of reaching the territory of the other side," which they interpret as including on the U.S. side LRINF [longer range intermediate-range nuclear forces] missiles in Europe, dual-capable aircraft in Europe and Asia, and dual-capable aircraft on 14 carriers, while excluding 2,000 or more comparable systems on the Soviet side.

To accept the Soviet definition would require us to accept overwhelming Soviet advantages in strategic arms. Therefore, there can be no significant progress on reducing strategic offensive arms until the Soviets follow

the precedent they set in both SALT I and SALT II and drop their insistence on this one-sided definition.

With the public presentation of the Soviet initiative of January 15, both sides have now advocated the complete elimination of nuclear weapons. Because of the far-reaching nature of this ultimate objective, the many complexities involved, and the many nations which must concur in their resolution, current negotiating efforts must focus on taking the first steps in actual reductions of U.S. and Soviet offensive nuclear arms.

The Soviet initiative of January 15 does not alter their position on initial reductions of strategic offensive forces; their one-sided definition remains the key element of their proposal. Accordingly, early progress in this area may be difficult. However, the several upcoming negotiating rounds in Geneva and the two planned summits will give the Soviets plenty of opportunity during the president's second term to remove this older blocking progress.

One cannot now determine whether an agreement is possible and, if so, what its outlines would be. We, therefore, have made no decisions about the precise force structure we would adopt were such an accord to be reached. One can speculate, however, as to how our forces and Soviet forces would be affected under the U.S. approach.

To review quickly, the United States proposes reductions to a limit of 4,500 of the number of reentry vehicles (RVs) carried on the ICBMs and SLBMs of each side, with a sublimit of 3,000 ICBM RVs. We also propose a 50% reduction of Soviet strategic ballistic missile throw-weight, to about 6 million pounds (the United States currently has about 4 million pounds), and a ban on new or modernized heavy ICBMs. Contingent on acceptance of these limits, we would accept an equal limit of 1,500 ALCMs (air-launched cruise missiles) on the heavy bombers of each side.

With respect to strategic nuclear delivery vehicles, the United States proposes reductions to a limit of 1,250-1,450 strategic ballistic missiles and, given that, reductions of heavy bombers to a limit of 350. We would also ban mobile ICBMs, due, in part, to inherent verification difficulties.

Under this approach, U.S. levels would be affected primarily by the ballistic missile reentry vehicle and ALCM ceilings. The bomber limit would require the destruction of our inactive B-52s,

but the missile limit should not be a governing limitation, given the low number to which the RV limits would, in any case, drive us.

The 4,500 limit on ballistic missile RVs would require about a 50% reduction from the current U.S. SALT-accountable total; the 3,000 sublimit on ICBM RVs should not be restricting. Clearly, a large portion of the reductions would be absorbed by our sea-based leg, which currently encompasses substantially more than 4,500 RVs. The United States would, therefore, deploy a number of Trident missiles that would be substantially lower than the combined number of Trident and Poseidon missiles deployed today. The exact number would be determined in a tradeoff between the land-based and sea-based legs. As to the land-based leg, there should be plenty of room for a full complement of 100 MX missiles and a significant number of other ICBM forces.

With respect to the U.S. air-based leg, if the Soviets were to accept our approach, the planned ALCM program would be reduced by about 50% to the 1,500 level. This would also affect our mix of ALCM-carrying and penetrating heavy bombers.

Similarly, we can speculate on how Soviet strategic force planners might structure their forces, were they to accept our approach. They would likely be constrained primarily by our proposed 4,500 RV limit and the 3,000 ICBM RV sublimit. The 4,500 limit would require the Soviets to reduce their ballistic missile RVs by a little more than 50% from their current SALT-accountable level of about 9,700. The bulk of these reductions would necessarily come from their ICBM forces. The Soviet land-based leg would likely consist of SS-18s, SS-24s, and SS-25s, which would have to be deployed in nonmobile modes, and perhaps some SS-19s. This force would probably be at or near the 3,000 RV limit.

The Soviet sea-based leg would, therefore, consist of about 1,500 SLBM RVs, likely deployed on MIRVed [multiple independently-targetable reentry vehicle] SS-N-20s and SS-N-23s and single-RV SS-N-8s. Like the United States, they could be expected, over time, to deploy 1,500 ALCMs.

The Soviets have proposed that first-stage reductions occur over a period of 5-8 years. The United States has not specified a schedule for its proposal but probably could agree to a pace of reductions similar to that in the Soviet proposal.

The Gramm-Rudman-Hollings Act

In contrast to SDI and the arms control process, the Gramm-Rudman-Hollings act and the deficit reductions process it mandates will definitely have some near-term effect on our strategic forces, although this impact may not be felt in our force structure until some years hence.

In the FY [fiscal year] 1986 budget, the Defense Department has been able to protect the SDI program from funding cuts and to apportion the cuts among other strategic programs so as to avoid significant effects. In FY 1987 and beyond, however, the required deficit reduction will be much larger and, should automatic cuts be necessitated, the Department of Defense will have less flexibility in implementing them. Due to the many variables involved in the process—such as whether Congress and the Administration can agree on a budget or, instead, must rely on automatic cuts, and the size of the spending reductions necessary to meet the deficit target—it is impossible to arrive at specific predictions about the extent to which strategic force spending will be affected.

My own belief is that the President and the Congress will take the actions necessary to preclude drastic reductions in defense spending. The question may become one of projecting the effect that any limited cuts would have. A few general observations seem warranted.

First, we can expect greater emphasis than before on cost-effectiveness. I would expect the Pentagon to take a closer look at existing systems to ensure that their continuing contribution to our security is worth the cost of maintaining them. Similarly, in examining options for future systems, I would expect them to take extra care to define precisely the force structure characteristics that will enhance effectiveness and ensure that a given program option meets that goal in the least costly way. As a result, we might see some changes in program sizes or schedules and, perhaps, some early retirements.

At the same time as we are emphasizing cost-effectiveness, however, there are pressures for accepting higher unit costs in order to reduce annual expenditures while protecting overall program procurement levels. We may, therefore, see stretchouts of some strategic modernization programs.

If defense spending cuts become more significant, such that substantial changes in the overall U.S. force

posture become necessary, then we will be forced into a difficult choice between sustaining our current nuclear force modernization programs and continuing our present level of effort to redress the conventional force imbalance.

Historically, this dilemma has been decided in favor of nuclear forces, due to their high cost-effectiveness compared to conventional forces. On the other hand, there are strong reasons for avoiding, if possible, increased reliance on nuclear weapons for deterrence. The fact is that President Reagan remains strongly committed to, and places the highest priority on, his strategic modernization program in order that we may maintain the credibility of our present deterrent posture.

Conclusion

One can conclude from this review that we are entering a dynamic period in the

strategic force arena. The President's policy is clear—to move forward with the strategic modernization program, the SDI research program, and our arms control efforts, in accordance with the general objectives and guidelines established in the first term. But many questions remain to be answered, either during the second term or thereafter. When those answers are realized, they could profoundly affect our strategic force structure.

Will our SDI research succeed? Will the Soviet Union be willing to negotiate an equitable, verifiable agreement implementing the deep reductions they claim to support? Will substantial cuts in defense spending be necessitated? In any case, the closest collaboration between the services, other elements of the executive branch, and the defense industry will be necessary as we meet the challenge posed by this dynamic period. ■

critical. We intend to pursue in specific terms at the negotiating table General Secretary Gorbachev's public offer to resolve any necessary verification issues.

On the other hand, many of the specific details proposed in the subsequent phases of the Soviet "plan" are clearly not appropriate for consideration at this time. In our view, the total elimination of nuclear weapons will require, at the same time, the correction of the conventional and other force imbalance, full compliance with existing and future treaty obligations, peaceful resolution of regional conflicts in ways that allow for choice without outside interference, and a demonstrated commitment by the Soviet Union to peaceful competition. Unfortunately the details of the Soviet "plan" do not address these equally vital requirements. I would like to make progress now on all of these fronts.

While we will strive for progress across the board, one area where I hope we may be able to make immediate progress is in the negotiations on intermediate-range nuclear forces. Today our negotiators in Geneva have placed on the table a concrete plan calling for the elimination of U.S. Pershing II, ground launched cruise missiles, and Soviet SS-20 missiles not only in Europe but Asia as well, with all such missiles to be removed from the face of the Earth by the end of this decade.

I call upon the leadership of the Soviet Union to study carefully the details of our new proposal in the spirit with which it has been offered and to respond concretely at the negotiating table. I urge the Soviet Union to respond as well to the concrete and comprehensive proposals which the United States placed on the table in Geneva on November 1. These proposals covered all three areas of the nuclear and space arms negotiations. Our proposals on strategic nuclear arms as well as on defense and space arms unfortunately have gone unanswered.

Let me emphasize that the place to make real progress in reducing nuclear and other forces is at the confidential negotiating table. The United States is doing its part to foster in the nuclear and space talks and other negotiations the practical give-and-take process which can lead to deep arms reductions. With an equal commitment by our Soviet negotiating partners, real progress is now within our reach.

¹Text from White House press release

U.S. Response to Soviet Arms Proposals

PRESIDENT'S STATEMENT, FEB. 24, 1986¹

On January 15, I welcomed the fact that the Soviet Union had put forth arms control proposals which we hoped would help to bring progress in the Geneva and other negotiations. I noted that some elements in the Soviet announcement appeared to be constructive and to build upon our proposals which we had earlier placed on the negotiating table. Other elements, however, reflected previous Soviet positions which present serious obstacles to progress.

We made a detailed analysis of these Soviet ideas, and we consulted closely with our friends and allies in Europe and Asia prior to responding to the Soviet Union. These consultations were excellent and made a significant impact on our own thinking. We have now completed our review and reached our decision. I have communicated this to allied leaders, and I have responded to General Secretary Gorbachev.

I expressed to Mr. Gorbachev my desire to see progress in key arms control fora and in the other key areas of the U.S.-Soviet agenda: regional issues, human rights, and bilateral matters. I reiterated the U.S. position that the

first steps in the nuclear arms control area should be the deep cuts in U.S. and Soviet offensive weapons which are now under negotiation in Geneva.

With respect to the concept advanced publicly by the General Secretary as his "plan" for the elimination of all nuclear weapons by the end of the century, I am pleased that the Soviet Union appears to agree in principle with our ultimate goal of moving to the total elimination of nuclear weapons when this becomes possible. Needless to say, this must be done in a careful manner, consistent with the overall requirements for security and stability of the United States and our allies.

As the means of accomplishing this, we support a process by which the United States and Soviet Union would take the first steps by implementing the principle of 50% reductions in the nuclear offensive forces of both sides, appropriately applied, and by negotiating an INF [intermediate-range nuclear forces] agreement. We believe that the immediate focus should remain on the prompt accomplishment of these first necessary steps.

We are also pleased that the Soviet Union has indicated publicly that it now recognizes our long-held position that verification of negotiated agreements is

The Stockholm Conference and East-West Relations

by Robert L. Barry

Address before the Royal Institute for International Affairs in London on February 4, 1986. Ambassador Barry is head of the U.S. delegation to the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe.

The Stockholm Conference on Disarmament in Europe resumed work 1 week ago with a meeting attended by Foreign Minister Genscher of the Federal Republic of Germany and Foreign Minister Dumas of France. The remarks of the two foreign ministers stressed the importance their countries attach to the Stockholm conference as a key instrument for enhancing European stability and security. They spoke as Europeans and described Stockholm as a dimension of a European process, the Helsinki CSCE [Conference on Security and Cooperation in Europe] process of cooperation and security building.

The United States attaches equally great importance to the Stockholm conference, and we share with our allies the vision of a Europe of independent states joined in cooperation rather than separated by mistrust and confrontation. We are not geographically a European nation, but we are tied to Europe: militarily to the defense of Western Europe; politically to the complementary goals of increased West European integration and the lowering of the barriers between East and West. Our participation in the Stockholm conference is a demonstration of this commitment to Europe.

Just before leaving Washington for Stockholm, I met with President Reagan. He issued a statement stressing two dimensions of the Stockholm conference, military and political, and important implications success there would have for the overall East-West relationship. The President underlined the contribution Stockholm could make to European security in the larger sense, that which encompasses political, economic, cultural, and humanitarian—human rights—as well as strictly military matters. "The attainment of this broader concept of security," the President said, "is the fundamental objective of the United States."

The President also expressed his belief that the Stockholm conference could succeed in reaching an accord this year, a belief echoed by Minister Genscher and Minister Dumas last week. There is, in fact, a very good chance the conference will achieve what it was set up to do: establish a military confidence-building regime which could reduce the risk of military confrontation in Europe. In doing so, it would increase stability in the European military situation in the near term and give a political impulse to greater openness and cooperation between East and West.

Developing an Effective Confidence-Building Regime

If an agreement is reached in Stockholm, it will be similar in outline to the proposals NATO tabled at the beginning of the conference in January 1984. It will establish a mandatory confidence-building regime consisting of measures requiring exchange of information about military forces in Europe and requiring that significant movements from normal locations be forecast a year in advance, described in more detail several weeks in advance, and observed by teams from other participating states. There will be adequate verification measures, including onsite inspection. There will be language reaffirming, but not redefining, the principle of non-use of force.

In contrast to the confidence-building measures in the 1975 Helsinki Final Act, which were largely political in significance because they were voluntary and lacked any provision for verification, these measures would have a real impact on the conduct of military affairs. Indeed, the broader political implications of a Stockholm agreement would flow from the practical military significance of the measures we agreed on.

In the view of the United States and our allies, this confidence-building regime coming out of Stockholm should accomplish several ends.

Risk Reduction. An agreement would reduce the risk of military confrontation arising from ambiguity about the nature of military activities and the intentions behind them. It would do this by requiring a routine exchange of information concerning military forces and

their normal exercise practices which would, over time, develop a pattern of normal military activity in Europe. Establishing the data base which defined this pattern may take a few years, but once established, it could become the norm against which all military activity on the Continent would be judged. Conformity with such a norm could contribute to increased stability as well as greater predictability in the overall military situation. On the other hand, extraordinary military activity, determined by reference to the established norm, would become readily identifiable with the result that appropriate political and, if required, military countermeasures could be taken. Conformity with a pattern would serve the confidence-building aspect of a confidence- and security-building regime, while identifying deviations from the norm would be useful for the security-building aspect.

Use of Military Force for Political Intimidation. By requiring states to publish a schedule of activities far in advance, the confidence-building regime we are discussing would inhibit the use of military force for political purposes. Europe has seen too many examples of the use of so-called military exercises for the purpose of political intimidation, for example, Czechoslovakia in 1968 and Poland in 1981. A mandatory confidence-building regime providing for forecasting, notification, observation, and inspection would not prevent such events in the future. But it would raise the political price to a threatening state and, thus, help to deter the threat. And inspection and observation would provide a clearer indication of the intent behind such sudden, large-scale activities. Since uncertainty about intent is a major factor in intimidation, an effective confidence-building regime would help counter intimidation.

Confidence Building and Openness. Requiring states to announce in advance a schedule for the activities of their forces would contribute greatly to predictability and stability. Consider the significance of 35 countries with very different security requirements and political ties agreeing that they would initiate no significant military activities without first announcing and explaining them formally and in detail in advance. Both militarily and politically, establishing the principle of openness and the right of states to know about the military intentions and activities of others—East, West, and neutral and non-aligned—would be of precedent-setting

importance. Military commanders understand, I believe, the stabilizing effect that the correct degree of openness in military affairs affords. They accept the idea that intelligence information can indicate, with a considerable degree of assurance, whether their military activities are routine and nonthreatening in character. The confidence-building regime which we envision would expand openness and, thus, increase this assurance about the nature of activities through overt mutual cooperation. Exaggerated claims for military secrecy belong to the past; real confidence and security building requires that we put outmoded practices behind us.

When we discuss openness among states, we touch upon the fundamental objective of U.S. policy which President Reagan emphasized: a Europe without barriers, where people of all countries can communicate with one another, travel freely, exchange ideas of all kinds, for the enrichment of all. In Stockholm, we deal with military exchange, and the need to find an alternative to secretiveness and confrontation in the military field is, perhaps, particularly evident. But relations at the military level are a reflection of relationships on more basic political, cultural, and economic levels. Stockholm can ease suspicion and increase openness and understanding through a confidence-building regime in the military field, but success there will also contribute to improvement between East and West across the spectrum of the relationship.

The concept of openness, whether in military affairs or in other fields, is an issue of great sensitivity to some of the participants in the Stockholm conference, especially to the Soviet Union. But my impression is that this sensitivity is lessening as a new generation comes to power in the Soviet Union. I am particularly encouraged that the Soviet leadership seems to have accepted the principle of onsite inspection as a necessary element of verifiability, as evidenced by a number of recent statements, including General Secretary Gorbachev's January 15 proposals.

Although there has been no indication yet that the principle has been accepted for risk reduction activities as opposed to arms reductions activities, I see no reason why it should not be; Western inspection and observation proposals in the Stockholm context are less intrusive than elsewhere because they involve dynamic activities which, unlike static ones, do not require entry into sensitive installations.

The Soviet attitude is evolving positively in other areas as well. At the beginning of the conference, the East took a very polemical approach and advanced proposals not for practical, concrete confidence- and security-building measures but, rather, for declaratory measures on no-first-use of nuclear weapons, nuclear-weapons-free zones, reduction of military budgets, and the like, which represented their political agenda for Western Europe. In the past year, the East has gradually adopted a more practical and constructive approach. They have been more forthcoming on important procedural and substantive issues. In October, they joined with the other participants in accepting an informal working arrangement which focused the attention of the conference on specific measures with real military content.

Also in October, during his visit to Paris, Soviet General Secretary Gorbachev accepted the idea of an exchange of annual schedules for military activities—a measure which both NATO and the neutral and nonaligned had proposed. In Geneva last November, Mr. Gorbachev joined President Reagan in asking for an early and successful conclusion of the Stockholm conference. Last month, in his statement of January 15, Mr. Gorbachev reaffirmed the commitment to progress, as President Reagan did on January 21.

Areas of Difference

In sum, the East has moved closer to the approach laid out in the conference mandate, on which the West based its package of proposals. One reason for the change is that NATO was well-prepared for this conference and has been patient and firm in the face of efforts to divert the agenda from military security to political issues. The East does want an agreement which will allow continuation of some kind of European security conference, and they must realize that the only agreement within reach is one which fulfills the mandate criteria and is concrete, practical, militarily significant, and verifiable.

I have already identified verifiability as the essential element of an agreement and an area where East and West have not yet been able to establish common ground. A second area of difference relates to information exchange. The East continues to object to a comprehensive exchange, describing it as an attempt to legalize espionage. The final Eastern position on information, as on inspection, will be a good indicator of

just how far they are prepared to accept the concept of openness, which is the underlying premise of any confidence-building regime.

A third problem area has been the question of what types of military activity are to be covered. In our view, the Madrid mandate established what we call the functional approach. That is, air and naval activities are covered when they are functionally related to ground force activities; indeed, such combined arms activities are the only kind which have real military significance in the European context. The East has tried to include so-called independent air and naval activities in the measures under discussion, an attempt which the West has rejected. Now it appears that the East is willing to have an agreement which does not include independent naval activities. That removes a major obstacle in the talks. Inherently unverifiable independent air activities should also be set aside.

Relation to Arms Control, Security, and Human Rights

I believe that the will exists to overcome these obstacles. So let me try to relate success in Stockholm to the large picture of arms control and East-West relations. The two tracks of arms reduction, on the one hand, and confidence building leading to risk reduction, on the other, are mutually reinforcing. We hope for success in Geneva and in Vienna—significant reduction in nuclear and conventional arms. If we can accomplish these reductions, they will, in themselves, build confidence and, thus, result in a more stable world. In the meantime, successful confidence building can help to pave the way for arms reductions.

The kind of regime we are trying to create in Stockholm would, if complied with, give a political impulse to other negotiations. Stockholm is also breaking new ground in another area. It is the only security forum which includes all the European states, except for Albania. It has stimulated the first serious form exchange among the neutral and non-aligned states on security-related issues resulting in the emergence of a common position on the issues before the conference. This, in turn, has made them see more clearly some of the complexities and difficulties involved with the arms reduction efforts, which are also important to them.

Election Developments in the Philippines

Success in Stockholm could have a positive effect on the entire range of East-West relations, as both President Reagan and General Secretary Gorbachev have independently recognized. To cite just one example, it could move the entire Helsinki CSCE process ahead. The CSCE followup meeting, which opens in Vienna in November of this year, will evaluate progress in all aspects of the Helsinki Final Act. That means examining developments in human rights as well as progress in the security field. For the United States and its NATO allies, balance among all principles of the CSCE is essential to the continuation of the process.

Developments on humanitarian and human rights issues in the East since the Madrid review meeting of 1980-83 have not been encouraging. Nor can we point to notable success at the post-Madrid meetings such as the Ottawa human rights forum [Ottawa Human Rights Experts' Meeting] or the Budapest Cultural Forum. We can hope for success at the Bern Human Contacts meeting later this year, but, in any case, the Vienna conferees will not have a very bright picture to contemplate. A meaningful and politically binding Stockholm agreement, strictly complied with by all participating states, will make it easier for Vienna to decide on continuing the Stockholm security forum in the form after the CSCE review concludes its work.

Conclusion

In conclusion, let me note that our work in Stockholm lacks the drama of dealing with vital nuclear issues, as the Geneva negotiators do. As [NATO Secretary General] Lord Carrington pointed out in a speech to the Swedish Institute of International Affairs last week, the pace of our work has been something less than electric, although he also pointed out that, compared to our MBFR [mutual and balanced force reductions] collocations in Vienna, we have been almost careless in our haste. So it is little wonder that our efforts have gone largely unnoticed, both in the media and in foreign offices. But, as the clock ticks out on our deliberations, things are beginning to happen. Keep your eye on the 23 negotiating weeks remaining to us, and you may see something interesting—and important—begin to emerge. ■

PRESIDENT'S STATEMENT, JAN. 30, 1986¹

A special election for President and Vice President will take place in the Philippines on February 7. This election is of great importance to the future of democracy in the Philippines, a major friend and ally of the United States in the Pacific. It comes at a time when the Philippines is struggling with the urgent need to reestablish a political consensus, restructure the economy, and rebuild a sense of military professionalism.

President Marcos has invited the United States to send observers to the election. Because of our respect for the Philippines and our commitment to the sovereign will of a democratic people as expressed through the electoral process, I have decided to send a delegation of official U.S. observers to the Philippines for the election. I would like the delegation to be composed of Members of the Congress from both parties and of distinguished Americans from the private sector.

I also note that the party institutes of both the Republican and Democratic Parties have jointly decided to sponsor an international observer delegation for the election in the Philippines. I am confident that both of these efforts will make a significant contribution to this important event.

The United States left a legacy of democratic institutions in the Philippines earlier in this century. Filipinos believe in elections, as long as they are fair, to resolve their political differences. To safeguard the process, the National Citizens' Movement for Free Elections, or NAMFREL as it is called, will field hundreds of thousands of citizen election observers on February 7. Such citizen participation makes Americans proud to have the Republic of the Philippines as a friend and ally.

A free and fair election, if also followed by a genuine reform effort in the economic and security areas, will assist the Philippines along a path of growth, prosperity, and stability that will benefit the entire region.

The Communist Party of the Philippines, through its military arm, the New People's Army, and its front organization, the National Democratic Front, is

pursuing a classic military and political strategy intended to lead eventually to a totalitarian takeover of the Philippines. The communist strategy can be defeated, but defeating it will require listening to and respecting the sovereign voice of the people.

I believe this is an important time for America to respond to the problems of a friend and ally at a critical juncture in its history. If the will of the Filipino people is expressed in an election that Filipinos accept as credible—and if whoever is elected undertakes fundamental economic, political, and military reforms—we should consider, in consultation with the Congress, a significantly larger program of economic and military assistance for the Philippines for the next 5 years. This would be over and above the current levels of assistance we are providing.

PRESIDENT'S STATEMENT, FEB. 11, 1986²

The Philippine elections have captured the attention of the American public. At times we need to remind ourselves that this is a Philippine election, not an American election. Yet our interests are deeply affected by these elections—by the results, by the deficiencies of the process, and by what all this means for the future.

President Marcos invited American observers to witness the election; Senator Lugar [Richard G. Lugar, Rep.-Ind.] and Representative Murtha [John P. Murtha, Dem.-Pa.] cochaired an observer delegation at my request. They returned last night. I have heard their preliminary report this morning. Since no definite judgment on the result has yet been rendered by either the official or the unofficial Filipino electoral bodies, it is not appropriate for the United States to make such a judgment at this time.

Nonetheless, two points need to be made.

- First, it is a disturbing fact that the election has been flawed by reports of fraud, which we take seriously, and by violence. This concerns us because we cherish commitment to free and fair elections, and because we believe the

Government of the Philippines needs an authentic popular mandate in order effectively to counter a growing communist insurgency and restore health to its troubled economy.

• And second, the election itself—the obvious enthusiasm of Filipinos for the democratic process and the extraordinary vigor of the campaign—also tell us something. They tell us of the profound yearning of the Filipino people for democracy and, indeed, of the vigor of the underlying forces of pluralism and democracy. Only the communists boycotted the election.

The political process in the Philippines continues. Further it does not end with this election. Our task for the future is to help nurture the hopes and possibilities of democracy, to help the people of the Philippines overcome the grave problems their country faces, and to continue to work for essential reforms.

To help advise me on how the United States can best pursue that task and to assess the desires and needs of the Filipino people, I am asking Ambassador Philip Habib to travel to the Philippines to meet with the leaders of both political parties, with church and government officials, and with representatives of private sector groups.

Americans can never be indifferent to events in the Philippines. Our two countries have too much at stake for that. Our national interests converge. Our peoples bear genuine affection toward each other. Most important, our peoples share democratic aspirations. Those ties between our people will endure.

**PRESIDENT'S STATEMENT,
FEB. 15, 1986³**

We have followed with great interest and concern the Presidential and Vice Presidential elections in the Philippines. As the Philippines is a close friend and ally, what happens to this nation and its people is of great importance to the United States.

While maintaining strict neutrality in these elections, we have consistently urged that the process be a fair and credible one leading to a government with the strongest possible mandate. The elections were marked by heartening evidence of the continuing commitment of the Filipino people to the democratic process and the furtherance of a two-party system which should strengthen that process in the future.

Although our observation delegation has not yet completed its work, it has already become evident, sadly, that the elections were marred by widespread fraud and violence perpetrated largely by the ruling party. It was so extreme that the election's credibility has been called into question both within the Philippines and in the United States.

At this difficult juncture, it is imperative that all responsible Filipinos seek peaceful ways to effect stability within their society and to avoid violence which would benefit only those who wish to see an end to democracy. Both sides must work together to make those reforms which are needed to ensure a stable democracy, a truly professional military and a healthy economy.

Our hearts go out to the people of the Philippines. They are at a major crossroads in their history. We are proud of our long association with them and very proud of their passionate devotion to democracy. There are no easy answers. And in the last analysis, they will have to find the solutions themselves. But they will have our help—in any way we can.

**WHITE HOUSE STATEMENT,
FEB. 22, 1986³**

President Marcos' Defense Minister, Juan Ponce Enrile, and the acting Chief of Staff of the Armed Forces, General Fidel Ramos, today announced their resignations from President Marcos' government as a result of the fraud in the recent elections. They called on him to step down because his government no longer has a popular mandate.

Minister Enrile has said: "We want the will of the people to be respected. I believe that the mandate of the people does not belong to the regime." General Ramos has said: "It is my duty to see that the sovereign will of the people is respected. I am bothered by my conscience." Minister Enrile, one of President Marcos' oldest and closest political associates, further reported his personal knowledge of vote rigging and manipulation on a massive scale.

These statements strongly reinforce our concerns that the recent Presidential elections were marred by fraud, perpetuated overwhelmingly by the ruling party, so extreme as to undermine the credibility and legitimacy of the election and impair the capacity of the Government of the Philippines to cope with a growing insurgency and a troubled economy.

Many authoritative voices in the Philippines have been raised in support of nonviolence. We support these voices and expect them to be respected. We also support resolution of the issues involved by all the people of the Philippines as quickly as possible.

Ambassador Habib is now returning from the Philippines and will report promptly upon his return.

**WHITE HOUSE STATEMENT,
FEB. 23, 1986³**

The American people are watching with great concern and compassion the events unfolding in the Philippines, a longtime friend and ally. The President appealed earlier today to President Marcos to avoid an attack against other elements of the Philippine Armed Forces. Regrettably, there are now reports of an attack. An attempt to resolve this situation by force will surely result in bloodshed and casualties, further polarize Philippine society, and cause untold damage to the relationship between our governments.

The United States provides military assistance to the Philippine Armed Forces in order to strengthen its ability to protect the security of the Philippines, particularly against the serious threat posed by a growing communist insurgency. We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military which enjoy substantial popular backing.

The President urges, in the strongest possible terms, that violence be avoided as Filipinos of good will work to resolve the ongoing crisis.

**WHITE HOUSE STATEMENT,
FEB. 24, 1986³**

We have received disturbing reports of possible attacks by forces loyal to General Ver against elements of Philippine forces that have come to the support of General Ramos and Defense Minister Enrile. We urge those contemplating such action to stop. Marcos has pledged to refrain from initiating violence, and we appeal to him and those loyal to him, as well as all the other Filipino people, to continue to do so.

Attempts to prolong the life of the present regime by violence are futile. A solution to this crisis can only be achieved by a peaceful transition to a new government.

SECRETARY'S STATEMENT, FEB. 25, 1986¹

The President is pleased with the peaceful transition to a new Government of the Philippines. The United States extends recognition to this new government headed by President Aquino. We pay special tribute to her for her commitment to nonviolence which has earned her the respect of all Americans.

The new government has been produced by one of the most stirring and courageous examples of the democratic process in modern history. We honor the Filipino people. The United States stands ready as always to cooperate and assist the Philippines as the Government of President Aquino engages the problems of economic development and national security.

We praise the decision of President Marcos. Reason and compassion have

prevailed in ways that best serve the Filipino nation and people. In his long term as President, Ferdinand Marcos showed himself to be a staunch friend of the United States. We are gratified that his departure from office has come peacefully, characterized by the dignity and strength that have marked his many years of leadership.

It is the Filipino people, of course, who are the true heroes today. They have high expectations for their country and for democracy, and they have resolved this issue nonviolently in a way that does them honor.

¹Text from Weekly Compilation of Presidential Documents of Feb. 3, 1986.

²Text from Weekly Compilation of Presidential Documents of Feb. 17.

³Text from White House press release.

⁴Press release 31 of Feb. 26, which also includes the Secretary's question-and-answer session with news correspondents. ■

After the Election in the Philippines

Paul D. Wolfowitz

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on February 20, 1986. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.¹

Welcome this opportunity to renew our exchange of views with the subcommittee concerning the situation in the Philippines and its implications for U.S. policy.

The Philippines has just held a historic Presidential election. The outpouring of nonpartisan citizen effort to safeguard the ballot process was an inspiring testimonial to the deep yearning for democratic processes to work. There are few nations at any age which can demonstrate such fundamental and realistic participation to defend democratic principles.

Unfortunately, however, as the President stated on February 15: ". . . as already become evident, sadly, the elections were marred by widespread fraud and violence perpetrated largely by the ruling party. It was so true that the election's credibility even called into question both in the Philippines and in the United States." The initial findings of the Presidential observer delegation are con-

sistent with this conclusion. We appreciate the Congress' valuable participation in the observer delegation.

The situation we address today is a difficult and complex one. The validity of the declared outcome has been seriously called into question by responsible observers both in the Philippines and abroad. The Catholic Bishops Conference of the Philippines, after reviewing election developments throughout the archipelago, has described the elections as having been conducted in a fraudulent manner. The Senate, in a resolution passed yesterday, has stated its sense that "the elections in the Philippines were fraudulent and did not fairly reflect the will of the people of the Philippines."

As you know, the President has sent Ambassador Philip Habib to Manila to assess the dynamics of the situation and to advise on how the United States can "help nurture the hopes and possibilities of democracy . . . help the people of the Philippines overcome the grave problems their country faces; and . . . continue to work for essential reforms." The difficult situation which thus now pertains in the Philippines requires that we address our own responses with care and caution. While some things are clear now, many others are not, and we will await the result of Ambassador Habib's consultations, realizing that the situation will continue to be in flux for some time.

This election has permitted the open and direct expression of deeply differing views within Philippine society, but unfortunately it has failed to resolve them in a credible way. The severe damage to the credibility of the election is more tragic because it also demonstrated, in so many ways, the resilience of the democratic tradition in the Philippines.

The election was openly contested; parties were able to organize, criticize, and take their case to the people in rallies and campaign appearances throughout the archipelago. A new political coalition was able, in a short time, to become a major political force. However, now that responsible and moderate groups have been allowed to organize so openly, it will be all the worse if their hopes and aspirations are frustrated.

The commitment of hundreds of thousands of NAMFREL [National Citizens' Movement for Free Elections] volunteers and others to make the system work was inspiring. One member of our team stated that he observed "hundreds of citizens serving as poll watchers and election officials to make the system work. The violence and intimidation was a real tragedy, a betrayal by the few of the many who worked so hard to make it work." Such comments are multiplied many times by the U.S. Embassy officers and international observers who covered almost all of the 75 provinces of the country during the election. There are all too few countries in the world where such citizens' organizations could be formed and assist in monitoring election performance, but that makes the exclusion of NAMFREL workers from many key areas at the last moment all the more deeply disappointing.

The process was commendably open to the world. Hundreds of visas were issued to foreign observers. This is one of the reasons why the election was as free as it was and why we know it was as flawed as it was. But now the expressions of concern it has aroused cannot be ignored.

What Went Wrong?

The systematic disenfranchisement of voters was one of the most significant as well as unexpected developments in the election. Unanticipated to a large degree by the opposition, NAMFREL, or our own observers, this disenfranchisement became apparent throughout the country on election day, but particularly in metro Manila and other urban

centers, in opposition strongholds, and among the middle class in general.

The election experience was different from place to place. Where local authorities tried to carry out the law fairly, and NAMFREL workers were also permitted to function without intimidation, there are reports of almost model election results, sometimes favoring President Marcos, sometimes favoring Mrs. Aquino. In far too many other places, however, fraud intervened. Most serious were the many successful efforts to tamper with the results themselves. We have confirmed reports by our own Embassy and foreign observers of practices ranging from substitution of ballots, simple fraudulent reporting of results, substitution of reporting tallies, discard of any Aquino votes as invalid, and fanciful reporting of results to the canvassing centers either before the alleged vote count had even been completed or, in many cases, using totals far in excess of all registered voters in a district.

The U.S. Role

This is a Philippine problem. Every nation must address in its own way the challenge of developing strong and credible institutions.

Nevertheless, we cannot walk away from our interests and responsibilities. Our influence is not unlimited, but we should use the influence we do have and use it wisely. We intend to be helpful in any way that it is appropriate. Meanwhile, Filipinos need some time to search for viable solutions, but that time must be used well. The problems will not be solved by a return to business-as-usual or by refusing to acknowledge that this was a flawed election.

Some directions are clear. The President's offer in January of significantly increased American assistance if a free and fair election was conducted and the elected government undertook fundamental needed reforms is clearly now in abeyance. But most specific decisions on U.S. policy directions must await Ambassador Habib's return and his assessment.

Nevertheless, as we address the issues before us, some guiding principles are apparent.

- We should make clear that we support the demonstrated Philippine faith in democracy. Americans believe in government by the consent of the governed. The American consensus on this point is clear and should not be disputed. While we may debate specific

policies, this should not obscure the bipartisan commitment to this goal.

- A stable and prosperous Philippines under a democratic government is of major importance to the United States. We have a large stake in the bases in the Philippines, but our stake in democracy comes first. Indeed, our interest in the bases and our interest in democracy are complementary, not mutually exclusive. We are convinced that democratic reform is the key to thwarting a communist victory that would end at one stroke both all hopes for democracy in the Philippines and our access to these important facilities.

- We should do everything we can to support the moderate forces which are represented importantly on both sides of the partisan divide in the Philippines and among many nonpartisan groups. The church, civic organizations, many military professionals, and others have demonstrated responsible commitment to viable free institutions and should receive our encouragement.

- We should oppose the use of force and violence that in the long run will benefit only those who do not believe in democratic values. A radical communist insurgency is ready in the wings to take advantage of either a breakdown of public order or popular disillusionment with institutional avenues to achieve change or redress of grievances. It is incumbent on all those who wish a better future for the Philippines to encourage restraint. The present problems will be successfully surmounted neither through martial law nor mob violence.

- Solutions must be Filipino solutions, not American solutions. As President Reagan said February 15: "... in the last analysis, they will have to find the solutions themselves. But they will have our help—in any way we can."

Our assessment of the situation is continuing, and major further developments will await decisions to be taken in the light of Ambassador Habib's report to the President. We are maintaining close contact with all responsible elements of the political spectrum.

We recognize that whoever leads the Philippines will need an effective and professional armed forces and will need a revitalized and dynamic economy to provide hope for individual betterment and well-being. Our existing assistance programs are addressed effectively to these objectives. Our assistance does not go to individuals but to support the economic and security needs of the Philippine people. No one should claim that U.S. assistance constitutes a per-

sonal endorsement or is for the purpose of supporting any individual's claim to power, either in the Philippines or in dozens of other countries around the world that receive U.S. aid.

The present situation confronts us with some difficult decisions, but we would caution against precipitous action. Our actions have multiple consequences and we want to act in a way that moves things forward, not in a way that leads to violence and chaos.

We should ask of proposed actions whether they will create incentives for Filipinos to seek solutions or whether they will instead harden and deepen the divisions? Will our actions encourage or discourage the restraint that both sides need to exercise if violence is to be avoided? Will they encourage business as-usual attitudes, or will they go to the other extreme and contribute to dangerous instability? There are no easy answers to such questions and no course of action now that does not entail some risks. But we need to address these questions, not as an excuse for inaction but to avoid recklessness.

I am aware of the significant concerns which were expressed in your first hearing on this subject in this subcommittee yesterday. We share many of those concerns. However, our decision on the subject of foreign assistance is a highly consequential. We need to get a better feel for the thinking of many elements in the Philippines and will await Ambassador Habib's own assessment of the basis of his intensive consultation there. There are large interests at stake, and, therefore, I would suggest that we pursue further consultations on a bipartisan basis in the days ahead before the committee formally proposes legislation regarding our Philippine aid program. Meanwhile, neither American nor Filipino should make the mistake of claiming that any American actions constitute an endorsement of this serious flawed election or an American preference for one side over the other in the political drama that continues to play itself out in the Philippines.

As that drama unfolds, it will be particularly important that the integrity of the Philippine Armed Forces be maintained and, indeed, strengthened as much as possible through reform. If the Armed Forces of the Philippines disintegrate, there is only one organized armed force remaining in the Philippines. That is the communist New People's Army. No democratic or moderate leader of any persuasion would survive under those circumstances.

Commodity Markets and Commodity Agreements

by W. Allen Wallis

Address before the National Coffee Association in Boca Raton, Florida, on February 11, 1986. Mr. Wallis is Under Secretary for Economic Affairs.

This morning I will discuss the International Coffee Agreement (ICA).

The United States has been a party to this agreement since 1962. We have a right to withdraw on 90 days notice, and, in fact, we cannot remain in the agreement after next September unless we obtain explicit authority from Congress to do so.

For about a year we have been studying the advantages of the agreement—not only the direct advantages to the United States but also the indirect advantages through effects on friendly countries. The issues are complex, but we expect to reach a conclusion by spring.

As background for discussing the coffee agreement, I will point out some general characteristics of commodity prices. Then I will consider efforts to control the movement of commodity prices. Finally, I will talk about the ICA itself. I want to emphasize that no decision has been reached about our continued participation and that the decision will not be based on economic considerations alone.

Trends and Characteristics of Commodity Prices

Turning first, then, to trends and characteristics of commodity prices in general: we are experiencing currently an interesting and instructive period in international commodity markets. In recent years, there has been a weakening of the price of internationally traded oil, and it has fallen dramatically in the last few weeks. In recent years, also, there have been substantial drops in the prices of other commodities. Since 1980, the prices of most major commodities, measured in inflation-adjusted dollars, have declined by one-third. As a result, the prices paid by U.S. consumers for internationally traded primary commodities other than fuel, after adjustment for inflation, are lower than at any time since the Second World War.

Coffee provides one of the few significant exceptions to the downward trend in commodity prices. Since the end of 1980, the inflation-adjusted dollar price of coffee has risen almost 50%—or even more, depending on which day you make the calculation.

Among the many influences on commodity prices, one of special importance was the ending of over 15 years of high inflation and the attendant temporary recession in economic activity. Commodity prices are especially sensitive to these economic fundamentals. In addition, a large part of the reason for the weakness of dollar prices of commodities has been the strength of the U.S. dollar. Commodity prices expressed in terms of other major currencies have strengthened as the world economy has recovered. A world index of real commodity prices has risen since 1982, along with steady, though modest, economic recovery outside the United States and strong recovery in the United States.

After correcting for fluctuations in exchange rates, the major determinant of inflation-adjusted commodity prices appears to be the rate of world economic growth. A recent study by Data Resources, Inc., indicates that if in the 24 countries of the Organization for Economic Cooperation and Development (OECD) economic growth is faster than 2.6% annually, commodity prices tend to rise; and if the OECD countries grow more slowly than 2.6%, commodity prices tend to fall.

Specific commodities are subject to their own specific influences, such as the powerful effect that frost and drought have on coffee prices. Those specific influences temporarily obscure the longer-term trends, which otherwise would have been about the same for coffee and other special cases as for commodities in general.

These special cases, however, illuminate certain features common to the markets for most commodities. Most commodities have volatile prices; they are highly sensitive to shortages or surges of supply. From a policy standpoint, the volatility of commodity prices is especially significant because it stimulates efforts to control markets in the hope of stabilizing them.

A significant portion of our present assistance to the Philippines is in implementation of the President's commitment at the time of the last U.S.-Philippine review of our Military Bases Agreement in 1983. Just as the Philippines has honored its commitments under that agreement, they expect us to fill our related obligations as well. I am confident that we will find the means to continue to do so in an honorable manner.

We recognize that there are no easy answers and that even comments which perceive as neutral can be exploited to cause dismay among our friends. We remain engaged, seeking to keep in mind the principles I have stated above.

The Philippine people and the Philippine nation remain important to the United States and we to them. Powerful forces for democracy and for change have been unleashed. This election has demonstrated the great strength and support of centrists and moderates in the Philippines, but the political center has been threatened both by the illegality and fraud of the election and by the forces of radicalism led by the Communist Party of the Philippines.

Thus the election has at this stage again compounded the problems of the Philippines. As I indicated before the subcommittee in November, an election which is not perceived by the Philippine people as reasonable and fair will lead to increased polarization of the society and a growth in the communist insurgency. We still believe this to be the case.

Nevertheless we do not consider the crisis to be over. We would like to hear your views and hope to work carefully with the Congress in the days ahead to ensure that together we avoid any destabilizing action yet remain faithful to our fundamental principles and long-term interests. As the situation develops in the Philippines, the government there will still need to tackle major problems in the military, in the economy, and in the society. We shall continue to determine how we can best help the Filipinos of good faith and encourage them to overcome present difficulties and build a future of hope and progress for all the people of that great nation. We will want to be part of that effort, as is appropriate for a friendly ally.

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

Cartels

The reason for the volatility of the prices of most primary commodities is that they face highly inelastic demand in the short run.

Demand is termed inelastic if a change of the quantity available by a given percentage results in a larger percentage change of the price in the opposite direction. If demand is inelastic, suppliers can obtain more revenue from a smaller supply than they can from a larger supply. The increase in price will more than offset the decrease in sales.

For many commodities, supply, too, is inelastic in that even a large increase in price brings forth only a small increase in quantity. Indeed, unless this is true, it is not possible to increase revenue by raising the price of a commodity whose demand is inelastic. The increase in price will simply elicit increased supply and, thus, restrain the rise in price. In these circumstances, there is a strong incentive for the suppliers to form a cartel and agree among themselves to hold down supply.

A complication to this is that elasticities of both demand and supply increase with time. In the very short run, consumers may face extreme difficulty in reducing consumption, and producers may find it virtually impossible to increase supply. So in the short run, cartels can be effective—at least, they could be in theory if they could discipline their members, something which history shows they seldom can do for long. Each producer has a strong incentive to expand his output surreptitiously and, thus, get a free ride on the restraint of the others. But, in time, all things are possible: consumers find substitutes or learn to do without, and suppliers find new mines, bring new trees to maturity, convert machinery, or train new workers. In the long run, both demand and supply become highly elastic.

Oil is providing us with a classic example. In the early 1970s, as a seemingly insatiable demand for oil rapidly outstripped additions to reserves, the Organization of Petroleum Exporting Countries (OPEC) was able to triple prices. In 1979, after the Iranian revolution, panic buying by consumers enabled OPEC to increase prices a further 160%. The United States assisted the cartel by holding domestic oil prices below international levels and subsidizing the excess in price of imported oil. Energy analysts were predicting a steady increase in the real price of oil and continued dependence on OPEC oil.

The reverse has happened. Why? First, President Reagan decontrolled domestic oil prices, thus halting our subsidy to OPEC. Then, the high international price of oil stimulated three basic responses by consumers and producers.

First, they used oil more efficiently. The amount of oil used in relation to gross national product (GNP) of industrialized countries has dropped 30% in the past 11 years.

Second, substantial additional supplies of non-OPEC oil came on the market.

Third, coal, fission, and gas were substituted for oil, and, to some extent, even wind, sunshine, waterfalls, and geothermal resources.

The long-run price elasticities of demand and supply turned out to be large. OPEC could maintain prices only by reducing its production. Since 1979, demand for OPEC oil has decreased by about 50%. OPEC is facing the problem of all cartels in a falling market: how to share the pain of reduced production and revenues.

There is a similar story for bauxite. For the last 30 years, bauxite has been a principal source of foreign exchange earnings for Jamaica. In the early 1970s, the then-socialist Government of Jamaica sought to draw other nations into a bauxite cartel. When other countries did not join, Jamaica unilaterally raised its prices by imposing a steep export levy. For a time, buyers had no option but to pay the price. Jamaica garnered greatly increased foreign exchange revenues, and the Jamaican Government enjoyed greatly increased revenues. Higher prices, however, stimulated the development of new capacity to produce bauxite in Guinea, Brazil, and Australia. Jamaica, which produced 15 million tons of bauxite in 1974, is now producing less than 6 million tons annually. The international bauxite market is awash with excess capacity, and prices are weak. Jamaica now confronts this weak market hampered by a bloated public sector that owes its existence to tax revenues from bauxite.

These attempts to stabilize the oil and bauxite markets illustrate the general tendency for such attempts to boomerang on producers who attempt them. They illustrate also the importance of the special characteristics of commodity markets that I referred to earlier—inelastic demand and, consequently, volatile prices. These characteristics are a never-ending temptation to governments and other interested

parties to intervene in one way or another to influence the course of price. These characteristics give rise to seductive arguments, effective even in importing countries, favoring more intervention.

In commodity markets, efforts to control prices sometimes can succeed in the short run, but they eventually fail. Then, when the market collapses, the effects on producers are disastrous, and they last a long time because of surplus stocks and excess capacity hanging over the market. The depth and duration of the hardship exceeds whatever benefits were achieved by the temporary reduction in volatility.

International Commodity Agreements

When we consider other forms of intervention, such as international commodity agreements with both producers and consumers participating, we should be in mind the informational function of free price system. Prices are a decentralized system of communication and incentives that makes the economy efficient.

- Prices convey information. They tell what is wanted and how much it is wanted in relation to the prices of the things that will be given up to provide it.

- Prices furnish an incentive to adopt the least costly methods of production and, thereby, use resources for their most highly valued purposes.

- Prices determine how income is distributed.

All these points have a bearing on the arguments for and against participating in international commodity agreements and can be used to test the soundness of the arguments.

An international commodity agreement usually has as its principal aim stabilize the prices of the commodities it covers. On the surface, "stabilize" seems to refer only to reducing the volatility of commodity prices that I discussed a few moments ago. Commodity agreements do, in fact, try to do that. In addition, however, the term "stabilize" often takes on the connotation "support"—to hold the price higher, the average, than it would be in a free market. If an agreement does that, it transfers income from consumers to producers, and it obstructs the informational function of prices.

With either meaning of the term "stabilize," but especially with the first (reducing volatility), a commodity agreement

attempts to support the price during a temporary downswing by accumulating stocks, either in an official buffer stock or in stocks of producing countries. Then, when the price rises in fear of exceptional scarcity, these stocks are released to the market to mitigate the scarcity and limit subsequent price increases.

There are four main arguments in favor of an international agreement that attempts to stabilize a commodity price.

First, more stable prices smooth out producer incomes and provide better predictability to consumers, to the mutual benefit of both. Businessmen naturally prefer such predictability.

Second, such agreements usually transfer income from wealthy countries to poorer countries, thus providing economic aid that cannot be obtained through regular governmental appropriations.

Third, both of the first two effects increase economic and political stability in producer countries, which is desired by the U.S. Government and by governments of developed countries. Most small countries cannot easily diversify their output or otherwise protect themselves against unstable markets from a major export.

Fourth, a successful commodity agreement protects and furthers the commercial and political interests of the United States and other developed countries in the producing countries and achieves better relations overall.

These arguments are all plausible. It is difficult, however, to find any actual evidence, systematic data, or valid analysis to support them. In fact, it turns out in practice that commodity agreements have effects very different from those intended and expected. There are at least eight reasons for the discrepancy between idealistic intentions and practical reality.

The reference prices set in these agreements typically are too rigid and do not adequately reflect market conditions.

Because prices generally are supported at higher than equilibrium levels, producers produce more than consumers are willing to absorb.

Inefficient producers are protected and new entrants are attracted into the market, thus creating even greater surpluses. If there are quotas, new entrants with lower production costs may find it difficult to enter the market.

- Private speculators hold lower stocks due to the price limit defended by the buffer stock. Then they rush to sell their stocks if market trends undercut the viability of the buffer stock. Such sales can quickly overwhelm the buffer stock's capacity.

- Consumers are led by high prices to develop substitutes that they would not use at a lower price.

- When prices are maintained at too high a level, the forces I have mentioned will eventually exhaust the funds available to a buffer stock organization set up to defend the reference price.

- The inevitable collapse of the commodity agreement will result in a sharp drop in price. The large stocks that were accumulated will keep prices depressed for some time. In the long run, therefore, price instability may be even more damaging with international commodity agreements than without them.

- The financial costs of operating these agreements often are substantial.

The current crisis in the tin market provides an example. In this case, the operation of the buffer stock and favorable currency movements kept the non-dollar price artificially high, masking both the real trend and the inadequacy of the members' financial support. Eventually, the sleight of hand was no longer possible. When, in 1985, the dollar turned down, the tin price fell, and the buffer stock faced heavy losses on futures contracts. The member countries were unwilling to provide further support, the buffer stock was unable to cover its sudden losses, and tin trading on the London Metal Exchange (LME) was suspended. Negotiations among tin council members, banks, and brokers have not yet found a solution that will allow the LME tin market to reopen.

The disadvantages of commodity agreements are practical and borne out by long experience. Nevertheless, I mentioned earlier the theoretical arguments presented to show that, under certain circumstances, commodity agreements could increase the welfare of both producers and consumers by reducing price variability. While these arguments often seem to be wishful thinking, ideological, or abstract, it is important to take a pragmatic approach and examine carefully whether an actual or proposed commodity arrangement might be beneficial. In that spirit, let's examine the particular case of coffee.

International Coffee Agreement

The ICA differs from other commodity agreements in which the United States has participated in recent years (namely, sugar and rubber) in that it has no buffer stock and no rules governing the accumulation and release of official stocks in producer countries. If all its provisions were fully implemented, however, including the prohibition on sales at discounted prices to nonmember importing countries, it would work in a manner very similar to a buffer stock arrangement. It imposes quotas on exports by producer countries to member importing countries at times of price downswings, but there is no provision for restricting production. If nonmember countries have to pay the same prices for coffee as do member countries, the quotas force the accumulation of stocks that can be sold at a time of scarcity and high prices, such as we have this year. The relaxation and subsequent suspension of quotas as prices rise make the accumulated stocks available to mitigate the scarcity. That is the theory of how it should work.

The U.S. Government is concerned about income levels and income stability in many of the countries that depend heavily on coffee for their export revenues; in fact, most of those countries receive various forms of aid from us directly and indirectly through international organizations to which we are the principal contributor. These points, together with those I set out earlier on the arguments for commodity agreements in general, are the reasons why the United States joined the ICA and are the principal arguments for staying in.

We do not believe, however, that all is well with the coffee agreement. During some periods, the agreement has maintained prices above the appropriate level. To the extent that it supports prices that are above the long-run equilibrium level, the agreement levies a hidden tax on consumers and subsidizes production in exporting countries. There is no precise estimate of the excess cost to consumers caused by the ICA—in fact, the amount obviously varies from year to year and may even be negative in 1986—but some estimates for some years are several billion dollars.

Some argue that we should accept this transfer on the grounds that it provides aid to developing coffee-producing countries. Such "aid," however, is unconditional and indiscriminate. Unlike most economic assistance, this aid can-

not be conditioned on the adoption of sound economic policies or directed to specified purposes, so it does not encourage economic development and reform—more likely the opposite, in fact. Furthermore, such aid goes to all producers—including some countries to which the United States would not offer aid, for example, Cuba and Nicaragua.

Finally, it is unsound public policy to force consumers to provide money for a public purpose that is not subject to congressional appropriation and oversight.

When stocks accumulated in recent years, many members sold coffee at a discount to nonmember countries. Through the operation of the two-tier market, the Eastern bloc has received benefits in the form of cheaper coffee, estimated to average about \$110 million per year.

The ICA's pricing policy may well be contrary to the long-term interest of producers. Since 1962, when the United States joined the ICA, coffee consumption per capita in the United States has declined more than 40%. Tea consumption, in contrast, has not changed, and soft drink consumption has more than tripled.

Once a commodity agreement is launched, it requires ever more complex and onerous regulatory mechanisms to ensure that all members abide by their commitments. In the coffee agreement, for example, the problem of "tourist coffee"—nonmember shipments which find their way into the member markets with windfalls to the traders involved—is met with Resolution 329, entailing elaborate control and matching of import and export certificates. Similarly, the response to the problem of discount sales to nonmembers is Resolution 336—which, if enforced, would impose penalties for the practice. The possibility of penalties has become a bone of contention among consuming countries, some of which include traders who profit from the business.

From a strictly theoretical point of view, the ICA might be operated in a manner that does a minimum of violence to the play of market forces. For the past 3 years, the U.S. delegation to meetings of the council has tried to persuade other delegations to put this approach into operation. To that end, we have sought large global quotas so that there would be a wide range in which these quotas would be more than sufficient to allow prices to be set by the free play of market forces. At the minimum prices defended by the quota

system—that is, at a composite indicator price of \$1.15-\$1.20 per pound—we advocated much more stringent quotas to assure that the price stabilization function would be served. We also advocated strict enforcement of provisions against discount sales to nonmember countries, in order to assure that the supplies withheld from the market at times of low prices would be stockpiled and available to cover a crop shortfall—such as is now impending.

An obvious problem is the allocation of export quotas. To stabilize prices effectively, the agreement must allocate quotas according to an exporter's available supply; unfilled quotas must be reallocated to others quickly and efficiently. In fact, however, the rigidity of allocations under the ICA means that some members have difficulty filling their quotas. For others, many of them countries of importance to the United States, the quota allocation is insufficient to market their coffee to member countries, so they must find nonmember outlets for their production. This is the unfortunate outcome of any system of allocating quotas on the basis of export performance of an earlier period. In addition, reallocations of quotas are subject to political bargaining in the producer caucus, with no regard for a country's competitive ability or the political interests of consuming countries. This system causes overexpansion of coffee production in some countries and the languishing of the coffee sector in others, with very real losses of income and development potential. So far, we have made no headway in obtaining procedures for allocating quotas that are responsive to these considerations.

Similarly, we have been frustrated in our attempts to make the operation of the ICA more market oriented. Our adherence to the International Coffee Agreement gives our tacit blessing to what was intended to be a cartel arrangement to control coffee prices worldwide. For the reasons I've outlined earlier, such arrangements are inherently unworkable and carry the seeds of their own demise. In response to the price supports provided by the agreement, there have been large increases in production and reductions in per capita consumption.

This year's special circumstances in the coffee market have eliminated, or at least deferred, the problems of nonmember discount sales and "tourist coffee." We need the stocks which have been built to their present levels (whatever

that level is) through years of encouraging production. What appeared a few months ago to be an excessive overhaul of stocks now has become a source of reassurance for those concerned about price rises. We will be interested in the degree to which these stocks hold down prices in the next 2 or 3 years. While this is a useful function, offsetting at least in part the effects of excess price earlier, it is a function that in free markets would be fulfilled at least as well (and probably at less cost) by speculators and brokers.

Although we have made some progress in getting our message across to the other governments, we have been disappointed by the overall results, and we have made it clear that our continued participation is in jeopardy.

I want to emphasize again that the question of continued U.S. participation in the ICA has not yet been decided. Both political and economic considerations must be weighed. We are making a comprehensive analysis, and we are consulting with major producing countries, the ICA, the domestic industry and other departments of the U.S. Government.

President Reagan has worked to eliminate controls and regulations that are needless economic constraints and create an environment conducive to private initiative and innovation. If we look at the economic record of the developed nations in the past several years, we find that the top performers are those in which the government has provided a climate where the private sector could prosper. These are the countries where the "magic of the market" has worked—where resources have been allocated to achieve the maximum return. Experience shows that fewer controls, not more, will encourage healthy and viable commodity market economies, and societies. ■

Best Results of Soviet Chemical Tracking Agents

DEPARTMENT STATEMENT,
FEB. 14, 1986¹

Last August we determined that Soviet authorities were using the chemical agent NPPD [nitro phenyl pentadien] to monitor the activities of employees at the U.S. Embassy in Moscow. We have conducted extensive tests on this tracking agent. Test results indicate that it has not been used indiscriminately against American personnel but has been employed by Soviet authorities against a specifically targeted, relatively small percentage of official American employees. Fortunately, the results of the tests show that exposure to the quantities of NPPD found does not pose a health hazard. We continue to object to the use of chemicals against U.S. personnel.

A team, led by a representative of the National Institute for Environmental Health Sciences (NIEHS) and including representatives from the Environmental Protection Agency (EPA) and the Center for Disease Control (CDC), traveled to Moscow and Leningrad in August-September 1985. EPA surveyed for the presence of NPPD, and CDC distributed a health questionnaire to Embassy personnel. NIEHS subsequently conducted a series of tests on the potential biological effects of exposure to NPPD in laboratory animals.

On the basis of these tests, we concluded that exposure to NPPD, particularly at the very low levels found in Moscow, does not carry with it any significant health risk. In summary, the extensive series of medical tests

we have conducted shows that NPPD is not a mutagen in mammalian cells. This fact, coupled with the extremely minute exposure dose when NPPD is used as a tracking agent, provides assurance that NPPD will not cause cancer in exposed persons and obviates the need to test NPPD for carcinogenicity. NPPD did not cause birth defects when applied to the skin of laboratory animals, and NPPD is not readily absorbed through the skin. If it does enter the bloodstream, it is rapidly metabolized and excreted from the body.

To determine the extent of exposure to NPPD, the EPA took 436 samples on a random basis from the apartments, automobiles, and offices of approximately 20% of the American community in Moscow and Leningrad. NPPD was not detected in any of these samplings. In separate samplings prior to and after the EPA survey, NPPD was detected in the automobiles or property of a limited number of Embassy employees, who appear to have been specifically targeted by Soviet authorities. In particular, a followup survey, conducted in Moscow in January of this year by the Embassy health unit, concentrated on vehicles of Embassy employees considered to be likely targets. These followup samples were analyzed by an EPA laboratory; they showed that five of the vehicles tested were contaminated.

At this time, we are informing the American community in Moscow and Leningrad of test results. That has already been done as of now. Those employees who appear to have been specifically targeted have been informed.

As we noted in August, evidence suggested that NPPD is only one of several chemicals used by the Soviets. In the course of our investigations into NPPD, we detected traces of a second chemical—luminol—which may be a tracking agent. Luminol is a widely used, commercially produced laboratory chemical. Like NPPD it has been shown to be a mutagen in bacteria. We have asked NIEHS to determine what biological studies, if any, should be pursued. The American community in the U.S.S.R. will be kept advised as further information becomes available.

Although it appears that the use of NPPD and other tracking agents was confined to a small percentage of American personnel specifically targeted by Soviet authorities, we are strongly concerned that any chemical tracking agents have been used against our employees. We will continue to monitor for such chemicals.

¹Read to news correspondents by Department deputy spokesman Charles Redman. ■

Release of Shcharanskiy From the Soviet Union

JOINT U.S.-F.R.G. STATEMENT,
FEB. 11, 1986¹

President Reagan and Chancellor Kohl welcome the fact that it has been possible to gain the release of Anatoliy Shcharanskiy, a prisoner of conscience. This outcome is the product of close U.S.-German cooperation over an extended period of time. The President has expressed his warm appreciation to Chancellor Kohl for the substantial contribution of the Government of the Federal Republic of Germany to bringing about Shcharanskiy's release. The Federal Chancellor is pleased to contribute substantially to all efforts to improve East-West relations, particularly in the field of human rights.

¹Made available to news correspondents by Department spokesman Bernard Kalb. ■

1985 Human Rights Report

by Richard Schifter

The following introduction is excerpted from the Country Reports on Human Rights Practices for 1985. Mr. Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.¹

INTRODUCTION

This report is submitted to the Congress by the Department of State in compliance with Sections 116(d)(1) and 502B(b) of the Foreign Assistance Act of 1961, as amended. The legislation requires human rights reports on all countries that receive aid from the United States and all countries that are members of the United Nations. In the belief that the information would be useful to the Congress and other readers, we have also included reports on countries such as Switzerland, which are not technically covered in the congressional requirement.

In compliance with a new legislative requirement in Section 505(c) of the Trade Act of 1974, as amended by Title V of the Trade and Tariff Act of 1984 (Generalized System of Preferences Renewal Act of 1984), the 1985 reports include additional information on worker rights. While the legislation requires reports on worker rights in developing countries that are beneficiaries under the Generalized System of Preferences, in the interest of uniformity, and to provide a ready basis for comparison, we have continued our practice of applying the same reporting standards to all countries on which we prepare reports.

This year there are 164 separate reports. Conditions in most countries are described up to the end of 1985; for a few countries, significant developments occurring during the first weeks of 1986 are also included. The guidelines followed in preparing the reports are explained in detail in Appendix A. In Appendix B is a discussion of worker rights reporting. Appendix C contains a list of 12 international human rights covenants and agreements. Appendix D is an explanation of the statistical tables following reports on countries which received United States bilateral assistance or multilateral development assistance within the last 3 fiscal years.

Definition of Human Rights

Human rights, as defined in Section 116(a) of the Foreign Assistance Act, include freedom from torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges, disappearance due to abduction or clandestine detention, or the flagrant denial of the rights of life, liberty, and the security of person. Internationally recognized worker rights, as defined in Section 502(a) of the Trade Act, include (A) the right of association; (B) the right to organize and bargain collectively; (C) a prohibition on the use of any form of forced or compulsory labor; (D) a minimum age for the employment of children; and (E) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health. (Categories A and B are covered in Section 2b of each report, C in Section 1d, and D and E in the discussion of the economic, social, and cultural situation.)

In addition to discussing the topics specified in the legislation, our reports, as in previous years, cover other internationally recognized human rights and describe the political system and the economic, social, and cultural situation of each country. In other words, these reports deal with the basic standards by which to measure a government's relationship to its people. In applying these standards, we seek to be objective. But the reports unashamedly reflect the American view that the right of self-

government is the basic political right that government is legitimate only when grounded on the consent of the governed, and that government thus grounded should not be used to deny people life, liberty, and the pursuit of happiness. Individuals in a society have the inalienable right to be free from governmental violations of the integrity of the person; to enjoy civil liberties such as freedom of expression, assembly, religion, and movement, without discrimination based on race or sex; and to change their government by peaceful means. The reports also take into account the fact that terrorist and guerrilla groups often violate human rights; such violations are no less reprehensible if committed by violent opponents of government than if committed by the government itself.

We have found that the concept of economic, social, and cultural rights is often confused, sometimes willfully, by repressive governments claiming that order to promote these "rights" they may deny their citizens the right to integrity of the person as well as political and civil rights. There exists a profound connection between human rights and economic development; and these reports devote extensive attention to the economic, cultural, and social situation in each country in order to provide the full context in which human rights performance may be judged. Experience demonstrates that it is individual freedom that sets the stage for economic

Section 116(d)(1) of the Foreign Assistance Act 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 502(B)(b) of the Foreign Assistance Act provides as follows:

The Secretary of State shall transmit to the Congress, as part of the presentation materials for security assistance programs proposed 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.

Section 505(c) of the Trade Act provides as follows:

The President shall submit an annual report to the Congress on the status of internationally recognized worker rights within each beneficiary developing country.

d social development; it is repression that stifles it. Those who try to justify subordinating political and civil rights on the ground that they are concentrating on their economic aspirations invariably deliver on neither. That is why we consider it imperative to focus urgent attention on violations of basic political and civil rights, a position given renewed emphasis in 1985 by the 1984 Congressional Joint Resolution on Torture. If these basic rights are not secured, experience has shown, the goals of economic development are not achieved either.

United States Human Rights Policy

From this premise, that basic human rights may not be abridged or denied, it follows that our human rights policy is concerned with the limitations on the powers of government that are required to protect the integrity and dignity of the individual. Further, it is in our national interest to promote democratic processes in order to help build a world environment more favorable to respect human rights and hence more conducive to stability and peace. We have developed, therefore, a dual policy, reactive in the sense that we continue to operate specific human rights violations wherever they occur, but at the same time active in working over the long run to strengthen democracy. It is in this context that I want to pay tribute to my predecessor, Elliott Abrams, Assistant Secretary of State for Human Rights and Humanitarian Affairs from 1981 to 1985, who played a critical role in helping define a consistent and coherent human rights policy that took into account both our country's national interests and the altruistic sentiments of the American people, who want their government to identify itself with decency, fairness, and justice throughout the world. Mr. Abrams is also to be credited with helping devise a human rights policy that is both realistic and effective, one that seeks real progress toward our human rights goals by using those means that have the greatest chance of success in a given circumstance. In the rest of the world, the United States has a variety of means at its disposal to respond to human rights violations. We have been successful in traditional diplomacy, particularly with friendly governments, where diplomatic exchanges are possible and productive. Where we find limited opportunities for the United States to

exert significant influence in bilateral relations, we resort to public statements of our concerns, calling attention to countries where respect for human rights is lacking. In a number of instances, we employ a mixture of traditional diplomacy and public affirmation of American interest in the issue.

The United States also employs a variety of means to encourage greater respect for human rights over the long term. Since 1983, the National Endowment for Democracy has been carrying out programs designed to promote democratic practices abroad, involving the two major United States political parties, labor unions, business groups, and many private institutions. Also, through Section 116(e) of the Foreign Assistance Act, funds are disbursed by the Agency for International Development for programs designed to promote civil and political rights abroad. We also seek greater international commitment to the protection of human rights and respect for democracy through our efforts in the United Nations and other international organizations.

Preparation of these annual country reports constitutes an important ele-

ment of our human rights policy. The process, since it involves continuous and well-publicized attention to human rights, has contributed to the strengthening of an international human rights agenda. Many countries that are strong supporters of human rights are taking steps of their own to engage in human rights reporting and have established offices specifically responsible for international human rights policy. Even among countries without strong human rights records, sensitivity to these reports increasingly takes the form of constructive response, or at least a willingness to engage in a discussion of human rights policy. Experience has thus demonstrated that Congress did indeed act wisely in calling upon the State Department to prepare these reports.

¹The complete report documents human rights practices in more than 160 countries of the world. It may be purchased for \$22.00 (GPO stock no. 052-070-06081-6) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (tel: 202-783-3238). Remittance must accompany order. ■

Narcotics Control in Latin America

by Jon R. Thomas

Testimony before the Task Force on International Narcotics of the House Foreign Affairs Committee on November 12, 1985. Mr. Thomas is Assistant Secretary for International Narcotics Matters.¹

The committee has asked my bureau to provide testimony on progress in narcotics control in the Andean countries, with an emphasis on Colombian eradication and interdiction efforts, extradition, and the connection between drug traffickers and guerrilla/terrorist groups. Your task force has also asked that we expand this testimony to update the committee on the antinarcotics efforts in Belize. I would like to add Panama to the scope of this hearing, and update you on recent developments in that country, which has also been of interest to the task force.

As part of my submitted testimony, I am including the Colombian section of the Mid-Year Update to our International Narcotics Control Strategy

Report. That report contains not only our country-by-country assessments, as of August 1, but also reports on the critical success of our diplomatic initiatives, and I commend it to the committee's consideration.

Colombia

Colombia is increasingly successful in its narcotics control efforts. Certainly the effective and comprehensive marijuana eradication campaign; the cross-border enforcement projects with Peru and Ecuador; the interactions with Brazil, Panama, and Venezuela; the developing intraregional narcotics enforcement communications network which is centered in Colombia; and the continuing search for an effective, comprehensive method of eradicating coca make Colombia not only the leader in South American narcotics control activities but one of the very real bright spots in the expanded international effort of the 1980s.

During my visit to Colombia the week of November 14, we reported to President Betancur the results of the

aerial survey of marijuana cultivation which we assisted the Colombian National Police in conducting in July. The analysis shows that, compared to an estimated 8,500 hectares under cultivation in the same cycle in 1983, only 1,300 hectares were under cultivation in the principal northern growing region in 1985, a decline of 85%.

As Colombia strives toward its goal of eliminating the great majority of the 1985 crop, the eradication campaign continues to set marks by which other efforts will be compared. The Special Anti-Narcotics Unit of the Colombian National Police set all-time records in July and August, including spraying in the principal Santa Marta growing area and also in other areas where traffickers have attempted to increase cultivation. Using surveys, we will assist the Colombians next spring in assessing the degree to which cultivation may have spread to the Gulf of Uraba, as well as Bolivar Department, and other areas.

Colombia remains the principal refining source for cocaine, and its actions with its neighbors to curb trafficking in coca products and precursor chemicals are quite encouraging, as are the tests Colombia continues to conduct with herbicides which might permit aerial eradication of the coca bush, which is so frustratingly difficult to remove by manual labor.

We are consulting closely with Colombian agencies, as well as other departments in our government, on how we might enhance Colombian interdiction capabilities, to compound the pressure on trafficking organizations. We are also sensitive to trafficker efforts to relocate in new growing sites for marijuana and coca and new refinery locations for cocaine, which is why we put so much emphasis on control programs in Brazil, Ecuador, Panama, Belize, and elsewhere.

In our recent communications with the Congress, we have emphasized the importance of achieving our parallel diplomatic goal of increasing the internationalization of this problem. One part of that effort has been to encourage and logistically support regional enforcement actions. The numerous enforcement efforts by Colombia have been particularly encouraging.

Within its own territory, the national police has intensified sweep operations, targeting traffickers, their boats and aircraft, as well as laboratory sites, which have been destroyed along with numerous landing fields. We are enhanc-

ing that capability through the provision of additional aircraft. Colombia has extradited seven persons to the United States, a major demonstration of its commitment to narcotics control under the Betancur administration.

And, Colombia is developing a significant role as a leader in regional narcotics control initiatives. The multinational radio network among South American enforcement agencies will soon be operational. Colombia has signed an extradition agreement with Venezuela; a joint coca eradication campaign has been conducted with Ecuador; and, Colombia and Peru have engaged quite successfully in a cross-border operation against cocaine traffickers.

While discussing regional initiatives, I want to note the meeting held in Quito last month by our Chiefs of Mission to Andean countries, Assistant Secretary [Elliot] Abrams and I, and other Washington-based officials, value such opportunities for concentrated discussion on regional and country issues, especially issues like narcotics which have such significant cross-border implications. Our Ambassadors confirm that the spirit of regional cooperation which last year prompted Latin American heads of government to issue the Declaration of Quito, and to support the Latin initiative for a new international convention on drug trafficking, continues to be reflected in cooperative enforcement programs such as those undertaken by several countries with Colombia. Undeniably, we face complex, often frustrating challenges in the Andean region, but I must say I was encouraged by the "can do" attitudes our Ambassadors displayed at this meeting.

There are still some dark spots on this otherwise bright Colombian picture. Intimidation, including the murder of judges, continues to challenge the Colombian system of justice, and arrest and conviction rates can be improved. Our concerns about this situation are compounded by evidence that Colombian traffickers are heavily involved in criminal activities in many other countries, actions that range from sponsoring new growing fields to controlling shipments of chemicals to laundering of the vast illicit profits from narcotics trafficking.

The readiness of Colombian traffickers, as well as insurgents with links to traffickers, and political terrorists in general, to resort to violence shocks even veteran observers of Latin American narcotics crime. In April 1984, assassins paid by major traffickers killed

the Minister of Justice, Lara Bonilla. Now, this past week, M-19 guerrillas stormed the Palace of Justice. Thankfully, on both occasions, the Betancur government has refused to be intimidated and has responded strongly.

The brutal attack by the M-19 on the Palace of Justice on November 6—resulted in the death of the President the Supreme Court and other justices the court. We join the government and people of Colombia in shock and outrage at this despicable act. Among the casualties of the case were court records on extradition cases. Fortunately, the records can—and will—be replaced. Sadly, the lives of innocent officials cannot. We are confident that the Government of Colombia will continue its work on the extradition process as the judicial system resumes normal operations.

In sum, the Colombian record of past 2 years is very encouraging, and deserving of our congratulations. Moreover, the antinarcotics institutions in Colombia are deeply rooted and we expect will be continued after next year's change in government.

Peru

Our Ambassador to Peru, David Jordan met in September with you, Mr. Chan (Rep. [Lawrence J.] Smith) and Congressman [Benjamin A.] Gilman (ranking minority member) and I am informed that you share our initial optimism over the early actions and statements of the Garcia administration, especially the new president's action thwarting corruption by cleaning house authorizing Peru's commitment to Operation Condor.

There are many bilateral issues for resolution with President Alan Garcia who took office in July, some of which Ambassador Jordan discussed with you. But in the narcotics sector, the President has been quite adamant about the need to "root out and destroy" narcotics trafficking in Peru.

At the outset, let me dispense with one nonissue. Erroneous press reports to the contrary, the Department has linked narcotics control assistance to Peru's performance or behavior on other bilateral issues. As this task force knows full well, the linkage runs the other direction: the provision of economic and other assistance is linked to performance on narcotics control. We have agreements providing more than \$30 million in narcotics-related assistance, which we continue to expend on the current program, and, in accord-

current statutes, are awaiting the President's plan for comprehensive coca control programs. We have long sought an understanding with Peru on expansion of the current eradication program, now underway in the Upper Huallaga Valley, and other growing regions. We are prepared to assist that expansion.

Peru has increased the effectiveness of both eradication and enforcement programs. The latest cables from Lima report that 2,576 hectares of coca had been eradicated through the end of September. The eradication program, which has grown from 200 to more than 970 hectares, is moving into the Uchiza area, where the flat terrain should permit a faster pace. Using aerial photography provided by INM (Bureau for International Narcotics Matters) for planning, Peruvians are planning an intensified eradication campaign during November and December, and say that it is possible they will reach the 1985 goal of 3,000 hectares.

In Peru's housecleaning operation, Interior Minister Salinas has dismissed 100 sergeants and 131 colonels from the investigations police and the Civil Guard, as well as 40 other police officers with promises of more dismissals. In the latest reports we have on Operation Condor, a joint effort by the Peruvian and Colombian Governments, with U.S. assistance, are that six cocaine laboratory complexes have been seized and destroyed; 11 airstrips have been destroyed, including one paved landing strip over 3,000 feet in length, and 8 of 10 airstrips have been destroyed. The operation seized 1,530 kilos of cocaine paste and base, as well as 100 gallons of precursor chemicals, and seized seven aircraft. An undetermined amount of potassium permanganate, 1,000 gallons of diesel fuel, and 100 units of generators and other equipment were also seized.

These are impressive statistics, but, because of curtailing cultivation of coca and stopping production of cocaine, the effort is far from complete, and the message is that counterefforts may be continuing.

A Guardia Civil trooper was murdered on September 18 while protecting eradication workers near Santa Lucia. Attackers shouted proterrorist slogans and left a small flag with hammer and sickle near the body; but, given our experience, we don't know whether the attackers were really terrorists or cocaine traffickers who have shown no restraint in using terrorist-style tactics.

Protection measures for eradication workers will be increased still further as the government pursues its eradication goal. Because eradication efforts have resulted in intimidation efforts directed against the United States, we are also having to increase security for U.S. personnel in Lima and in the field.

Bolivia

Bolivia remains our greatest current challenge, not only because of the sheer enormity of the coca cultivation, which was estimated at 30,000 to 45,000 hectares in 1984, but because of the long-term difficulty in getting an eradication program started. There have been several occasions since August 1983, when the United States signed an eradication agreement with Bolivia, when the political rhetoric was positive.

We are still cautious in our appraisal; but, I must note we are encouraged today because the new government of President Paz Estenssoro has begun to match the rhetoric of his predecessors with strong actions.

Positive steps are being taken to implement the decree promulgated last July which at last establishes the needed legal basis for undertaking a coca control program, including designation of zones where licit production will be licensed and thereby declaring all other production to be illegal and subject to eradication. On October 28, a new proposal for a comprehensive law on narcotics was introduced in the Chamber of Deputies. The proposed law would create a new Ministry of Narcotics Affairs which would exercise full authority over the police and all other agencies concerned with narcotics. The proposed law would also strengthen the existing decree: it would make judicial review of all narcotics cases mandatory, and it would tighten procedures while strengthening penalties.

Importantly, the dialogue has also changed. The new government is not only quite sensitive to the impact that narcotics production has on decisions by the United States to provide economic and other assistance, but is keenly aware of the negative effects on its own society.

The Interior Ministry has held a series of promising talks with *campesino* leaders from the Chapare region, to discuss the voluntary and involuntary phases of the proposed eradication operation, which could start this month in the Chapara and Yapacani areas. We will advise the Foreign Affairs Committee the day that eradication actually begins.

The Bolivians have also stepped up enforcement activities. On October 25, members of the UMOPAR (rural mobile police) detachment conducted an operation near Cochabamba which resulted in the destruction of five cocaine laboratories. Another five laboratories were destroyed 2 days later.

Ecuador

I want to talk about the new opportunities in Ecuador, but also to use Ecuador to highlight our institutional concern. As I have said on other occasions, only two countries were eradicating narcotics crops in 1981, and in the 1985-86 crop cycles, at least 14 countries are undertaking eradication programs (Mexico, Belize, Costa Rica, Panama, Colombia, Peru, Ecuador, Bolivia, Brazil, Venezuela, Jamaica, Thailand, Burma, and Pakistan). In just the past few months, the marijuana eradication programs in Colombia and Jamaica have intensified; new spraying projects have been undertaken in Belize and Panama; Colombia is preparing for a significant test of new methods to spray coca; Burma and Thailand have sharply upgraded their opium poppy eradication programs and Pakistan continues to expand the scope of its ban on poppy production. We have opportunities to contain the spread of narcotics cultivation in South America through new initiatives in Brazil and Ecuador. New governments are giving strong impetus to narcotics control in Peru and Bolivia.

Ecuador is a good example of the dynamics of the narcotics trade. For many years, Ecuador, sited between the growing fields of Peru and the laboratories of Colombia, was a transit country. Now, it has become a source country, and the objective we share with the Febres-Cordero government, which has been especially aggressive on the narcotics issue since taking office in 1984, is to contain that production and trafficking at its current, relatively low level and then eliminate it.

The specific objectives are to eradicate the estimated 3,000 hectares of coca under cultivation, and to stop the burgeoning traffic in precursor chemicals, which rose from 3,000 to 5,000 metric tons in 1984-85, compared to 10-20 tons in the 1980-83 period. The presence of these chemicals confirms earlier reports that traffickers were attempting to establish a cocaine refining capability in Ecuador; the estimate is that perhaps a dozen shipments of 500 to 1,000 kilograms of cocaine were shipped to the

United States from Ecuador labs in 1984.

I met last month with national leaders of Ecuador and we are actively considering requests from the Embassy to expand sharply our narcotics assistance program in Ecuador. We want to enhance aerial surveillance capabilities as well as eradication resources.

Belize

At the task force's hearing June 27, I expressed my strong hope that the new government of Prime Minister Esquivel would resume aerial herbicidal eradication of the expanding marijuana crop in Belize. In that regard, your (Chairman Smith) concerns were communicated to Prime Minister Esquivel in your letter of July 25.

We are very pleased to report that the Government of Belize undertook a test spraying program, using glyphosate, which ended November 1. This 4-day program caused the eradication of an estimated 1,270 acres of marijuana on 741 cultivation sites in the northern area. This area is the primary marijuana producing zone, where an estimated 70% of the crop is grown. The preliminary assessment is that the acreage eradicated constituted the bulk of marijuana cultivation in the area.

Given the success of this Belizean effort, we are encouraged by the indications that the government is considering a further eradication campaign in January, depending on its analysis of the effects of the chemical on the growing areas.

Panama

In August, staff in my bureau participated with Panamanian officials in overflights of prospective marijuana cultivation zones and found that, in sharp contrast to the less than 100 hectares under cultivation reported in 1984, this year's harvest could be 500 to 600 hectares or even more, unless quick action were taken. We immediately consulted with the Panamanians on an aerial herbicidal eradication program, and offered to provide a spray aircraft and technical assistance. Panama was quick to accept this offer and extend its full cooperation. In October, Panama began herbicidal eradication of this unexpectedly large crop, and reportedly eradicated more than 200 of an estimated 500-600 hectares under cultivation.

This action reconfirms our belief in crop control through aerial eradication, and in the use of the Thrush aircraft which we have now deployed to several countries.

Conclusion

This concludes my prepared remarks on Colombia, Peru, Bolivia, Ecuador, Belize and Panama. I understand that the task force may also ask questions about the mid-year report which you and your staff have been reviewing these past few weeks. Given the number of events which are occurring, including not just a few on the international front, it is appropriate that we take this opportunity to update the committee on the broad spectrum of country and global issues.

I particularly want to focus on one element—the new climate in which we are working at the international level. I have seen many changes in my going on 4 years in the INM and perhaps the most profound has been the realization

by other governments that drug trafficking is a threat to their national security and their economic and social well-being. Some countries whose leaders once thought they were immune are now suffering narcotics epidemics. The realization of national risk is spurring efforts for more cooperative bilateral and multilateral enforcement and demand reduction programs.

I cannot over-emphasize the importance of having reached this concurrence of world opinion, this community of interest which I believe has great potential for progress by source country governments.

We have a long way to go before we reach the benefits inherent in these initiatives, but, the great promise for our future is that the affected members of the world community are beginning to act in concert.

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. ■

Narcotics Control Strategy Report Released

In releasing the State Department's annual International Narcotics Control Strategy Report for 1985, Assistant Secretary of State for International Narcotics Matters, Jon R. Thomas, stated that "1985 was a very productive year for program expansion and 'internationalization' of the narcotics issue. We took the offensive in an increasing number of areas, and the programs we have developed will sustain this greatly improved effort to control production in the months and years to come. For the first time, it was clear to all nations of the world that there was no distinction among producing, consumer, or trafficking nations; all countries share the toll of narcotics trafficking and abuse, and all nations are part of the solution."

Assistant Secretary Thomas said that 1985 saw the expansion of anti-narcotics programs around the world, including eradication campaigns in Colombia, Jamaica, Burma, Thailand, Panama, and Belize. "Five years ago, only two nations were actively engaged in crop eradication. In 1985, 14 countries launched successful eradication campaigns. Colombia, once viewed as one of

the most difficult countries in narcotic control, eradicated 85% of the marijuana cultivated along the north coast, Colombia's traditional marijuana growing area. This past year has proven that nations are serious about narcotics control and are willing to exert the necessary political will to get the job done."

Thomas said that one of the most encouraging signs during 1985 was the "internationalization" of the narcotic issue. The spirit of international cooperation on the narcotics issue "was evident everywhere—at the United Nations, in the Organization of American States (OAS), the Association of South East Asian Nations (ASEAN), the European Community, at the economic summit, and at the two historical First Ladies Conferences hosted by Mrs. Reagan. Internationalization of the issue has concrete results, including increased contributions to international narcotics control organizations such as the UN Fund for Drug Abuse Control (UNFDAC), European involvement in crop control projects in South America and Asia, greater recognition of the threat narcotics trafficking poses to

ional security, and a higher political profile for the narcotics issue in the international community."

The strategy report is a country-by-country analysis of the narcotics situation in producing and transiting nations and is prepared each year by the Bureau of International Narcotics Matters in the Department of State, in consultation with other bureaus in State, Drug Enforcement Administration (DEA), and others.

"When we look back at 1985," Assistant Secretary Thomas said, "we can cite many accomplishments. But 1985 was not without drug-related tragedies and crises: the murder of DEA agent Camarena by narcotics traffickers in Mexico, the continuing terrorism in Colombia, and the deaths of coca-reduction workers in Peru graphically illustrate that the stakes are very high. The violence that accompanies narcotics trafficking is an unfortunate part of growing success in narcotics control. Production is declining in some areas but remains intolerably high in others. The encouraging news is that governments are not backing down; and, despite violent assaults, their commitment to narcotics control has not diminished."

Assistant Secretary Thomas noted the following significant developments during 1985. Fourteen countries are now actively eradicating drug crops, supported by the Bureau of International Narcotics Matters. Four years ago, only two countries were eradicating narcotics crops. In 1985, Panama and Belize began successful marijuana eradication programs. For the first time, Burma has embarked on a program of aerial eradication of opium. Thailand expanded its aerial eradication campaign.

During 1985, 85% of the marijuana eradicated in traditional Colombian growing areas along the north coast was destroyed by aerial eradication.

Among several promising regional efforts at cooperation, Colombia joined Ecuador in a joint eradication program and Peru on a joint coca enforcement program.

Jamaica made measurable progress, eradicating one-third of its marijuana through manual eradication. The level of opium and marijuana eradication in Mexico increased during 1985. While precise estimates of cultivation and production are not yet available, the Mexican Government will conduct an aerial survey to obtain accurate data.

The year 1985 was a critical one in Mexican-U.S. antinarcotics efforts. The kidnap and murder of U.S. DEA agent Camarena, and the subsequent investigation, brought to light severe problems in Mexico's program. High-level meetings between Presidents Reagan and De la Madrid, Attorneys General Meese and Garcia, and Secretary Shultz and Foreign Minister Sepulveda addressed the narcotics issue as a critical bilateral foreign policy issue. By the end of 1985, improvements were underway, including steps toward an aerial survey, attempts to weed out police corruption, and increased cooperation on eradication verification efforts.

Bolivia remains one of the major producers of coca and has only begun steps toward narcotics control. While the pace of eradication progress in Bolivia has been slow, the adoption of stricter narcotics laws and a demonstration eradication program begun at year's end showed that the Bolivian Government was making attempts to bring coca cultivation and trafficking under control.

Peru, meanwhile, destroyed almost 5,000 hectares of coca, and President Garcia has taken important steps to root out corruption among Peruvian military and police.

In Afghanistan opium production is on the upswing, and heroin is now refined in Afghanistan.

In crop control, Pakistan continues to make progress. A slight increase in hectares of opium poppy under cultivation was offset by adverse weather conditions, keeping 1985 levels of production comparable to last year's.

Assistant Secretary Thomas noted that "1986 will be another year of expanded program activity and international cooperation. We will build on the successes of 1985 and address some of the frustrations that we experienced during the past year. Our programmatic tasks for the next year include the strengthening of effective control programs in source countries and countering trafficker moves to new source areas by establishing containment programs in surrounding countries."

Press release of Feb. 21, 1986. ■

Indo-U.S. Joint Commission Meets

AGREED MINUTES,
FEB. 6, 1986

The sixth session of the India-United States Joint Commission on Economic, Commercial, Scientific, Technological, Educational, and Cultural Cooperation was held in Washington on February 6, 1986.

George P. Shultz, Secretary of State of the United States of America, and Bali Ram Bhagat, Minister of External Affairs, Government of India, cochaired the meeting, in which they reviewed the activities of the four subcommissions and discussed ways the joint commission could contribute further to the strengthening of relations between the United States and India.

The two cochairmen agreed that the period since the last meeting of the joint commission, in June 1983, was very productive and fulfilled the goal of making 1984 and 1985 years of special emphasis on Indo-U.S. collaboration. The two cochairmen agreed that this achievement was due largely to the special attention given to joint commission activities by President Reagan, Prime Minister Rajiv Gandhi, and the late Prime Minister Indira Gandhi.

The two cochairmen noted the important activities undertaken by the Subcommittee on Science and Technology and the wide range of areas in which specialists from both sides had recommended collaborative programs. They agreed that the extension of the science and technology initiative, the initiation of a vaccine action program, and a major research and technology development program underscored the progress being made in strengthening ties between the Indian and American scientific communities.

The cochairmen recognized the "Festival of India" in the United States, inaugurated during the Prime Minister's visit, as an outstanding success. Cultural programs as a part of the "Festival of the United States" in India have also been well received. The cochairmen appreciated the contribution of the Subcommittee on Education and Culture to the organization and administration of this unprecedented exchange of cultural programs and artistic exhibitions. The cochairmen emphasized the importance of building on this success and encouraged the Education and Cultural Subcommittee's plans to expand exchanges and to establish collaborative programs and seminars in science, education, the arts, and sports. In recognizing that strong ties between Indian and American scholars of the social sciences have been a continuing positive element in Indo-U.S. relations, the cochairmen called on the Subcommittee for Education and Culture to recommend means of facilitating such exchanges.

The cochairmen agreed that trade and investment continue to be promising areas for strengthening bilateral relations. They



(White House photo by Terry Arthur)

Foreign Minister Bali Ram Bhagat call on President Reagan at the White House on February 7, 1986. Vice President Bush and Secretary Shultz also attended.

saw the increase in technology transfer as a substantial opportunity for development of trade and technological collaboration. The joint commission welcomed the work of the Economic and Commercial Subcommittee in increasing the number of trade missions and in encouraging progress on the important issues affecting economic and commercial ties between the two countries. To further enhance collaboration between Indian and American firms, the cochairmen recommended continued negotiation on a convention for the avoidance of double taxation. They also urged the subcommission, which is to meet in March 1986, to promote understanding of the economic situation in each country so as to facilitate closer cooperation on trade and finance issues.

Noting with satisfaction the growth in bilateral trade, the cochairmen felt that the potential for expansion and diversification of trade needs to be fully realized. In this context, they agreed that the Trade Working Group of the Economic and Commercial Subcommittee should meet more frequently to discuss in-depth trade policy issues and measures which would expand bilateral trade and investment. The cochairmen hoped also that promotional measures by both governments and increased business efforts would result in an expansion of bilateral trade and investment. They reaffirmed the faith of their governments in the multilateral trading system and their resolve to strengthen and improve trading rules and expand trade by reducing barriers.

The cochairmen agreed on the need to strengthen the role of multilateral development institutions in support of developing countries. In the context of India's economic development, they recognized the importance of the role of IDA [International Development Association] and the continuing need for India's access to concessional finance.

The joint commission welcomed the progress of the Subcommittee on Agriculture. It noted that the subcommission had identified potential collaboration in the new areas of rainfed agriculture, biotechnology, biological control of pests, agrometeorology, germ

plasm research, conservation and management, and establishment of quality standards for agricultural inputs. The cochairmen agreed that the subcommission should continue its efforts to promote research and development programs in agriculture, with particular emphasis on the problems of rainfed agriculture. The cochairmen urged the subcommission to use the exchanges of the deans of agricultural universities as a resource of ideas for enhancing Indo-U.S. collaboration in agriculture.

In view of the substantial progress in facilitating collaboration in advanced technology, particularly computer technology, the joint commission recommended that the subcommissions continue their support of exchanges and programs involving application of computer technology to education, agriculture, commerce, and the sciences.

The cochairmen shared a deep concern regarding narcotics abuse and agreed that the joint commission should establish a Narcotics Working Group as part of the Economic and Commercial Subcommittee. The purpose of the working group will be to promote closer cooperation in the area of narcotics control, building on recent successful collaborative efforts in this field.

The cochairmen expressed satisfaction with the activities of the joint commission since 1983 and in particular with accomplishments of the four subcommissions. They have succeeded in supporting programs and exchanges that contributed greatly to the overall strengthening of relations between the United States and India. They reaffirmed the importance of regular joint commission meetings to evaluate the progress of the subcommissions and to provide direction for future Indo-U.S. cooperation.

Done in Washington on the sixth day of February.

For the United States of America

GEORGE P. SHULTZ

For the Republic of India

BALI RAM BHAGAT ■

Permanent Dictatorship in Nicaragua?

Elliott Abrams

Taken from a statement before the committee on Western Hemisphere Affairs of the House Foreign Affairs Committee on March 5, 1986. Mr. Abrams is Assistant Secretary for Inter-American Affairs.¹

would like to discuss our policy toward Nicaragua as it affects a complex of issues that has been of particular concern to me during much of my government career—human rights. We have been pleased during the last month at the role our government played in reporting developments that have advanced human rights in Haiti and in the Philippines. Those directly involved are probably the only ones who know just much had to be done to help ensure favorable outcomes. But act they did, they and you, as Members of Congress, deserve to share in the praise. It is because both branches of government have actively supported. Over the past several years, we have also heard comment, from citizens as well as from Administration officials, on the importance of supporting human rights in Central America. Some historic gains have been made in El Salvador and in Guatemala; there has been a lot of credit to share. And I think there is a person in this country who has not applauded the progress that has taken place in Argentina, Uruguay, and Brazil over the past years. I suggest that we should be no less committed to human rights in Nicaragua than there are major human rights problems in Nicaragua is not at issue. Recent events in Nicaragua—including those committed by the armed resistance as well as those committed by the Somoza regime and its enforcers—are emphasized in the latest White House report on Nicaragua, dated February 1986. The question is, what are we going to do about it? These problems are not going to go away by themselves. It is a life and death issue that, absent the pressures that seem to restrain them, the Sandinistas will not turn about and give up the absolute power they have recently gathered for the past years.

The resistance is another fact of life: a fighting force some 20,000 strong—20,000 citizens of Nicaragua who have taken it upon themselves to fight the repressive regime in Managua. There is no turning back for them. It is illusory to assume that peace will come to Nicaragua if we abandon them.

It is equally illusory to assume that military assistance for the democratic resistance will contribute only to human rights abuses. If properly led, trained, and equipped, the armed resistance will be better able to function as a disciplined force during military operations. El Salvador's Army showed that, with reliable U.S. assistance, it can be done. The United States expects the Nicaraguan resistance to follow a code of conduct on the battlefield that will protect noncombatants and prisoners.

The President has specifically designated \$3 million of the \$100 million request for aid to the Nicaraguan democratic resistance exclusively for the strengthening of the observance and advancement of human rights. Consistent and sustained U.S. backing, combined with strong internal monitoring within the resistance forces themselves, can improve human rights performance and minimize suffering among noncombatants.

Nicaragua is a real problem for us. We must face it. Neither the assault on democracy nor the fight for freedom will wait for the Washington calendar. Neither posturing nor passivity will bring about a solution.

It is never easy to bring about constructive change in this world. It is usually a messy business, fraught with difficult choices. But we have been making the right choices—in favor of democracy and human rights—in the Philippines, in Haiti, in South America, in Guatemala, in El Salvador.

We must stand by the same principles in Nicaragua and support the resistance that is fighting for democracy and human rights.

Or are we prepared to suggest that, unlike Marcos, Duvalier, or some Argentine generals, the Sandinistas have succeeded in consolidating their dictatorship? That they are now free to spread totalitarianism and terrorism to Central and South America from a secure base on the mainland?

We have just now all agreed that permanent dictatorship is not inevitable in Haiti or the Philippines. The question now facing the Congress is whether we are to accept that communist dictatorship will be permanent in Nicaragua.

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. ■

Continuation of Certain Assistance to Haiti Authorized

DEPARTMENT ANNOUNCEMENT, FEB. 26, 1986¹

On February 25, Secretary Shultz signed a determination which will permit the obligation of FY 1986 funds for certain forms of assistance to Haiti. This determination is required by Section 705 of the International Security and Development Cooperation Act of 1985. This law requires a Presidential Determination, but authority for that determination has been vested in the Secretary of State by an Executive order.

Because of serious repressive actions taken by the Duvalier government in late 1985 and early 1986, the Secretary had been unable to make this determination. The interruption of U.S. aid due to lack of a determination and the period of unrest during the final months of the Duvalier regime have heightened the need for this assistance.

The Secretary has determined that the National Council of Government (CNG), which assumed power on February 7 when Duvalier departed, has demonstrated willingness to cooperate on illegal emigration and with development programs. The Haitian Army has provided security for the distribution of aid foodstuffs, and the Ministers of Health and Education have indicated commitments to objectives shared by the Agency for International Development (AID) and other donors.

The most significant changes, however, have occurred in the area of human rights and democracy. The CNG has released all political prisoners, restored radio broadcast freedom, and disbanded the oppressive militia, the

Volunteers for National Security (VSN). The CNG President, Gen. Namphy, has publicly promised that the CNG will move quickly to draft a constitution and law on political parties. He has also pledged to organize legislative and presidential elections and has underscored the CNG's commitment to free labor unions and a free press.

Congressional leaders have been notified of the determination this morning and have been provided with a justification for these findings. Copies of this justification are available.

CBI and the U.S. National Interest

by Elliott Abrams

*Statement before the Subcommittee on Oversight of the House Ways and Means Committee on February 25, 1986. Mr. Abrams is Assistant Secretary for Inter-American Affairs.*¹

I welcome this opportunity to testify today on the Caribbean Basin Initiative (CBI)—a major priority of the Department of State and the Administration.

The broad bipartisan support that marked the passage of the Caribbean Basin Economic Recovery Act in 1983 reflected the consensus of the Congress and of the American people that U.S. interests require the political and economic well-being of the region. The CBI embodies the U.S. effort to contribute to the region's political stability, social tranquility, and economic growth and development. The CBI is a historic program, central to the achievement of our foreign policy objectives in the region.

Our own national self-interest generates a natural active concern over the stability of a region which is an immediate neighbor—in fact, our third border. Fifty percent of our trade—including most of our oil imports—passes through the Caribbean shipping lanes, including the Panama Canal.

The Caribbean Basin is the second largest source of illegal immigration into this country. Lack of jobs at home is the principal reason. In some Caribbean Basin countries unemployment is as high as 40%. We have a mutual interest that the peoples of the region have the

This determination permits us to begin obligating the FY 1986 development assistance, economic support funds, and international military education training funds for Haiti. The FY 1986 operating budget for assistance programs to Haiti projects \$22.2 million of development assistance and \$2.9 million of economic support funds. An additional \$450,000 of military training is to be provided.

¹Made available to news correspondents by Department spokesman Bernard Kalb. ■

opportunity to find useful employment in their domestic economies rather than being forced to seek jobs elsewhere.

We have a significant and expanding export interest in the region. It constitutes an important proximate market for our goods; last year, the CBI countries together absorbed \$6.3 billion of our exports, making them our seventh largest market. (The CBI is a larger market, for example, than the U.S.S.R. plus Eastern Europe, than all of Africa, than France or Italy.) Likewise, we have important investments in the Caribbean Basin, amounting to \$5.8 billion in nonfinancial investment (i.e., all industries except banking, finance, and insurance) at the end of 1984 (the latest available data). We share an interest with the people of the region in fostering and preserving a favorable climate for foreign investments—not only to protect existing U.S. investment there but to attract new investment as well.

The United States also has a strong interest in curtailing the production and shipment of narcotics from or through the region to the United States. Prosperous and growing economies afford alternate opportunities and should reduce the incentives for the production and export of narcotics to the United States. Active engagement on the part of governments in fighting narcotics traffic is a disincentive to producers and shippers, and the CBI legislation calls for cooperation in this effort.

These are specific concrete examples of the way in which our national interests are served by the Caribbean Basin

Initiative. We have a clear interest in preventing the emergence of a string of hostile states in this area.

The importance of the CBI to our national interest remains unchanged. There is a risk that, since the CBI is longer new and is off the front pages, may seem to be a passing fancy. That not the case. This Administration continues to be strongly committed to promoting the economic development of Caribbean Basin. Development serves our interest in stability and democracy in the Americas. There can be no clearer sign of the Administration's intent and of the President's personal commitment than the recent visit by President to Grenada and the statements which he made there.

Moreover, the CBI goes beyond a particular U.S. Administration or personal presidential commitment. It will continue as an important part of U.S. foreign policy for its full 12 years because it reflects the fundamental interests of this nation. It was because of this overarching national interest that the program was passed by strong bipartisan majorities and continues to enjoy broad support.

State Department's Role

As a representative of the Department of State, let me say a few words on the role of the Department in the program. I know that this question is of interest to the committee.

The Department has a principal role in both the policy formulation and implementation of the CBI. As the chairman of the interagency policy subcommittee, the Department is involved in all aspects of the program direction of the initiative. Department personnel are also active in the subcommittee on implementation and in carrying out policies agreed upon on an interagency basis. There are six priority areas for the Department's action.

Policy Formulation. The Department systematically analyzes the progress of the CBI and helps define on an interagency basis what our priorities should be in implementing the CBI. U.S. Embassies in the region provide regular analyses and recommendations on how to improve implementation, drawing on contacts not only with host government officials but also with business and labor leaders. In Washington the Department organizes quarterly conferences with the diplomatic representatives of beneficiary governments to

...ss CBI implementation and policy
...osals. Similarly, U.S. Government
...plementation plans are discussed with
...private sector groups representing
...United States, the CBI countries,
...other cooperating countries. Along
...several other U.S. agencies, the
...Department has sponsored for the past
...years the annual Miami conference on
...the Caribbean. This conference brings
...together the private and public sectors
...through a 3-day critical analysis of
...the CBI and, thus, serves as a major
...input into the policy formulation pro-
...cess. In addition, the conference provides
...a forum for traders and investors to
...discuss business opportunities in the
...region.

Policy Reform. The long-term aim
...of the CBI is to encourage sound eco-
...nomic policies that will effectively mobil-
...ize domestic resources to expand and
...diversify production. At present, many
...countries still must rely to a large
...extent on external support, and particu-
...larly on concessional aid, to sustain their
...economies and to expand their productive
...sectors. However, our objectives are, first,
...to help these economies improve their
...economic performance and strengthen
...their infrastructure, private equity flows
...to replace official aid flows as the
...primary external resource; and, second,
...to help external flows become relatively
...less important as the domestic private
...sector becomes increasingly vigorous
...and innovative. In its policy dialogue
...with regional leaders, the State Depart-
...ment stresses the importance of a vigor-
...ous private sector and the need for a
...stable environment for investors,
...domestic and foreign. These are the
...essential preconditions for self-
...sustaining growth.

Each of the 21 beneficiary countries
...has its own specific program for taking
...full advantage of the opportunities offered
...by the CBI. In turn, U.S. Embassies,
...working closely with host government
...officials, formulate and implement an
...action plan based on the unique
...conditions in each country. Our ambas-
...sadors evaluate beneficiary country
...policies and programs in relation to the
...criteria of the Caribbean
...Economic Recovery Act and work
...with beneficiary governments to avoid
...and correct any potential problems in this
...area. Supplementing embassy activi-
...ties, interagency teams of Washington
...have visited beneficiary coun-
...tries several times to discuss host coun-
...try embassy CBI programs and to
...identify any possible shortcomings in

meeting the provisions of the act. These
...teams also meet with private sector
...leaders to seek to develop a coordinated
...approach involving both private and
...public sectors. The teams also meet with
...the media to explain Administration pro-
...grams to the general public.

Economic Assistance. One of the
...U.S. Government's major efforts in
...support of the CBI has been a steadily
...increasing program of economic assist-
...ance. Overall, our economic aid to the
...CBI region has about doubled since the
...program was announced, from \$695 mil-
...lion in FY [fiscal year] 1982 to the
...\$1.5 billion which we are requesting for
...FY 1987. A large part of this increase is
...directed to Central American countries,
...but I emphasize that the Central Ameri-
...can program is not growing at the ex-
...pense of the Caribbean. Our economic
...assistance to the Caribbean region only,
...excluding Central America, has in-
...creased from \$337 million in FY 1982 to
...\$385 million requested for FY 1987.

Not only the total flow to the region
...but also our objectives, our strategy,
...and the nature of our programs have
...been changing in response to the CBI.
...My colleague from AID [Agency for
...International Development] will give a
...detailed explanation of strategy and pro-
...grams for the region, but I do want to
...emphasize three specific objectives for

our assistance, which strongly support
...the CBI:

- To promote short-term economic
and financial stabilization;
- To encourage production, trade,
and investment in nontraditional
exports; and
- To enhance production, manage-
ment, and marketing capacities of the
private sector.

Trade and Investment Promotion.
The Department cooperates with other
...U.S. agencies to facilitate trade and
...investment between the United States
...and CBI beneficiary countries. This is a
...major concern for all our embassies in
...CBI countries. Each has a commercial
...section, headed either by a Department
...of Commerce or State official, to work
...closely with U.S. businesspeople and the
...host country private sector and govern-
...ment in promoting investment and
...trade. Frankly, more needs to be done
...in this area. CBI beneficiary exports to
...the United States have encountered
...some problems—as outlined in detail by
...Ambassador [and U.S. Trade Repre-
...sentative Clayton K.] Yeutter and
...Under Secretary [of Commerce for
...International Trade Bruce] Smart. In a
...related area, two specific measures
...which we are encouraging governments
...to take in order to attract additional
...economic activity (notably in the tourism

Secretary Meets With Contadora Groups



On February 10, 1986, at the Department
...of State, Secretary Shultz met with the
...Foreign Ministers of the Contadora coun-
...tries and the Contadora support countries.
...Left to right: Jorge Abadia (Panama), Si-
...mon Consalvi (Venezuela), Augusto Rami-

rez (Colombia), Dante Caputo (Argentina),
...Olavo Setubal (Brazil), Secretary Shultz,
...Allan Wagner (Peru), Enrique Iglesias
... (Uruguay), and Bernardo Sepulveda
... (Mexico).

sector) and to improve the investment climate are the negotiation of tax information exchange agreements, so as to benefit from the CBI's convention tax deduction, and to sign bilateral investment treaties.

Public Diplomacy. Broad public understanding of the CBI's goals are necessary to sustain the program over the long term. Second, potential investors must be informed about the program and the economic and political situation of the CBI countries. The Department has, consequently, given the region and the initiative priority attention in its public diplomacy activities. Department officers have spoken throughout the country on the CBI, either individually or together with other agency representatives, and we expect to expand these activities. In this regard, these hearings, together with other congressional public information activities, are most welcome. The President's recent trip to Grenada, of course, provided unique opportunities to explain to the U.S. and CBI public the purposes of the program and to underscore the U.S. commitment to the initiative. U.S. Embassies, including particularly USIA [United States Information Agency] representatives, reinforce this message by regularly meeting with the host country press and interested groups to discuss CBI implementation.

Multilateral Support. The Department is actively encouraging strengthened multilateral support for the CBI. Because of the committee's special interest in this issue, I would like to describe it in some detail.

Multilateral Support

There are four main targets of our efforts to encourage multilateral participation:

- The countries of the Caribbean rim;
- Other developed countries which take an active role in the region;
- Multilateral institutions; and
- Private sector participation from third countries.

Let us consider these in turn.

Caribbean Rim. When the President announced the initiative in 1982, he noted that four other countries were each intensifying their own efforts in support of economic development in the Caribbean Basin countries through programs which augment and complement the CBI. These efforts have continued.

- *Canada.* The Government of Canada announced its intention to double its bilateral aid to the Commonwealth Caribbean by 1987; it is well on its way to achieving this target. Canadian aid flows have also increased to Central America. Prime Minister Mulroney has also announced plans to implement by mid-1986 a preferential trade arrangement similar to the CBI for the Commonwealth Caribbean. Thus, shortly, we expect the Commonwealth Caribbean countries to have nearly unlimited trade access to the entire North American market.

- *Venezuela and Mexico.* Although these countries face considerable challenges in promoting their own economic development and resolving pressing debt service problems, they have continued their joint oil facility, which offers special credit terms to nine petroleum-importing countries in the basin. These credits may also be converted to long-term development loans under certain conditions. Venezuela has extended assistance to the region and has helped Curacao by leasing the Shell petroleum refinery there for a 5-year period.

- *Colombia.* Colombia has offered special trade credits and technical assistance programs to several governments in the region and is exploring other ways to promote trade and investment. Although of modest scope compared to the U.S. and Canadian programs, the Colombian program is a substantial effort for a developing country and shows the interest of the Colombian Government in playing an active and constructive role in the Caribbean Basin.

Developed Country Participation.

Over the past 4 years, the Department has intensified its consultations with key allies on Caribbean Basin policies and programs, with specific attention to the CBI. Examples of expanded multilateral cooperation include:

- The European Communities (EC) have several programs which predate the CBI. The most important program is the Lome convention, which offers trade preferences for imports from the Commonwealth Caribbean countries—duty-free entry into the EC market for most goods produced in the beneficiary countries, as well as specific commodity protocols, some of which offer guaranteed prices for specified quantities of certain commodity exports of the beneficiary countries. The convention also provides for economic aid and other incentives for investment, tourist promotion, training, financial assistance for

unforeseen export shortfalls of certain products, and technical cooperation. Department officers and our mission to the European Communities have consulted regularly with the EC member states and the European Commission strengthen joint activities in the basin. In November 1985 the EC adopted a framework agreement with the Central American countries which makes a new commitment to assist Central America. The EC agreed to double its financial resource flows to the region over the next 5 years. We are exploring ways through which the EC and the United States might work together to promote increased investment and trade with Central America and help strengthen regional institutions.

- The United Kingdom has organized several investment missions to the region, promoted the opportunities offered by the Lome convention and CBI for European businesspeople, and sustained its economic development assistance to the region.

- The Federal Republic of Germany has increased its aid flows to the region and is currently exploring ways to work with us to improve the investment environment in the region. It has also participated in joint seminars on the CBI with several German commercial centers.

- France has increased its aid to the region, especially to the east Caribbean where it recently opened an embassy in St. Lucia. French authorities have collaborated with private sector groups to inform the French business community about the CBI.

- Dutch officials have urged the dependencies in the Netherlands Antilles to make full use of the CBI. They have collaborated in organizing several CBI seminars in Holland.

- Japan has recently intensified CBI-related activities by increasing trade credits and developmental assistance to the basin and by organizing joint private/public sector investment missions to several beneficiary countries in March.

Multilateral Institutions. For the past 8 years the U.S. Government has been supporting the Caribbean Group for Cooperation in Economic Development (CGCED), a consultative group by the World Bank which involves 30 donor countries and international institutions as well as some 15 Caribbean countries. It aims to strengthen international cooperation with regular economic assistance to the region and

note sound economic policies to
 ove the environment for investment
 trade expansion. The CGCED, in
 t, performs a role which comple-
 s and supports the goals of the
 We are now exploring the organi-
 n of country-specific consultative
 ps for Central American countries
 h would hopefully have a similar
 elementary role.

Private Sector Cooperation. Private
 r groups in some developed coun-
 are active supporters of the CBI.
 British West India Committee has
 particularly active. For example, it
 ized a 50-member investment mis-
 to the recent Miami conference on
 Caribbean and has hosted a series of
 hars on the CBI in Great Britain.
 ommittee now plans to direct its
 tion to engaging other European
 ess groups in the region. Similarly,
 anadian Association-Latin America
 he Caribbean has worked closely
 U.S. agencies in promoting the
 n Canada and in promoting Cana-
 business contacts with the region.

vements in the CBI

I and other Administration wit-
 : have outlined represents, in our
 some significant progress under
 BI and a major effort within this
 istration and by the other CBI
 pants to implement the program
 ively. There are, of course, some
 ms and issues. This committee has
 for our analysis of what needs to
 nged to make the CBI more effec-
 including recommendations for
 tive or administrative changes.
 e problem which most concerns
 one which is not susceptible to
 e legislative or administrative
 als but which I, nevertheless,
 o highlight as an important issue.
 e problem of frustration based
 ealistic expectations. Because this
 amatic and unprecedented pro-
 popular expectations in the Carib-
 asin have been and remain high.
 y, the CBI is having an impact.
 ere is, as yet, little visible differ-
 living standards in the Carib-
 asin. As a result, we hear a
 amount of impatience with the
 n and with the economic model
 he CBI represents.

How do we deal with this impa-
 We must try to channel it into
 ctive forms. There is a kind of
 nce that impels people to act—to
 the obstacles before them with

new courage. There is another kind that
 makes people give up or pronounce their
 own and others' efforts a failure. That
 second kind is not only premature; it is
 tragic and self-fulfilling. That will cause
 investors to give up on the region also
 and not even to look at possible oppor-
 tunities there. But the first kind of
 impatience is creative and energizing. I
 hope that the frustrations which we are
 seeing expressed in the region will
 impel everyone to reexamine and
 redouble their efforts.

On the part of the countries of the
 CBI region, that means a renewed
 determination to attack outmoded and
 distorting economic structures which
 have impeded their growth to date.
 Many governments have already under-
 taken programs to adjust their econo-
 mies. But adjustment is a dynamic, not
 a static, process; one that requires con-
 tinuing efforts and new approaches as
 opportunities develop or economic condi-
 tions change. As difficult as many of
 these adjustments have been and con-
 tinue to be, they are indispensable. And
 we are beginning to see in some coun-
 tries the first fruits of the sacrifices
 of the past few years, in terms of im-
 proved investor confidence and capital
 flows, increased exports, the restoration
 of growth, and improved job prospects.
 These countries must stick to their
 course, so that the full benefits of
 structural adjustment policies can be
 produced.

For our part in the United States,
 we need, above all, to keep our own
 economy vibrant and open. Our market
 and our resources are vast compared to
 the small economies of the Caribbean
 Basin, even taken together. But if our
 own economy falters, our ability to help
 our neighbors will suffer as well, and, of
 course, our market will offer fewer
 opportunities. Therefore, we will con-
 tinue policies to keep our economy
 dynamic and innovative.

Above all, we must resist the easy-
 and terribly destructive—temptation of
 protectionism. Trying to resolve our
 problems by closing markets may seem
 like a solution, but, in fact, it only wors-
 ens the original problems by promoting
 inefficient and costly production. The
 ultimate solution to our trade problems
 is to work toward more open markets
 and more rational economic policies
 everywhere: in the United States, in the
 Caribbean Basin, and in the economies
 of our trading partners throughout the
 world.

This Administration is committed to
 an open and fair trading regime. Demon-
 strations of this commitment include
 President Reagan's recent decisions to
 reject the use of quotas on imports of
 shoes and copper. We are also actively
 working to organize another round of
 multilateral negotiations to liberalize
 further international trade in goods and
 services.

More specifically, we need to main-
 tain the integrity of the CBI program.
 Clearly, as times change and as political
 problems develop on this or that issue,
 there will be pressures for revisions in
 the program. However, investors need a
 reasonable expectation of stability
 before they commit their capital and
 energy to a new venture. This Adminis-
 tration understands that and will defend
 the integrity of the program against
 changes that would weaken it. Let me
 emphasize that this is a commitment
 which comes from the very top. Two
 months ago, in Miami, Vice President
 Bush said that: "We in the Admin-
 istration must, and we will, fight any
 proposal in any form that would inhibit
 the free flow of trade from the Carib-
 bean." I ask this committee, which
 played an indispensable and leading role
 in securing passage of the CBI program,
 to also express its commitment to pro-
 tecting the CBI program against protec-
 tionist revisions and preserving its
 integrity for its full 12 years.

At the same time, we must look for
 ways to enrich the initiative. And here I
 finally arrive at some specific actions
 which we can take administratively or
 through legislation. Several measures
 are already being implemented: im-
 proved opportunities for U.S. Govern-
 ment procurement and liberalized access
 for certain garments. Another measure
 will require legislation: expansion of
 investment opportunities under Section
 936 of the U.S. Internal Revenue Code.

Last November Vice President Bush
 announced the Administration's decision
 to waive for CBI countries certain re-
 quirements under U.S. law relating to
 the GATT [General Agreement on
 Tariffs and Trade] Government Procure-
 ment Code. As a result, products ex-
 ported by CBI countries will have a
 chance to compete for certain U.S.
 Government purchases which had previ-
 ously been closed to them. I want to
 add today that the U.S. Government has
 developed a program to help businesses
 in CBI countries take advantage of
 these new opportunities by explaining to
 them the specific procedures and regula-
 tions governing U.S. procurement and

offering them practical advice on how to enter this very complex and competitive market.

The President in Grenada announced a program of special importance to the region. We will implement soon a special program to provide greater access to the U.S. market for garments sewn in CBI countries from fabric manufactured and cut to pattern in the United States. This comes in response to repeated requests from CBI leaders emphasizing the importance of the labor-intensive assembly industry to their economies. Further, it responds to the interest of many U.S. investors to locate parts of their textile operations in neighboring countries where they could take advantage of the industrial opportunities there. This reflects the natural economic complementarity of the U.S. and Caribbean Basin economies; it will result in a product which meets consumer needs at an attractive price and is able to compete with products which are totally made outside the United States. It thus preserves jobs in the United States, even while creating jobs and promoting the economic development of our neighbors in the Caribbean Basin.

Another major improvement which is underway is the proposal endorsed by the House for encouraging cooperative production between Puerto Rico and CBI countries. This is an imaginative proposal which originally came from Puerto Rican Governor Hernandez Colon and reflects Puerto Rico's special status as a bridge between the mainland United States and the Caribbean Basin. Under the proposal approved by the House on Section 936 of the U.S. Internal Revenue Code, profits from U.S. investments in Puerto Rico can be further reinvested by the Puerto Rican Government Development Bank in active business assets in CBI countries and still receive a tax credit. This could provide a major boost to CBI countries, which remain starved for investment and capital. I urge the Senate to join the House in approving this provision.

We need also to address the problem of sugar. Since the passage of the domestic support program for sugar, our imports of sugar have been declining and now are about half of what we imported prior to the program. The effects of the declining U.S. sugar quota on CBI countries is difficult to measure precisely, but it is clearly substantial in terms of lost foreign exchange earnings and employment. Sugar is a key export from the region; for example, it accounts

for a third of the total foreign exchange earnings of the Dominican Republic.

When he signed the farm bill, the President made very clear his concern about the negative impact of our sugar program on CBI countries. The Administration is now studying several different approaches to mitigate these problems.

I understand the committee and possibly other interested Members may travel to the CBI region sometime this spring to take a firsthand look at what the CBI has accomplished and what needs to be done. I very much welcome such a firsthand exploration by the committee and offer any assistance which we or our embassies could provide to make the trip as productive as possible.



Concluding Overview

The CBI was born full of promise for the future for both us and for the region. Today, 2 years after implementation of the program, we have lived a small part of that future. How far have we come? How far do we have to go to fulfill the promise of more stable and integrated development?

I think the overall answer is simple: we have set a good course, but we have so far to go that the finish is not yet in sight. The challenge before us is great—self-sustaining prosperity built on a solid base of democratic institutions. But the resources which we collectively bring to this task are also great—the energies and talents of governments and private sector leaders in the United States, the Caribbean Basin, and in an impressive number of other countries interested in the region.

Let me review quickly my first question—how far have we come? Looking back over the years since this Administration first proposed the CBI, I see some major accomplishments in responding to our common goals and interests. The most important achievement has been the spread of democracy.

Despite several exceptions with which you are all familiar, the Caribbean Basin is now overwhelmingly characterized by democratic government chosen as a result of orderly elections that expressed, in their freedom and competitiveness, the will of their respective peoples. There have been some dramatic turnarounds in favor of democracy: the beginning of the democratization process in Haiti; the return of Grenada to democratic institutions; and the coming of the political process in El Salvador, Honduras, and Guatemala to popular choice. There have also been more "routine" elections in countries where democratic practices have long been honored, as in the parliamentary systems in the Caribbean or in Central America's strongest democracy, Costa Rica. My point is that democracy is stronger than ever. The majority of people in the Caribbean Basin now live under political systems which they themselves chosen.

Self-determination and democratic achievements of enormous importance in themselves. They are also crucial to the economic future of the region. As Secretary Shultz noted in a major speech to the Miami conference on the Caribbean in December 1984, democracy and development go hand in hand. In spite of the difficulties which democracies sometimes have in making decisions over the long run a lasting and self-sustaining process of economic development can best be built through a system which rests on the consent of the governed and gives people faith in their institutions.

People must have faith in their institutions if there is to be economic growth. The failure of Cuba's command economy can be traced to a failure of Cuba's Marxist government to give people faith in Cuba's future. Cubans increasingly shudder at the bleakness which will prevail even by the year 2000 if the current regime continues. Without freedom, even Castro's call of last year "10 years of austerity" will not bring a return to economic growth. Castro's eagerness to earn hard currency or "normalize" his relations with the West thereby regenerating growth, come from his belief that he can have both growth and the command economy. But he is missing the point, just as the Soviet Union and Nicaragua have: growth cannot come through political tyranny and total bureaucratic control. To reestablish a productive future, Cuba would, indeed, need to normalize relations with the West, but that cannot come without freedom as well.

Drug Wars: The New Alliance Against Traffickers and Terrorists

by Elliott Abrams

Address before the Council on Foreign Relations in New York City on February 10, 1986. Mr. Abrams is Assistant Secretary for Inter-American Affairs.

The Council on Foreign Relations is a forum for the discussion of weighty matters, the serious business of foreign policy, global economies, military strategy, and national security. I would guess that few council meetings have been devoted to the subject I want to address today. The drug problem has long been thought to be a matter for the police or for the local TV news or Friday night melodramas.

I want to change that attitude, and I appreciate the opportunity you have given me to do so. For I believe that few issues we face in the areas of foreign policy and national security have a greater and more immediate relevance to the well-being of the American people than international narcotics. The sooner all of us who ponder foreign policy issues recognize the extreme threat posed by international narcotics trafficking to the health of our nation and its neighbors, the sooner will this danger to our families and our children be reduced and eliminated.

Not very long ago, the discussion of drug trafficking consisted mostly of finger pointing. We blamed Latin Americans for indifference to the production and movement of narcotics northward. And they pointed to the United States and its insatiable market as the cause of that traffic. Within our own government, different agencies belittled each other's efforts, and some even claimed that fighting narcotics would "degrade" their mission and should best be left to traditional local and federal law enforcement officials, the "nares."

There has been a dramatic change. There is a bit of the "narc" in all of us now—from presidents of Latin American democracies, to commanders of U.S. Navy destroyers in the Caribbean, to Assistant Secretaries of State for Inter-American Affairs. There is, of course, still plenty of blame to be laid. Before I finish tonight I will point my own finger at some specific targets, and I hope some of you will be uncomfortable for it.

But a significant story of the 1980s in this hemisphere, ourselves very much included, has been the breaking down of old attitudes and jealousies, the upgrading of missions, and precedent-setting cooperation against the traffickers and their guerrilla allies and protectors.

In Washington, the level and productivity of joint narcotics control ventures among government agencies is making bureaucratic history. In exactly the same way, effective cooperation among the Andean countries of South America and Brazil is confounding historical judgments about narrow nationalism and the "traditional" role of the military and police in these countries. I don't know which is more surprising—State Department "nares" working closely with Drug Enforcement Administration (DEA) "diplomats" or joint Colombian/Peruvian military and police antidrug actions on their common border. I suspect that neither development has been given sufficient public airing.

The new antidrug alliances are a phenomenon almost as important in inter-American politics as the hemisphere's transition from despotism to democracy over the past 10 years. Moreover, sustaining democracy and combating the "narcoterrorist" threat are inextricably linked. That is our view, and it is the view of democratic leaders throughout the hemisphere.

How did this come about? It did not stem primarily from bureaucratic imperatives in Washington or diplomatic approaches in Lima or Bogota. And it did not result from any particular, persuasive public relations campaign. It happened, simply stated, when we discovered ourselves to be victims and began to fight back in self-defense. In effect, we began to see that the pernicious assault of drugs on society is deeply damaging to the security of our families and communities and that defending our national security has to include defending ourselves against drugs.

The Assault on Society

The scourge takes many forms. In northern South America, still the main route of cocaine traffic to the United States, there is a relatively new drug which some call the most damaging such

We can all learn from the mistakes of the command economy. In simple terms, the lesson is that overbureaucratization is the death knell of initiative, investment, and growth. Let's turn now to a review of economic progress in the Caribbean Basin. Though the region still faces major problems, some of which are beyond the control of the countries themselves, there has been considerable progress on the economic front in recent years. In Central America, the dramatic decline in the region's GNP [gross national product] has been arrested. The Caribbean Basin as a whole (excluding Nicaragua) grew 1%-2% in 1984 and is expected to have grown modestly again in 1985. We are encouraged at this economic upturn, but we also see it as incipient over the longer run. Clearly, further economic progress is needed. Perhaps the most important achievement of recent years has been a new wave of private enterprise shared by governments and the private sector. While it is impossible to quantify, I believe most people who know the region sense a major change in attitude. Increasingly, there is an awareness that it is the private sector which is overwhelmingly the source of investment, jobs, innovation, and growth. Increasingly, the role of government is seen as providing a framework within which the private sector can operate effectively, rather than as the engine of economic activity.

This is a crucial change. For, though attitudes are unquantifiable, they are the basis for people's decisions and actions. If these attitudinal changes continue and grow, then the region ultimately will develop institutions which attract capital and technology, not repel it; which encourage innovation and risk-taking, not capital flight; which foster growth and investment, not decay and stagnation.

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. ■

substance on earth. In Colombia it is called "basuco"—from "base de coca." Basuco is a semirefined coca paste which, when smoked, delivers the "high" of cocaine—and with it the chemical poison of an incomplete refining process. The result is addiction plus the very high risk of severe, permanent brain damage. In one Bogota neighborhood alone, there are an estimated 7,000 juvenile basuco addicts.

Insidiously, the producers of basuco deliberately created a demand for this vicious product and priced it so that whole new segments of society—the young and the poor—could become drug consumers. Basuco has exploded the myth, fostered by traffickers, that the supply merely follows demand; that the traffic only exploits the rich, idle, and perverse gringos and Europeans. In Bolivia and Peru, these same deadly coca-paste cigarettes are known as "pitillos." Bolivian experts suggest a higher per capita incidence of addiction to such drugs in their nation than in the United States.

As the frightening fact emerged that large numbers of their own children were becoming regular users of this terrible and terrifyingly cheap product, authorities and parents in the Andes understood that passive acquiescence in a traffic destined to the distant United States in fact risked the health of their own societies. They have learned that drug-producing countries easily become drug-consuming nations. Something of the traffic always stays behind: this is not a Miami vice alone.

The shock of basuco, and similar revelations about other drugs, were among many over the last several years.

First, there was the economists' conclusion that the so-called economic benefits to producing and trafficking countries reach very few people and are far outweighed by the inflation and other distortions brought on by the traffickers and the money launderers. In Bolivia, for example, reputable, legitimate businessmen (some representing U.S. firms) are finding their backs to the wall, facing bankruptcy as a result of predatory pricing and marketing competition from new firms backed by narcodollar capital. Meanwhile, the construction of condominiums in south Florida does not benefit the Bolivian peasant.

Second, the enormous intimidating and corruptive power of the traffickers surfaced so blatantly that public and political opinion in country after country has recognized the direct menace to

democracy itself. The 1984 drug mafia assassination of Colombian Justice Minister Lara and the kidnap-murder in 1985 of DEA agent Enrique Camarena in Mexico were only the most arrogant demonstrations of this subversion of government institutions.

Third, and related, is the mounting evidence of a deadly connection between narcotics traffickers and guerrilla terrorist groups. It is a link that multiplies the capabilities of each. Colombia provides the best examples: guerrilla groups—the FARC [Revolutionary Armed Forces of Colombia], the M-19, and others—have been found protecting cocaine labs and landing strips and facilitating shipments. Last November, when the M-19 terrorists attacked the Supreme Court and murdered nearly half of its judges, their specific behavior—the judges they sought out first, the extradition documents they burned—convinced Colombian authorities that, whatever their so-called political goals, the guerrillas were also working directly for the traffickers. And on top of that, the fact that some of the weapons they used came from the Sandinistas highlights the immensely dangerous connection to international terrorism. Nor are we immune: here in the United States in October 1984, law enforcement agencies uncovered and foiled a rightwing Honduran coup plot financed by drug money.

Changes in Attitude

For all these reasons, the changes in attitude, commitment, and policy among Latin American countries have been profound. Territorial rivalries and nationalist tensions have not disappeared, but Colombia now actively works with Peru and with Ecuador and Venezuela in interdiction. A new regional narcotics telecommunications system will soon be operating in South America. It will connect for drug law enforcement purposes military and national police establishments which not long ago saw each other as potential enemies.

Successful aerial spraying of marijuana in Mexico, Panama, Belize, and Colombia has been followed by important experiments in aerial eradication of coca by the Colombian national police. Colombia has extradited seven individuals, five of its own citizens, all accused of narcotics trafficking, to the United States. The international movement of chemicals used in the cocaine refining process has been severely restricted.

General awareness of the benefit international cooperation to combat narcotics production and trafficking is increasing. The Organization of American States will hold a special conference in Rio, April 27-28. Many European countries are beginning to look into assisting eradication efforts in Latin America, as they realize that they, too, are targets of the traffickers.

Developments in the United States are running a parallel course. The mythology of cocaine as relatively safe, the only risk being arrest, has been exploded. Concerned Congressmen, like New York Representative Rangel, Chairman of the House Select Committee on Narcotics Abuse and Control, have led a determined and dedicated effort to educate all of us to the danger of drug abuse and the necessity for international cooperation. First Lady Nancy Reagan has pitched in to help carry the message to the youth of this country. Americans are coming, if slowly, to realize that cocaine does lead to addiction: after five or so uses the shift heavily in that direction. The disruptive potential of drug trafficking is increasingly recognized as something more than prime time script material. And basuco, the deadly partially refined coca from South America, has begun to appear in the United States along with "crack," a more refined, but nearly as deadly, form of the drug.

American antinarcotics activity, domestic and foreign, has increased rapidly. Perceived sometime rivals DEA and Customs are collaborating more than ever before. Similarly, the extradition of accused drug traffickers is not a way transit to the United States—they have recently extradited two American citizens to Colombia as part of this effort.

A historic example of teaming—our own government is a current intensive operation off our southern waters under the general direction of Vice President Bush, the U.S. Government has undertaken interdiction operations of unprecedented scope cutting across traditional agency divisions. The Vice President's office has provided coordination to the intelligence and interdiction efforts of the Coast Guard, Navy, and Customs with the cooperation of the international community. The State Department, through our embassies in the region, handles the involvement of a number of foreign governments.

A new function has been added to the traditional tasks of Foreign Service officers. Five of our posts in Latin

rica and the Caribbean have some-called narcotics assistance units charged with administering important programs of assistance and cooperation in countries where they operate. The "narcodiplomats" are on the edge of this critical warfare. They have been partly responsible for encouraging and helping to channel U.S. funds into the successes of Latin American governments I noted earlier. Some of them seem to be doing better in their work with difficult-to-deal-with ranking government officials than are their political and economic section counterparts. One of my personal contributions to the war against illegal drugs will be to ensure that good "narcodiplomats" move up faster in the Foreign Service, drug mafia and their guerrilla forces are shooting at these people. Things that the State Department contribute so directly to the U.S. national security and welfare than our unrelenting war on the narcotics/terrorist combine.

Continuing Threat

At the same time, we must be honest with ourselves. What we and many other nations in the hemisphere are now doing is significant, but it does not mean drug trafficking is being defeated. In the aggregate, we have not reduced the flow of cocaine to the United States at all. The price of the drug has gone down over the past few years in major American cities, indicating increased movement of supplies. Immense profits are creating sharp incentives for increases in coca acreage and innovative production, smuggling and marketing. The pattern of coca cultivation is clear as one flies over the vast eastern slope of the Andes. Illicit plantings are shifted as interdiction programs succeed. As interdiction increases, the traffickers change their operations to neighboring countries. The traffickers constantly experiment with new chemistry and smuggling routes. As our and other forces interdict drugs in the Andes, the traffic flows elsewhere. Increasingly it is being transported through Mexico and across our border. As old methods of hiding drug powder are unearthed by Customs, more sophisticated ways are developed. A recent cocaine shipment from Colombia arrived in a case of plastic imitations of the ubiquitous.

Where does that place all of the increased cooperative efforts I have just described? It means that more, much more has to be done. But, at the very least, it also means that very few of the principal actors are now attempting to hide their own inaction by pointing the finger at others. Almost everyone is now in the act together. The experts in our agencies and in other countries are agreeing that interdiction, or eradication, or extradition, or the reduction of demand cannot work if attempted in isolation, one tactic at a time.

The problem is huge; it must be addressed across the board. The resources arrayed against our efforts are staggering. Cocaine is at least a \$40-billion-dollar-a-year business. For obvious reasons, exact figures are elusive—it may be twice that. What is clear, is that everyone is affected, everyone is to blame, and everyone is responsible for action.

Shared Responsibilities

This brings me to some finger pointing of my own. Has the American system—and here I refer to more than this or that governmental agency—done its part as a whole? What of a large portion of the media which glamorizes succeeding generations of "designer drugs" (some might call basuco just that)? Or what about those who conclude, in frustration at the slow pace of progress, that the task is "impossible" and therefore not worth attempting?

How genuinely responsible, beyond the strict dictates of the law, are major American banks in making certain they are not involved in the "laundering" of drug money? How many banks represented in this room have been cited recently for failure to report cash transactions of over \$10,000? The last list I saw included five banks just here in New York City. Do those bankers who turn a blind eye in order to turn a better profit have any idea what they are doing? To their country? To their communities? To their own children?

How many communities look only toward the fresh tax revenues they will receive (maybe) when the drug barons build mansions or buy condominiums by the beach? And how many lawyers, executives, media stars, and athletes still believe a little "coke" for "recreational use" is OK?

I may sound a little arrogant, but I feel that my colleagues in the State Department, in the uniformed services, and in the drug agencies are doing their

part. And I believe that there is a great deal to praise in Central and South America and the Caribbean, where poor governments have made the critical turn against rich, powerful forces imbedded in their own histories and economies.

This commitment is evident in Bolivia, where the democratic government of South America's poorest country has taken initial steps to reduce the substantial cultivation of the coca leaf, a product with almost sacred dimensions through historic ties to the Incas. Just after New Year's Day, the 200 members of the country's only antinarcotics strike force were surrounded and threatened by as many as 17,000 angry peasants because they represented a renewed police presence in Bolivia's largest coca-growing region. The reason? The peasants were beginning to feel the economic effects of the government's assault on a crop for which there is no economic substitute. Incidentally, those 200 strike-force members are supposed to cover an area the size of France.

In less than 6 months in office, the democratic Government of Peru has launched three large-scale interdiction operations, seizing more than 13 metric tons of coca paste and destroying 69 clandestine airports. A major narcotics ring has been broken up and its "godfather" arrested, and 369 senior police officers have been forced into early retirement as part of a "moralization" campaign. Fifty-four percent more coca was eradicated in Peru in 1985 than in 1984.

Corruption and intimidation remain major problems. But, at the very least, most of these governments have stopped insisting that it is our problem and have begun to try to do something about this universal scourge. I believe they deserve more help from us and more private action on our own soil.

Next Steps

What kind of additional help do I think we should provide? One area which deserves to be considered is a major increase in the tools many of these countries require for drug enforcement and interdiction. I am not talking about jet fighters or aircraft carriers; but I am talking about more armored helicopters and troop-carrying aircraft. Why? Because when the police or special military units go after jungle labs today, they are likely to run into assault rifles and machine guns, not Saturday night specials. Better targeted U.S. assistance would serve U.S. national security, and

it would, at the same time, demonstrate that we are listening to what the new, democratic leaders of Latin America are saying—with increasing frequency—about their real national security needs: less for military competition with their neighbors and more for defense against the trafficking and terrorizing enemy within.

Would this mean spending more? I'm not sure. American taxpayers now shell out over \$1.5 billion a year, more or less evenly divided between enforcement on the one hand and treatment, prevention, and rehabilitation on the other. And of that amount, less than a \$100 million is spent abroad. Those of you who are businessmen will know better than I the costs to your own operations of drug-using employees. Certainly, we could do more, much more, to stop the stuff before it reaches our shores.

Similarly, the ongoing debate in Washington about the proper mix of civilian and military assistance related to the drug war should be accelerated. The time has come—now that Latin America is 90% democratic—for our system to recognize that certain legal restrictions which emerged from another era no longer apply across the hemispheric board. If a national police, responsive to an elected democratic civilian government, can do the job best, then we must be able to allow our own agencies, civilian and military, to assist the police. And if, in a specific country, the military—under democratic civilian control—has the mandate, then that is where our aid should be directed.

I believe that recent history does justify more from us, both as a government and as a people. The statistics and the experiences of what drug abuse is doing to a generation and more of Americans (and Brazilians, Colombians, and Jamaicans) demands that we do more and that we end whatever indifference remains. Attacking the traffic in narcotics is as high a priority as we have in the U.S. Government. I have told my diplomats that, and the Navy is showing it by supporting the Coast Guard's mission.

Now it's the turn of the Council on Foreign Relations and of people like you. It is time to go beyond sitting in judgment on what bureaucrats and foreigners are doing. It is time to join the war against drugs. As Ecuador's president said, in somewhat more colorful terms, during a recent visit to a coca field to observe eradication: "Let's get rid of this garbage."

This is not just a health problem, not just a foreign aid problem, not just a police problem. It is a moral challenge and a national security matter. It threatens democracy in our hemisphere and children in our homes. Let us treat it with the seriousness it deserves. ■

February 1986

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

February 5

Ambassador Nitze consults with allies in Europe and Ambassador Rowny consults with allies in Asia in an effort to form a response to the Soviet Union's arms control proposal.

February 6

U.S. vetoes a UN Security Council resolution deploring Israel's interception of a Libyan civilian airliner.

February 11

Shultz meets with Mexican Foreign Minister Sepulveda to discuss mutual interests including Mexico's economic problems.

President Reagan asks Ambassador Habib to go to the Philippines to "assess the desires and needs of the Filipino people."

U.S. arms control adviser Nitze meets with Belgian Foreign Minister Tindeman to discuss Geneva arms control negotiations.

February 12-13

In Geneva, Assistant Secretary Crocker meets with South African Foreign Minister Botha to discuss bilateral and regional affairs.

February 13-14

In Washington, the U.S. and a South Pacific forum delegation hold consultations on the South Pacific Nuclear-Free Zone (SPNFZ) Treaty and its protocols. Subject to decision by the forum heads of government, the protocols may be available for signature by outside states later this year. The U.S. is studying the implications of the treaty and its protocols for the U.S. and overall regional and global security.

February 13

Acting Secretary of State Whitehead and Soviet Ambassador Dobrynin exchange diplomatic notes amending the 1966 Air Trans Agreement. Under the terms of the amended agreement, designated carriers—Pan Am and Aeroflot—will resume direct air service between the U.S. and the U.S.S.R. The cities served are Moscow, Leningrad, Washington and New York. Service will be inaugurated under the new agreement on April 28, 1986. The terms of the agreement permit each line to make a maximum of four flights per week to the other country.

February 17

The U.S. and Laos begin a joint excavation of the site of an AC-130 airplane which crashed on March 29, 1972 in Savannakh Province in southern Laos. Fourteen crew members are unaccounted for in connection with this aircraft.

February 18

The following newly appointed ambassadors presented their credentials to President Reagan: Kyung Won Kim (South Korea), So Soedarman (Indonesia), Herman Dehenn (Belgium), Arnold T. Halfhide (Suriname) and Bishwa Pradhan (Nepal).

February 19

Deputy Trade Representative Woods announces U.S. intention to tighten enforcement of an order restricting imports of semifinished steel from the European Community (EC) and administration of the U.S.-EC steel arrangement. This action is in response to the EC's "unjustified, unnecessary, and unfriendly retaliation" against semifinished steel; restrictions implemented Jan. 1 in accordance with the U.S.-EC arrangement. On Jan. 27, the EC announced it would restrict \$43 million of U.S. fertilizer, beef fat, paper, and paperboard production effective Feb. 15. ■

Current Actions

MULTILATERAL

Agriculture

International plant protection convention Done at Rome Dec. 6, 1951. Entered in force Apr. 3, 1952; for the U.S. Aug. 18, 1972. TIAS 7465.
Adherence deposited: Grenada, Nov. 27, 1985.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done Geneva June 27, 1980.¹
Ratification deposited: Angola, Jan. 28, 1986.

Cultural Relations

Protocol to the agreement on the importation of cultural goods.

educational, scientific, and cultural matters, Nov. 22, 1950 (TIAS 6129). Adopted by the General Assembly, Dec. 17, 1976. Entered into force Dec. 2, 1982.²
Accession deposited: France, Jan. 3, 1986.

Containers—Containers

Convention on containers, 1972, with protocol. Done at Geneva Dec. 1, 1972. Entered into force Dec. 6, 1975; for the U.S. May 12, 1985.
Accession deposited: China, Jan. 22, 1986.

Legal Procedure

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Oct. 18, 1970. Entered into force Oct. 10, 1978. TIAS 7444.

Accession deposited: Monaco, Jan. 17, 1986.^{3,4}
 Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1981.

Accession deposited: Spain, Feb. 7, 1986.

International agreement on jute and jute manufactures, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force Oct. 1, 1984.
Accession deposited: Austria, Nov. 13, 1985.

Pollution

Convention relating to intervention on the high seas in respect of pollution by substances other than oil. Done at London Nov. 2, 1973. Entered into force Mar. 30, 1983. TIAS 10561.
Accession deposited: France, Dec. 31, 1985.³

Convention of 1984 to amend the international convention on the establishment of an international fund for compensation for oil pollution damage, 1971. Done at London Oct. 27, 1984.¹

Accessions: Finland, Nov. 29, 1985; Netherlands, Nov. 27, 1985; Norway, Nov. 28, 1985.

Convention of 1984 to amend the international convention on civil liability for oil pollution damage, 1969. Done at London May 25, 1984.¹
Accessions: China, Nov. 22, 1985; Finland, Nov. 27, 1985; Netherlands, Nov. 27, 1985; Norway, Nov. 28, 1985.

Maritime Matters

Convention on the international maritime convention on the high seas, as amended. Signed at Geneva Oct. 1, 1978. Entered into force Mar. 17, 1984. TIAS 4044, 6285, 6490, 8606, 10374.
Accession deposited: Antigua and Barbuda, Jan. 1, 1986.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.²
Accession deposited: Mozambique, Jan. 1, 1985.

Convention of 1978 relating to the international convention for the safety of life at sea, 1974. Done at London Feb. 17, 1978.

Entered into force May 1, 1981. TIAS 10009.
Accessions deposited: Brazil, Nov. 20, 1985; Ethiopia, Jan. 3, 1986.

Amendments to the international convention for the safety of life at sea, 1974 (TIAS 9700). Adopted at London June 17, 1983.
 Enters into force: July 1, 1986.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹
Signatures: Liechtenstein, Jan. 13, 1986; Mongolia, Jan. 23, 1986.

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.
Accession deposited: Malawi, Feb. 19, 1986.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹
Ratifications deposited: Canada, Dec. 4, 1985; Turkey, Dec. 20, 1985.

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.¹
Signatures: Burkina Faso, Dec. 12, 1985; Morocco, Feb. 7, 1986.

Postal—Americas and Spain

Second additional protocol to the constitution of the Postal Union of the Americas and Spain, with general regulations. Done at Managua Aug. 28, 1981. Entered into force Jan. 1, 1982.
Ratification deposited: Uruguay, Dec. 16, 1985.

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. TIAS 3365.

Accessions deposited: Comoros, Nov. 21, 1985.

Protocol additional to the Geneva conventions of Aug. 12, 1959 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of vic-

tims of international armed conflicts (Protocol I), with annexes. Done at Geneva June 8, 1977. Entered into force Dec. 7, 1978.¹

Protocol additional to the Geneva conventions of Aug. 12, 1949, and relating to the protection of victims of noninternational armed conflicts (Protocol II). Done at Geneva June 8, 1977. Entered into force Dec. 7, 1978.¹

Accessions deposited: Comoros, Nov. 21, 1985; Suriname, Dec. 16, 1985; Uruguay, Dec. 13, 1985.
Ratification deposited: Holy See, Nov. 21, 1985.³

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, 1968. TIAS 6577.

Accession deposited: Equatorial Guinea, Feb. 7, 1986.

Satellite Communications Systems

Convention on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.
Accession deposited: Bahrain, Jan. 8, 1986.

Operating agreement on INMARSAT, with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.
Signature: Bahrain, Jan. 8, 1986.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Entered into force provisionally Jan. 1, 1985; definitively Apr. 4, 1985.⁵

Accession deposited: Cameroon, Jan. 22, 1986.
Ratification deposited: Jamaica, Jan. 16, 1986.

Telecommunication

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986.
Ratifications deposited: Belize,³ Dec. 20, 1985; Chile,^{3,4} Dec. 12, 1985; Guyana, Indonesia,³ Monaco, Paraguay, Vatican City, Dec. 30, 1985; Finland, New Zealand,⁶ Jan. 3, 1986; Federal Republic of Germany,^{3,4,7} Dec. 6, 1985; India, Iran, Jan. 8, 1986; Kenya, Nov. 29, 1985; Republic of Korea, Nov. 26, 1985; Singapore, Dec. 23, 1985; Spain, Dec. 17, 1985; Thailand, Nov. 13, 1985; U.S.S.R.,^{3,4} Dec. 16, 1985.

UNIDO

Constitution of the UN Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979. Entered into force June 21, 1985

Accession deposited: Grenada, Jan. 16, 1986.

BILATERAL

Antigua and Barbuda

Agreement concerning the disposition of commodities and services furnished in connection with peacekeeping operations for Grenada.

Effected by exchange of notes at St. John's Dec. 16, 1985, and Jan. 28, 1986. Entered into force Jan. 28, 1986.

Australia

Agreement concerning trade in certain steel products, with arrangement and related letters. Effected by exchange of letters at Washington Jan. 16, 1985. Entered into force Jan. 16, 1985; effective Oct. 1, 1984.

Austria

Agreement concerning trade in certain steel products, with arrangement and related letters. Effected by exchange of letters at Washington Dec. 19, 1985. Entered into force Dec. 19, 1985; effective Oct. 1, 1984.

Belgium

Agreement extending the memorandum of understanding of June 2, 1980 (TIAS 9800), for the development of a cooperative program in the sciences. Signed at Washington and Brussels Aug. 12 and 26, 1985. Entered into force Aug. 26, 1985; effective June 2, 1985.

Brazil

Agreement amending and extending the agreement of Nov. 17, 1977, as amended and extended (TIAS 8981, 10802), relating to equal access to ocean carriage of government-controlled cargoes. Signed at Rio de Janeiro Dec. 19, 1985. Entered into force Dec. 19, 1985.

Cameroon

Treaty concerning the reciprocal encouragement and protection of investment, with annex. Signed at Washington Feb. 26, 1986. Enters into force 30 days following the date on which the parties have notified each other that their constitutional procedures have been completed.

China

Memorandum of understanding concerning the operation of the Landsat system, with annex. Signed at Washington and Beijing July 2 and 8, 1985. Entered into force July 8, 1985.

Costa Rica

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at San Jose Dec. 16, 1985. Entered into force Jan. 29, 1986.

Egypt

Fourth amendment to the grant agreement of Aug. 29, 1979 (TIAS 9632), for the Shoubra El-Kheima thermal power plant. Signed at Cairo Dec. 31, 1985. Entered into force Dec. 31, 1985.

Third amendment to the grant agreement of Sept. 22, 1981 (TIAS 10277), for the irrigation management system project. Signed at Cairo Dec. 31, 1985. Entered into force Dec. 31, 1985.

First amendment to the grant agreement of Sept. 24, 1985, for cash transfer. Signed at Cairo Dec. 31, 1985. Entered into force Dec. 31, 1985.

Ethiopia

Compensation agreement, with agreed minutes. Signed at Addis Ababa Dec. 19, 1985. Entered into force Dec. 19, 1985.

Jamaica

Agreement for sale of agricultural commodities. Signed at Kingston Jan. 15, 1986. Entered into force Jan. 15, 1986.

Mexico

Understanding regarding subsidies and countervailing duties. Signed at Washington Apr. 23, 1985. Entered into force Apr. 23, 1985.

Panama

Cooperative arrangement for the production of topographic maps of Panama, with annexes. Signed at Washington and Panama Jan. 29, 1986. Entered into force Jan. 29, 1986.

Sri Lanka

Agreement amending the agreement for the sale of agricultural commodities of Oct. 23, 1985. Effected by letter and concurrence at Colombo Jan. 10, 1986. Entered into force Jan. 10, 1986.

Sudan

Agreement for sales of agricultural commodities, with annexes. Signed at Khartoum Jan. 26, 1986. Entered into force Jan. 26, 1986.

U.S.S.R.

Agreement extending the agreement of Nov. 26, 1976, as amended and extended, (TIAS 8528, 10531, 10532, 10696) concerning fisheries off the coasts of the U.S. Effected by exchange of notes at Washington July 29, and Sept. 2, 1985. Entered into force: Dec. 20, 1985.

Agreement amending the air transport agreement and supplementary agreement of Nov. 4, 1966 (TIAS 6135). Effected by exchange of notes at Washington Feb. 13, 1986. Entered into force Feb. 13, 1986.

Yugoslavia

Agreement concerning trade in certain steel products, with arrangement. Effected by exchange of letters at Washington Jan. 14, 1986. Entered into force Jan. 14, 1986; effective Oct. 1, 1984.

Zimbabwe

Memorandum of understanding extending the memorandum of understanding of Sept. 25, 1980 (TIAS 10054), on cooperation in the field of agricultural science and technology. Signed at Harare and Washington Oct. 12 and Nov. 30, 1985. Entered into force Nov. 30, 1985; effective Sept. 25, 1985.

¹Not in force.

²Not in force for the U.S.

³With reservation(s).

⁴With declaration(s).

⁵Provisionally in force for the U.S.

⁶Applicable to the Cook Islands and N

⁷Applicable to Berlin (West). ■

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*21	2/4	Shultz: opening remarks at the ceremony for the observance of Black History Month.
22	2/5	Shultz: statement before the House Foreign Affairs Committee.
*23	2/14	Whitehead: remarks at the signing ceremony of the U.S.-U.S.S.R. civil aviation agreement, Feb. 13.
*24	2/18	Shultz: remarks before the international conference on privatization.
25	2/19	Shultz: statement before the Senate Budget Committee.
*26	2/19	Shultz: welcoming remarks before the U.S.-Asia Institute conference.
27	2/21	Release of the International Narcotics Control Strategy Report for 1985.
*28	2/21	Shultz, Casey: remarks at the ceremonial unveiling of the Statue of Liberty centennial commemorative stamp.
*29	2/24	Program for the official working visit of Cameroon President Biya, Feb. 25-28.
*30	2/24	Secretary's meeting with black American educators returning from South Africa.
31	2/26	Shultz: statement and question-and-answer session on the Philippines, White House, Feb. 24.
*32	2/27	Shultz: interview on NBC-TV "Today Show."
33	2/27	Shultz: statement before the Senate Foreign Relations Committee.
*34	2/28	U.S. and Barbados exchange instruments of ratification of convention.

*Not printed in the BULLETIN. ■

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Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402

Second Class Mail
Postage and Fees Paid
U.S. Government Printing Office
ISSN 0041-7610

OFFICIAL BUSINESS
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Department
of State
bulletin

The Official Monthly Record of United States Foreign Policy / Volume 86 / Number 2110

May 1986



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Department of State bulletin

Volume 86 / Number 2110 / May 1986

Cover:

Gold pendant from the Ivory Coast.

Design by Sally Brennan, Publishing Services, Department of State.

(Photo by Musee de l'Homme)

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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The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through March 31, 1987.

Department of State BULLETIN (ISSN 0041-0165) is published monthly (plus annual index) by the Department of State, 2201 C Street NW, Washington, D.C. 20520. Second-class postage paid at Washington, D.C., and additional mailing offices. POSTMASTER: Send address changes to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

NOTE: Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

For sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402



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Sub-Saharan Africa and the United States (Part 2)

S. Relations

gh Portuguese, French, Dutch, h, Belgian, and German involve- in Africa preceded that of the l States and exceeded it in scope, elations with Africa, influenced by atus as a former colony and our e from the ranks of colonial s, have long been affected by itarian considerations and cultural n the 19th and early 20th cen- following participation in the rade, the United States began and more positively to increase olvement through the activities of aries, explorers, and commercial ies. World War II changed an perceptions and shifted U.S. ies and policies. Africa, the ng giant," was beginning to n, bringing the realization that ited States and the rest of the ould soon have to consider its l and economic potential. ving played a major role in draft- ovisions of the UN Charter, which ed the philosophical base for the colonialism, the United States ed African independence. Since he United States has actively

cooperated to promote economic development through bilateral and multilateral programs and in supporting enhanced regional security.

Africa is increasingly important to U.S. national interests.

- Africa is a significant factor in multilateral politics. With its bloc of 46 nations (51 with North Africa), Africa can play an important, often decisive, role in international organizations and multilateral meetings.
- The region possesses important natural resources—oil, copper, iron, bauxite, uranium, cobalt, chromium, platinum, manganese, gold, and diamonds.
- Africa offers a growing field for trade and economic cooperation with the United States. The United States needs to buy African raw materials; Africa requires capital investment, new technology, managerial skills, and markets to develop other products.
- The continent is strategically located. Many countries have deep-water ports, good airfields, and controlling positions in relation to major waterways and air corridors. The oil tanker routes from the Persian Gulf to Europe and the Americas pass through African waters. Thus, strategic cooperation with several African states is important to the exercise of U.S. global responsibilities.
- Continuing regional conflicts make sub-Saharan Africa a potential arena for rivalry and confrontation between external powers.
- North-South issues—raised by less developed African and other Third World countries concerned with economic disadvantages—could increase hostility and resentment toward the industrialized democracies; African economic stagnation could lead to greater instability and outside manipulation.
- Africa assumes particular significance for Americans of African descent who are deeply concerned about the continent's problems.

page:
od aid, Ethiopia.
Suau © Black Star)

tion in this two-part article is intended to provide background for study and discus- s not designed to be read as a formal statement of U.S. policy, except where the is specifically described as such. The publication summarizes currently available tion and raises relevant questions (some of which admittedly may be unanswerable) id to public discussion of important issues in U.S. foreign policy.

Elements of U.S. Policy

Elements of U.S. foreign policy toward Africa have shifted from time to time, depending on the outlook of various administrations, changing congressional attitudes, and circumstances on the continent itself. However, in the past two decades a broad outline of U.S. policy has emerged that contains the following components.

Maintenance of Mutually Satisfactory Bilateral Political Relations. U.S. interests are compatible with African

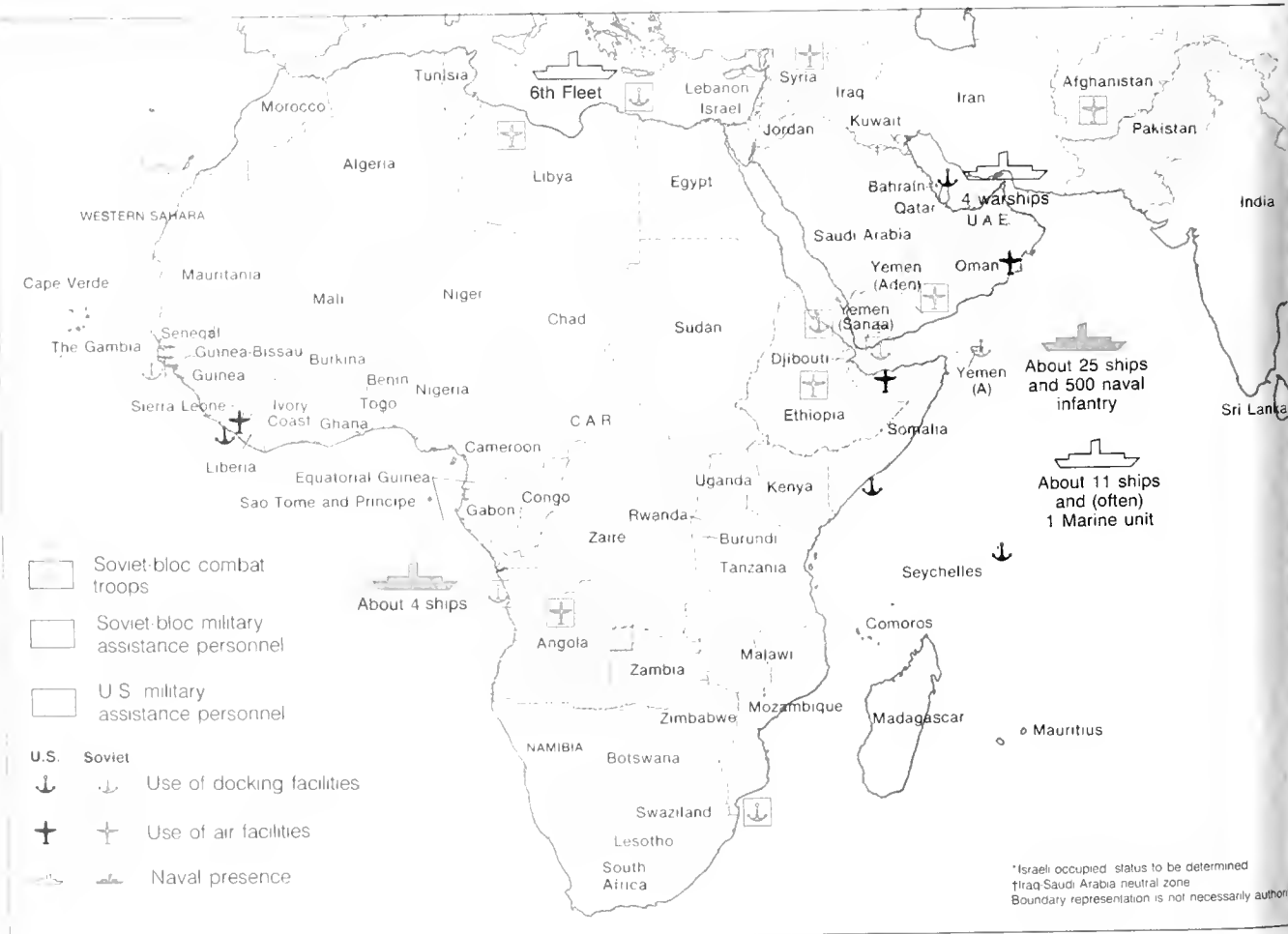
aspirations, and the United States has made major contributions to African development and stability. A principal U.S. objective in Africa is to maintain a climate of understanding and cooperation while encouraging restraint on the part of outside powers so that African states can devise their own solutions and maintain their independence. An important goal is to develop more constructive relations with those few African countries with which the United States has significant problems.

Opposition to Soviet-bloc Adventurism. The United States has tried to keep Africa from becoming an area of East-West strategic competition and conflict. The Soviets have not been

similarly restrained, however. Soviet military advisers and Soviet-supported Cuban troops decisively influenced the outcome of the internal contest for power in Angola. More than 37,000 Cuban soldiers remain in Angola and Ethiopia. This situation generates apprehensions in neighboring countries and contributes to a deterioration of regional stability. Libya, with great quantities of Soviet arms, has supported subversion in many African countries and now occupies part of Chad.

Security Cooperation. Although most African states would prefer to avoid involvement in global political security issues, it is all but impossible for them to do so when their own

U.S.-Soviet Military Balance



y is affected. Thus it is in the in-
of the United States and several
n countries to cooperate in helping
are regional security. This
ation may involve U.S. access to
n strategic facilities, such as ports
fields, to help maintain the free
oil and other vital goods through
arby sea routes. It also may in-
U.S. military assistance, both
el and training, to African forces.
ssistance remains, nevertheless, a
raction of our total assistance,
s chiefly economic.

**S. Support for Civil and Human
Throughout Africa.**

The U.S.
ment supports the establishment,
ance, and extension of full civil
nan rights and the rule of law to
les throughout the African Con-
The United States has taken the
working for a negotiated settle-
r independence in Namibia and
raging the progressive disman-
the apartheid system in South
The United States has adopted
measures against governments
ible for violations of their own
human rights, for example,
, South Africa, the Central
Republic, and Equatorial
For the most part, however, the
States promotes human rights
private diplomacy, which usual-
ves the most direct benefits for
ple affected.

Resolution of African Conflicts.

s between or within Africa of-
desirable opportunities for foreign
ence that may imperil regional
iv and destroy the climate of con-
necessary for economic develop-
and international cooperation.
is in the interest of the United
und African nations to contribute
peaceful resolution of disputes.

(Pete Souza, White House)



President Reagan with President Masire of Botswana.

(Cynthia Johnson, White House)



Vice President Bush with Kenyan President Arap Moi.

Economic Cooperation. U.S. policy maintains a twofold approach to the economic crisis in sub-Saharan Africa. The United States provides emergency humanitarian aid to those in urgent need, whether victims of the widespread drought or of violent conflict. To promote long-term development, the U.S. Government seeks to encourage efficient African economic policies and to establish programs—for example, in infrastructure, agriculture, health, and education—that provide the basis for sound economic growth. It also works to expand African and U.S. private-sector economic activities.

Policy Issues

The results of sub-Saharan Africa's first 20 years of independence have been mixed. Some of the former colonies have remained politically stable and have enjoyed economic growth rates above the global average. Among these are Kenya, Ivory Coast, Malawi, Botswana, and Cameroon. Others have experienced coups d'état resulting in extended periods of military rule. Most African economies, however, have stagnated or declined, with growth rates now far behind the figures for population increase. Long civil wars and insurgencies have plagued some countries (Ethiopia, Chad) and others (Angola and Mozambique) still suffer from the traumatic passage to independence. Many nations have been devastated by natural catastrophes such as the widespread drought. All African nations—even the oil producers—still face a doubtful economic future caused not only by their own misguided policies but also by global inflation and uncertain oil and primary commodity markets. Clearly, the feeling of euphoria that seized Africans upon independence is past. Chastened by experience, sub-Saharan Africa today faces the future sobered by a realization that independence is only one step toward national well-being.

Throughout this turbulent era, the United States, like the African nations themselves, has been learning the realities of the region. Since African

independence, the American Government has sought to offer access to scientific, technological, and educational experience and has helped to provide the financial assistance necessary to fund development programs. Although the United States had relatively little experience in Africa before the 1960s, the record of American policy has been largely positive. Africa as a whole has not fallen prey to communism, as some once feared it might. Soviet gains on the continent generally have proved to be transitory, and Soviet opportunities have depended on local turmoil generating a demand for Soviet arms.

Development and stability normally are the first priorities of every African state. African governments are well aware that expanded trade opportunities and development capital, public or private, will come only from the West. Africa has welcomed U.S. assistance, and the majority of African governments have confidence in the good will and intentions of the United States.

Politically, African nations generally have not adopted the Western multiparty democratic model. Only a minority meet U.S. criteria for democracy, and many do not respect the human rights of their citizenry to the degree that most Americans would find desirable. Yet African countries have not followed the Soviet example, despite the Marxist rhetoric of several states. Most are humane but authoritarian or one-party regimes seeking to devise their own formulas for nation-building and development.

Because African nations acutely feel their poverty and disadvantages in the global economy, they differ from the United States on many international economic issues. They also desire greater U.S. participation in commodity support agreements, whereas the United States believes that the free market usually should determine prices and influence supply and demand.

The United States has had a wide range of policy concerns regarding Africa. The following are the principal U.S. policy issues.

The Horn of Africa

The Horn of Africa is strategically located with respect to the Persian Southwest Asia region. This north-eastern tip, or "Horn," is comprised of Somalia, Ethiopia, and Djibouti. Key neighboring states are Kenya to the south and Sudan to the west. The area's importance has increased as the United States strengthens its ability to protect U.S. interests in the Indian Ocean in the wake of instability in the Middle East. The political-military situation in the Horn is complicated by internal and regional conflicts, instability, and tangled external alliances. Some irredentist claims to neighboring territories inhabited by ethnic Somalis to an undeclared Somali-Kenyan war in the late 1960s and then to a Somali invasion of Ethiopia's Ogaden region in 1977-78. This invasion was repulsed after massive infusions of Soviet and Cuban troops to Ethiopia. In return for their help, the Soviets have acquired naval and air facilities in Ethiopia. The Ethiopian Government also continues to rely primarily on military force to resolve long-festered internal unrest in other regions of the country, particularly the northern province of Eritrea.

A large Soviet-bloc presence, including Soviet advisers and some 7,000 Cuban combat troops, remains in Ethiopia. With large shipments of Soviet arms and a major expansion of its military forces, Ethiopia now has the largest standing army in sub-Saharan Africa. A tripartite pact concluded between Ethiopia, Libya, and South Yemen in August 1981 has been followed by terrorist and guerrilla attacks against Sudan and Somalia. In June 1982, Ethiopian regular troops, supporting a small number of Somali dissidents trained and armed in Ethiopia, attacked several points along the disputed Somali-Ethiopian border. Similar attacks against Somalia have occurred since then. At the end of 1985, Ethiopian forces continued to occupy two small areas of Somali territory. Ethiopia has provided training safehavens and supplies for Sudanese rebels fighting in southern Sudan.

For the past year the Horn has been devastated by serious drought and famine. More than 7 million people are affected by this disaster in Ethiopia. Many of them seek refuge in neighboring countries, particularly in Sudan. The international community has responded generously to emergency relief in the region. The American government has led through private contributions, and other relief groups millions of dollars in food, medicine, and shelter. A major part of the U.S. Government's aid to the region is being sent to countries in the Horn, making the United States the single donor in the region.

The U.S. presence is not directed at any state in the region, nor do we intend to see any of these states become more dependent. We do not intend to allocate additional resources to the region for purposes when the economic needs of their peoples are so great. In the Horn, African security is not served by the presence of arms, Cuban forces, and Libya. If arms are combined to destabilize the governments in the Horn, the United States will respond to such actions against friends and legitimate interests in the region, as illustrated by emergency arms shipments to Ethiopia at the time of the Ethiopian crisis. At the same time, the U.S. government works cooperatively for the resolution of the underlying tensions that have long troubled this region for the improvement of the economic conditions and welfare of all the peoples of the region. The United States is pursuing policies to advance its overall interests in the region.

We provide substantial assistance to the states of the region (more than \$1 billion in economic assistance and more than \$100 million in security assistance in FY 1985); emergency assistance in FY 1985 exceeded \$1 billion.

We have actively engaged with other bilateral donor states and with international financial institutions to promote more comprehensive programs to meet the economic problems facing Sudan, Somalia, Djibouti, and Kenya.



(Anthony Suau - Black Star)

Eritrean rebels.

- We work diplomatically to encourage better relations among those countries in the region, such as Kenya and Somalia, with which we have close ties.
- We have made clear that we would welcome signs from Ethiopia that it, too, seeks a better structure of relationships in the region and an end to confrontational policies. We are the largest single donor to Ethiopian famine relief.
- We fully respect the sovereignty and territorial integrity of all regional states. We support the OAU position on the acceptance of postcolonial borders in Africa, as well as efforts to negotiate resolutions to specific regional conflicts.

Chad

A large, landlocked country in the center of Africa, Chad has often suffered from internal conflicts based on ethnic and religious differences—with factional leaders using private armies to compete for power—and, more recently, from Libyan aggression. Chad's long civil war began in 1965—just 5 years after its independence from France—with an uprising of northerners against the southern-led government. With the

help of France, President Tombalbaye initially was able to repress the insurgency, but eventually the rebels gathered force. Gen. Felix Malloum, a southerner, led a successful coup d'etat in 1975; his government was broadened to include northerners in 1978. The northern Prime Minister, Hissein Habre, attempted a coup in February 1979 that led to fighting among 11 factions.

At this point, the civil war had become so intense that no effective government existed and external observers were obliged to intervene. A series of four international conferences, held first under Nigerian and then under OAU sponsorship, attempted to bring the 11 factions together. At the fourth conference, held in Lagos in August 1979, the Lagos accord was signed establishing a transitional government pending national elections. In November 1979, the National Union Transition Government (GUNT) was created with a mandate to govern for 18 months. Goukouni Oueddei, a northerner, was named President; Abdelkader Kamougue, a southerner, Vice President; and Hissein Habre, Defense Minister.

This coalition proved fragile; in March 1980 renewed fighting broke out between Goukouni's and Habre's forces.

The war dragged on inconclusively until Goukouni obtained the intervention of Libya, which sent more than 7,000 troops to Chad and defeated Habre's forces. These Libyan troops then became an occupation force in Chad. In October 1981, Goukouni responded to regional and international concern over Libya's announced goal of unification with Chad and requested the complete withdrawal of Libyan troops. They pulled back to the contested Aozou Strip in northern Chad, which the Libyans have occupied since 1973, and were replaced by a 3,500-man OAU peacekeeping force from Nigeria, Senegal, and Zaire. The United States gave strong diplomatic backing to the creation of this force and authorized \$12 million for its support.

A special summit of the OAU Chad committee in February 1982 called for a process of reconciliation among all the factions, particularly Goukouni and Habre, who had resumed military activities in eastern Chad. Although Habre agreed to participate, Goukouni refused to negotiate. Defying the OAU February 1982 cease-fire, Goukouni ordered GUNT coalition forces to attack Habre. Habre's troops seized the Chadian capital on June 7, 1982. The OAU force remained neutral during the conflict. Habre then asked the peacekeeping force to stay in Chad to oversee the reconciliation process, but the force withdrew when its OAU mandate expired on June 30. Habre established a government emphasizing reconciliation and including representatives of all major Chadian ethnic and regional groups. Goukouni, former President and Vice President Kamougue, and a number of other factional leaders fled the country. In late 1982 they formed a Libyan-supported "government-in-exile" in the Aozou Strip to overthrow the Habre government.

In mid-1983, Libyan-supported rebels launched an offensive against President Habre. They were later supported by Libyan ground and air forces that forced Chadian Government troops to withdraw from Faya Largeau and other northern oases. The military situation stabilized following the introduction of French and Zairian forces. In September 1984, France and Libya announced their

agreement to a mutual withdrawal of forces from Chad. All French troops were withdrawn by mid-November, but a substantial number of Libyans remained.

The United States is seriously concerned by the continued Libyan military occupation of northern Chad, which threatens destabilization not only in Chad but also in the entire region. The United States and the majority of the international community—including the United Nations, OAU, and Nonaligned Movement—recognize President Habre's government. In response to a Chadian Government request in mid-1983, President Reagan authorized emergency military assistance amounting to \$25 million.

Under Habre's leadership, Chad has achieved a significant measure of unity and purpose despite Libyan aggression. The United States enjoys close ties with the Government of Chad, and we support peaceful efforts aimed at restoring the country's territorial integrity and sovereignty. U.S. policy supplements the lead role assumed by France in assisting the Government of Chad to thwart Libyan aggression and to pursue reconstruction and internal political reconciliation. In FY 1985, the U.S. Government provided substantial amounts of emergency food as well as economic and rehabilitation grant aid to Chad totaling about \$55 million.

Southern Africa

The countries of southern Africa—comprising South Africa, Namibia, Botswana, Lesotho, Swaziland, Angola, Zimbabwe, Zambia, Malawi, and Mozambique—are closely interrelated through political, socioeconomic, and cultural ties. It is a region of great mineral wealth, containing several critical resources, and occupies a strategic position along the West's oil supply route. Unfortunately, it has become one of the continent's major areas of political crisis, a region characterized by confrontation, destabilization, and armed strife.

One issue that motivated and united many sub-Saharan countries in their quest for independence still exists in southern Africa: domination by a white

minority. For black Africans, colonial and racial issues are critical, while whites in southern Africa believe their position and even their very survival are threatened. In consequence, conflicts in southern Africa have been particularly bitter—the wars to end colonial rule in Angola and Mozambique, the struggle for independence and the end of white minority rule in Southern Rhodesia (Zimbabwe), and continuing efforts to end South Africa's apartheid system and its control over Namibia.

An atmosphere of polarization envelops the region, providing fertile ground for exploitation by the Soviet bloc. The activity of communist countries consists principally of supplying war materiel, troops, and military support personnel, which only exacerbates the situation. Capital, technology, investment, and trade—rather than military assistance—are the paramount needs of these countries, and they look primarily to the West for this assistance.

African attention now focuses on two principal issues: terminating South Africa's system of apartheid and achieving independence for Namibia on the basis of UN Security Council Resolution 435. Efforts in Namibia by the South West Africa People's Organization (SWAPO) and in South Africa by the African National Congress (ANC) and the Pan-African Congress (PAC) to achieve these goals by armed struggle including cross-border guerrilla attacks have produced violent retaliatory responses from the South African Government. U.S. policy aims to end this cycle of violence, which contributes to instability throughout the region, and to decrease South Africa's willingness to negotiate.

U.S. Policy. Through frank dialogue and quiet diplomacy with all parties, the Reagan Administration sought to develop an overall framework for regional security, to bring about withdrawal of foreign troops from the region, to gain Namibian independence to hasten positive change in South Africa, and to create an environment in which economic development can flourish. Our policy encourages the active involvement of the U.S. Government



Urban, South Africa, an industrial center, seaport, and resort.

General demonstration, South Africa.

...e citizens or groups with all cong parties in the region. Although .S. Government does not regard tuation in southern Africa as ctory, the reality is that we can substantive role in encouraging ul evolution only if we are in- l in regional diplomacy and sup- ositive change in South Africa. is is a role for which the United is uniquely suited. As leader of ee world, the United States has interests that require it to be concerned about peace and ty in southern Africa. As a society as moved with justice and humani- resolve its own racial problems, nited States has earned the con- e of many black African countries. the United States aims to help to bridges of comprehension and con- e between the races in southern t that will enable the region to chaos and maintain stability while evitable process of evolution takes



David Turnley - Black Star

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South Africa. The United States maintained official relations with Africa since the establishment of a consulate in Cape Town in 1799. The similarities between the two countries include a shared language and cultural heritage, military cooperation embracing

...two World Wars and Korea, and important trade and investment relations. Since 1948, however, when the Government of South Africa officially adopted its policy of apartheid, which legally separated the various racial groups, relations with the United States have been troubled.

Apartheid is incompatible with American values and has become increasingly intolerable as our international human rights policy has evolved. President Reagan has called apartheid repugnant, and Vice President Bush said in 1982: "Apartheid is wrong. It is legally entrenched racism—inimical to

...the fundamental ideals of the United States." Apartheid also is politically disastrous, since it fosters economic, military, and political instability both within South Africa and throughout the region. For both moral and practical political reasons, therefore, several U.S. administrations have sought to move the South African Government away from apartheid and toward a system of government based on participation and consent of all governed. However, although U.S. policy objectives have remained fundamentally the same, the methods for achieving them have differed.

The Reagan Administration inherited a relationship with South Africa that was at its lowest point in recent history. It was characterized by official hostility on both sides, confrontational rhetoric often appearing in public print, and severely strained diplomatic relations. More important, a total stalemate existed on the key issues of a settlement in Namibia and peaceful evolution away from apartheid in South Africa. By contrast, the current policy has worked to reestablish and maintain a relationship with South Africa that will allow effective bilateral communication and thereby enhance U.S. ability to influence South African policies and actions.

The principal issues plaguing southern Africa—apartheid, Namibia, regional security, and economic development—are closely related, and progress, or the lack of it, on one issue affects progress on the others. South Africa is the strongest power in the region, and its cooperation with other southern African nations is essential for progress on any issue. Without such cooperation, the elements within South Africa favoring a more militant policy are strengthened; the climate in South Africa for positive change or for cooperation in economic development worsens in the face of cross-border guerrilla attacks or increased violence in Namibia. At the same time, South Africa's neighbors are less able and willing to participate in constructive regional diplomacy when that government pursues an aggressive regional policy and when hopes fade for sustained reform away from apartheid.

To achieve lasting peace and economic development, the nations of the region must evolve ground rules for cooperation and coexistence. The United States serves as an important catalyst to bring the contending parties together and to reverse the deteriorating regional security situation. Progress has been achieved. We helped to arrange the February 1984 Lusaka accord under which South Africa agreed to withdraw its forces from Angola and the two nations established a Joint South African-Angolan Monitoring Commission to oversee the withdrawal. We also helped South Africa and Mozambique to

negotiate the March 1984 nonaggression pact at Nkomati—further evidence of the increased willingness of various parties to resolve their differences through negotiation and to move away from the concept of armed struggle and destabilization.

The many restrictions on trade, travel, and financial assistance and on military, scientific, and nuclear cooperation demonstrate that the United States does not have a normal diplomatic relationship with South Africa. The United States maintains an arms embargo and enforces other restrictions on the sale of equipment to South Africa's military, police, and other agencies enforcing apartheid. However, we believe that progress in obtaining South African cooperation to solve the problems in southern Africa cannot be achieved by further punitive economic actions; these tactics have proved unsuccessful and even counterproductive in the past.

We believe that South African and U.S. interests are best served by encouraging sustained movement away from apartheid. The reforms underway in South Africa in recent years represent a beginning, but the most fundamental aspects of apartheid have not been addressed. We are concentrating on positive steps to support constructive change and those who work for it. With the cooperation of Congress, we have spent more than \$10 million in FY 1985 to bring black South Africans to the United States for study; to train black trade unionists; to support the development and growth of small businesses in the black communities; and to support black education within South Africa. In addition, \$1.5 million during a 2-year period has been allocated for specific human rights projects. These efforts supplement those of the U.S. business community, which, during the past 8 years, has spent more than \$130 million on similar programs to assist the black majority. More than 70% of all black South African employees of U.S.-affiliated private companies in the country are covered by the Sullivan code of fair employment practices.

The United States has been encouraged by some recent evidence of movement away from apartheid in South Africa, including abolition of the

Mixed Marriages and Immorality Act, an end to the Political Interference Act which prohibited racially integrated political parties; legalization of black labor unions; granting urban resident rights to more blacks; and increasing government spending for black education. In particular, we believe that the vote on November 2, 1983, on the new constitution—in which the white electorate indicated its support of change by a 2-1 margin—demonstrates the readiness of whites to move away from the discredited policy of apartheid. Although the new constitution is badly flawed because it grants only limited political rights to the country's color and Asian populations and none to the black majority, we believe the vote itself indicates hope for future progress.

Unfortunately, as in the past, the encouraging signs have been accompanied by negative actions by the South African Government, such as the detention of opposition leaders on the eve of the August 1984 elections for the new tripartite Parliament and overreaction to black protests by police resulting in needless deaths, widespread detentions and actions against labor leaders.

Violence in South Africa's towns has been at a high level since the new constitution was inaugurated in 1984. Adding to black unrest have been school boycotts by students protesting ineffectual education; a nationwide recession, with skyrocketing black unemployment and galloping inflation; imposition of increased rents for black housing by township councils; and killings, beatings, police brutality, and the detention of black leaders, some of whom were later charged with treason. In July the South African Government declared a state of emergency in 36 magisterial districts to stem this violence. It subsequently announced its willingness to consider changes in laws covering internal control, the pass laws, and citizenship for blacks. If enacted, these reforms would constitute major changes away from apartheid and would continue the liberalization process. However, the government has yet to clarify its intentions or take concrete actions.

Even with these changes, major grievances would remain. There have been official hints and "trial balloon

o significant change has occurred
 e "homelands" policy under which
 s are deprived of South African
 nship and relegated to impover-
 "homeland" enclaves that have lit-
 any, potential for independent
 mic or political viability. It is also
 ar whether the central issue—
 al rights for blacks—will be re-
 l to the satisfaction of the govern-
 and its opponents. Although the
 nment has indicated its willingness
 otiate this issue, many black
 s are skeptical about its sincerity.
 s the pace of change increases, so
 ections for further modification,
 l as resistance from substantial
 ts of the white minority. We
 e in encouraging the reforms now
 ay and concentrating on positive
 hat back constructive change and
 working to achieve it. In doing
 ne must keep in mind that the in-
 e of outside powers on the course
 ts in South Africa is limited;
 er, it does exist and, when used
 usly, can be successful.
 indicate America's displeasure
 e continued high level of violence
 e slow pace of reform in South
 President Reagan announced in
 ber 1985 further restrictions on
 es with the South African
 nment. This followed nearly 5
 of consistent, forceful criticism by
 esident, the Vice President, and
 ecretary of State of South Africa's
 rights record and growing
 ds in the United States from Con-
 and the American public for
 er measures to bring about
 in South Africa. The President
 ly tailored his actions to avoid
 e measures that would disrupt
 ntry's economy and hurt those
 Africans disadvantaged by apart-
 d instead focused his actions on
 aparatus that enforces apartheid.
 e new measures—very similar to
 n proposed congressional legisla-
 at had been approved by the
 of Representatives, except that
 d not contain a ban on new
 ent—included restrictions on
 and computer sales and on bank
 o the South African Government,
 n arms imports from South
 a ban on importing Krugerrands,

Sullivan Principles

In 1977 Rev. Leon Sullivan—a Baptist minister in Philadelphia and General Motors Corp. director—formulated a set of principles for fair employment practices in South Africa. He encouraged U.S. companies with investments in South Africa to implement these principles in their South African facilities and thus break down the apartheid regulations which allow discrimination against non-white employees. These principles are:

- Nonsegregation of the races in all eating, comfort, and work facilities;
- Equal and fair employment practices for all employees;
- Equal pay for all employees doing equal or comparable work for the same period of time;
- Initiation and development of training programs that will prepare blacks, coloreds, and Asians in substantial numbers for supervisory, administrative, clerical, and technical jobs;
- Increasing the number of blacks, coloreds, and Asians in management and supervisory positions; and
- Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation, and health facilities.

and a requirement that U.S. firms doing business in South Africa adhere to the Sullivan principles or forfeit marketing assistance from the U.S. Government anywhere in the world. The new measures also provided for more official U.S. assistance to black education, black entrepreneurs, black trade unions, and human rights and legal assistance programs.

Namibia. Following World War I, South Africa was given a League of Nations mandate to administer the former German colony of South West Africa (Namibia) until it was ready for independence. After World War II, South Africa, which had treated Namibia as an integral part of its national territory, refused to place it under a UN

trusteeship and continued to administer it under South African law, including the apartheid system. In 1966 the UN General Assembly revoked South Africa's mandate, and in 1971 the International Court of Justice stated that South Africa was obligated to terminate immediately its administration of Namibia.

Confronted with a growing insurgency by the South West Africa People's Organization and worldwide disapproval of its refusal to abide by the Court's ruling, South Africa sought to establish an ethnically based structure of self-government in Namibia. In reality, South Africa retained control of the country, and African states and the international community rejected the arrangement as a basis for Namibian independence. In 1977 five Western members of the UN Security Council (the Contact Group—Canada, the Federal Republic of Germany, France, the United Kingdom, and the United States) began an effort to negotiate a solution to the potentially explosive polarization of the region and thereby reduce the possibility for outside exploitation. This Western Contact Group formulated a plan approved in 1978 as UN Security Council Resolution 435 that was provisionally accepted by South Africa, SWAPO, and Namibia's black African neighbors—the front-line states of Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe.

Under the UN plan, a UN Transitional Assistance Group with civilian and military components would be established in Namibia during the transitional period leading to independence. South African troops would be restricted to base and gradually withdrawn. A constituent assembly would be elected to develop a constitution. Following the election, South African military withdrawal would be completed. After the conclusion of the constituent assembly, independence would be proclaimed.

Although South Africa initially agreed to these principles, it broke off negotiations at Geneva in January 1981. The South African Government seemed to realize the inevitability of Namibian independence but feared that the territory's white and other minorities

would be given insufficient opportunity to express their political wills in a fair constitutional process and that any preindependence agreement to protect them would be abandoned afterward.

Recognizing that Namibian independence was impossible without South Africa's cooperation, the Reagan Administration sought early in its first term to revive the Contact Group initiative, this time on a basis that addressed South African concerns more directly. In September 1981, a new, phased plan for the implementation of Security Council Resolution 435 contained features designed to satisfy all parties, including the following elements:

- Agreement on "constitutional principles" to guide the constitution's drafters and to ensure that the interests of all Namibians were protected;
- Agreement on the composition, size, and operation of the UN Transitional Assistance Group; on the disposition of all troops during the transition period; and on measures relating to UN impartiality; and
- Initiation of the transition procedure in Resolution 435.

Since 1981, the United States and its contact group partners have:

- Obtained South Africa's recommitment to arrangements for bringing about Namibian independence through adherence to Resolution 435—the only internationally acceptable basis for a solution;
- Obtained the agreement of SWAPO, the United Nations, and the concerned neighboring African states to the arrangements negotiated with South Africa; and
- Rejected South Africa's temptation to seek its own "internal" settlement in Namibia, which would have guaranteed many more years of regional turmoil. We consider the South African Government's 1985 action in establishing an interim government for Namibia to be null and void and without standing. It has

no significant bearing on our policy, and we have made our position quite clear to the South Africans.

The presence of about 30,000 Cuban combat troops in Angola continues to complicate negotiations over Namibia and contribute to regional instability. Although the removal of these troops is not a requirement of the Namibian independence process under Resolution 435, South Africa has made clear its readiness to proceed only in the context of a parallel commitment to resolve the issue of Cuban troop withdrawal. We believe that this issue must be dealt with as a practical necessity to obtain a durable settlement acceptable to all parties.

Acceptance by South Africa and Angola of a timetable for Cuban troop withdrawal is thus the one remaining issue to be resolved in order to proceed with implementation of the resolution. U.S. diplomacy is actively involved in working out details, based on the Angolan Government's October 1984 agreement to accept Cuban troop withdrawal in the same context as the Namibian settlement. Although much hard work remains, the parties are negotiating, and the United States has been accepted as a mediator. We believe that resolving this issue will have an important impact on southern African security and make a Namibian settlement possible. If we succeed, Africa's last colony will achieve statehood. This, in turn, will help to foster a regional climate conducive to constructive change away from apartheid in South Africa.

In July 1985, the U.S. Congress repealed the Clark amendment which prohibited U.S. aid to antigovernment forces in Angola. Measures subsequently were introduced in Congress to provide humanitarian and military assistance to the antigovernment forces of the National Union for the Total Independence of Angola (UNITA), headed by Dr. Jonas Savimbi. UNITA fought for Angola's independence from Portugal alongside the Popular Movement for the Liberation of Angola, which governs Angola today. The United States views UNITA as a legitimate nationalist organization and supports its struggle against Soviet/Cuban adventurism in

Angola. Although the Administration opposes legislatively mandated aid to UNITA, it announced that it would work with the Congress to find effective ways to demonstrate support in a manner consistent with overall U.S. goals in the region.

Mozambique. Mozambique attained its independence on June 25, 1975, after more than 470 years of Portuguese influence and colonial rule. The transition was the culmination of at least a decade of fighting, led principally by the Revolutionary Front for the Liberation of Mozambique (FRELIMO). It was marked by dramatic internal change and upheaval. A one-party socialist state with close ties to the Soviet bloc was installed, and some 180,000 out of 200,000 Portuguese settlers, seeing their privileged position undermined, abandoned the country and fled to South Africa, Rhodesia (now Zimbabwe), and back to Portugal. At the same time more than 60,000 Mozambican refugees who had fled their country returned to Mozambique.

Newly independent Mozambique soon became increasingly involved in Zimbabwean conflict. It pledged transit and transit facilities as well as logistic support to Zimbabwean guerrillas fighting the Rhodesian regime. Rhodesian forces launched retaliatory and preemptive cross-border raids and a facto state of war existed between the two countries. As part of the war of the antigovernment Mozambique Resistance Movement (MRM), later known as MNR or RENAMO, was created with Rhodesian, South African, and ex-Portuguese settler backing.

Postindependence Mozambique's political, economic, and social policies coupled with the impact of the continuing Rhodesian conflict and punitive measures taken by South Africa, had a devastating effect on the economy. In 1976, the cost to Mozambique of implementing sanctions against the Rhodesian regime was \$165 million, and 14 people lost their jobs. Trade between Mozambique and South Africa, amounting to 6.8 million tons in 1973, dwindled to 1.1 million tons by 1981. In 1975, some 118,000 Mozambicans working in South Africa remitted most of their

ings in gold; by 1977 the number
een reduced to fewer than 45,000.
1978 South Africa withdrew its
rice gold remittances. By 1983,
ambique's trade deficit stood at \$500
a, and its external debt to noncom-
t countries at \$1.4 billion. Perhaps
significant, when 90% of the Por-
settlers precipitously abandoned
untry after independence, Mozam-
found itself bereft of private capi-
l both skilled and managerial
es.

Following the end of the Rhodesian
t and the establishment of the
ation of Zimbabwe in April 1980,
t for RENAMO was taken over
entirely by South Africa, which
ne organization as a destabilizing
o further its own national in-
. Power lines and road and rail
s were cut, the oil pipeline run-
to Zimbabwe was sabotaged, and
st attacks were made against
s, including foreign nationals. By
ENAMO was operating in 7 out-
ambique's 10 provinces, and by
s impact was being felt on the
ts of Maputo. Meanwhile, South
i military forces launched direct,
order raids against African Na-
Congress installations in Mozam-
n response to actual or potential
a attacks inside South Africa.
offset the threat first from
sia and later from RENAMO and
Africa, Mozambique sought and
d Soviet aid. Following the sign-
a Treaty of Friendship in 1977,
viets sent advisers and materiel
Mozambique strengthen its posi-
ainst an increasingly aggressive
sia. By 1981, an estimated 550
and East European and 1,000
military advisers were attached
Mozambican Army. East Ger-
irtually controlled the country's
y forces, and a plethora of
ic projects brought nearly 2,000
and East German technicians to
o and the countryside.
he early 1980s, when South
took over the support of
MO, the Soviets increased their
y involvement, providing
er gunships, advanced surface-to-
siles, tanks and armored vehicles,
er, small arms, and ammunition.

Soviet naval ships visited Maputo, a
number of high-level military exchanges
took place, President Machel visited
Moscow, and Soviet declarations of
military support were made. However,
despite the rhetorical and military back-
ing, Soviet training, tactics, and arma-
ments often were of poor quality and
proved inadequate to the prosecution of
the counterinsurgency war. Mozam-
bique's disappointment with Soviet
assistance was heightened by Moscow's
refusal to support President Machel's
request in late 1980 for association with
the Council for Mutual Economic
Assistance (the Warsaw Pact's economic
community).

It is against this background of
military threat from inside and outside,
economic collapse, and inadequate sup-
port from their Soviet-bloc friends that
Mozambique, in 1981 and 1982, began to
signal an interest in improved relations
with the West. It turned first to Por-
tugal, which welcomed the approach,
and in 1982 the United States received
clear indications that President Machel
wanted improved relations and hoped
the United States could help to
moderate the ever-increasing military
threat from South Africa.

The United States grasped the offer
to end the freeze in relations. They had
reached a particularly low point in 1981
when Mozambique expelled four
members of the U.S. Embassy on
charges of spying, and the new Reagan
Administration responded by halting the
appointment of a new ambassador to
Maputo and suspending food shipments.
For some time the United States had
been disturbed by the growing instabili-
ty in southern Africa and South Africa's
increasingly militant posture. It saw the
approach from Mozambique as an oppor-
tunity to ameliorate the security situa-
tion in the area and to encourage
Mozambique to move away from the
Soviet and toward the Western camp.
These developments paved the way for
the March 1984 nonaggression pact be-
tween South Africa and Mozambique,
known as the Nkomati accord. Although
the United States has not claimed credit
for Nkomati, it is no secret that it
helped to bring the two sides together.

If it succeeds, the Nkomati accord,
in addition to its specific security provi-
sions and international political implica-
tions, could restore the strong pre-1975
economic links between Mozambique and
South Africa and, thereby, contribute
significantly to economic growth in
Mozambique. Under the terms of the ac-
cord, each side agreed "not to allow its
territory to be used for acts of war, ag-
gression, or violence against the other
state." This meant that Mozambique
would no longer allow ANC guerrillas to
use its territory and that South Africa
would expel and end its support for
RENAMO. Whether the accord suc-
ceeds depends on a variety of factors,
not the least of which are South Africa's
own internal security situation, Soviet
interest in the area, South Africa's abili-
ty to exercise control over RENAMO,
Mozambique's ability to rebuild its
economy, and the degree of interest and
involvement by neighbors and outside
supporters in Mozambique and
RENAMO.

Certainly, current closer relations
with the West will help. By the end of
1984, Mozambique finally subscribed to
the Lome Convention, which opens the
door for Common Market aid, and
signed a modified Berlin clause, which
permits West German assistance. Mo-
zambique has joined the World Bank
and International Monetary Fund, which
are preparing to make loans and provide
technical assistance to the country.
American aid also has increased, par-
ticularly for emergency relief efforts in
connection with the devastating drought
that has embraced much of the country
for the past several years. In 1985, U.S.
program aid to Mozambique amounted
to \$15 million; emergency food aid to-
taled \$45.8 million. Meanwhile, Soviet-
bloc assistance, both military and other,
has tended to remain level.

On the other side of the coin, post-
Nkomati developments have shown that
there are limits to the South African
Government's influence over RENAMO.
In January 1985, South Africa's Presi-
dent Botha admitted that "elements in-
side South Africa" were still helping
RENAMO, and, in September 1985,
documents captured by Mozambique
Government forces revealed continuing
South African assistance and contacts.

Certainly, South Africa's willingness to improve relations with Mozambique is affected by conditions within South Africa. When relative calm prevails internally, efforts for improved relations receive more support than at present or during the recent past, when conditions are unstable. Perhaps most important, RENAMO's leadership undoubtedly has objectives that are not always in harmony with those of South Africa and may, in fact, run counter to them, depending on current political considerations.

In any event, although the United States remains concerned that fighting between Mozambican forces and RENAMO has not ceased, there is satisfaction to be gained from increased interest in Mozambique during the past 2-3 years on the part of Western governments and businessmen. Italian assistance, for example, has become sizable, and South Africans are once again exploring business opportunities in Maputo. This appears to be a direct result of Mozambique's willingness to move toward a more neutral position vis-a-vis the West, a move confirmed by the successful visit by President Machel to the United States in September 1985.

Zimbabwe. The United States was actively involved with the British Government in achieving a settlement of the Rhodesian war and in establishing the new nation of Zimbabwe, which became independent on April 18, 1980. Since then, Zimbabwe has sought to improve its domestic and international credibility by balancing the need for change with that of building confidence in its government. The democratic institutions established by the 1980 constitution continue to operate, and parliamentary elections, generally peaceful and fair, were held in June-July 1985.

Zimbabwe inherited a strong and diversified economy with a significant private sector. Although affected by world recession, drought, and socialist rhetoric (which has discouraged new foreign investment), the government of Prime Minister Mugabe holds a respect for market principles and international economic realities. If peace and sound economic policies are maintained, Zimbabwe has the potential to help spark

development in central and southern Africa. A healthy and stable Zimbabwe also could provide a positive example for the entire region and enhance chances for stability in this troubled area.

Zimbabwe remains strongly opposed to South Africa's apartheid policy but has not allowed its territory to be used to launch guerrilla attacks against its neighbor. It has accepted responsibility for building peace in the area and approves of its neighbors' efforts to

Foreign Assistance and Economic Relations

The U.S. and African governments recognize that an inseparable relationship exists between economics and politics and that the United States and the West are uniquely qualified to respond to Africa's needs. The African nations' principal goal is development, and the United States cooperates with them in their efforts not only because their economic well-being is important to us in human terms but also because it is directly related to African security. In turn, African security and political stability are important to our foreign policy because they affect U.S. national interests. The economic crisis in Africa threatens most of our policy goals, including the search for peace in southern Africa.

In response to the economic crisis and human tragedy in Africa, the United States is providing unprecedented levels of assistance. We are attempting to alleviate the immediate needs of millions of starving people as well as to promote long-term solutions to Africa's economic problems. We are providing assistance through international organizations and bilateral programs and helping private voluntary groups in their efforts to deliver food and other necessities of life. We are now furnishing more than half of all emergency food reaching African famine victims. The United States has not allowed political differences with any government to weaken its determination to provide assistance to those in need.

resolve their differences. Zimbabwe maintains official contacts—but not diplomatic representation—with South Africa and has worked for effective coexistence.

The United States contributes substantially to Zimbabwe's economic growth and is, in fact, its largest aid donor. U.S. economic aid since independence totals more than \$300 million.

Indeed, we are the largest donor to Ethiopia, a country whose government has been openly hostile to us for several years.

Emergency Famine Assistance

On July 10, 1984, President Reagan announced a major initiative to respond more quickly and effectively to the needs of the people of Africa and other suffering from hunger and malnutrition. This five-point program includes:

- Prepositioning grain in selected Third World areas;
- Creating a special \$50 million presidential fund to allow a more flexible U.S. response to food emergencies;
- Financing or paying ocean and air transportation costs associated with U.S. food aid in special emergency cases;
- Creating a government task force to provide better forecasts of food shortages and needs; and
- Establishing an advisory group of business leaders to share information on Third World hunger and food production.

The President also announced a comprehensive African Hunger Relief Initiative on January 3, 1985, directing the U.S. Government to provide more than

million metric tons of emergency food assistance during FY 1985—three times the amount from the previous year. In FY 1984, the U.S. Government provided \$200 million of emergency assistance—including more than 500,000 metric tons of emergency food aid as well as medicine and transport assistance—to 26 African countries. In FY 1984, food aid to Africa amounted to more than 1.4 million metric tons in 1984.

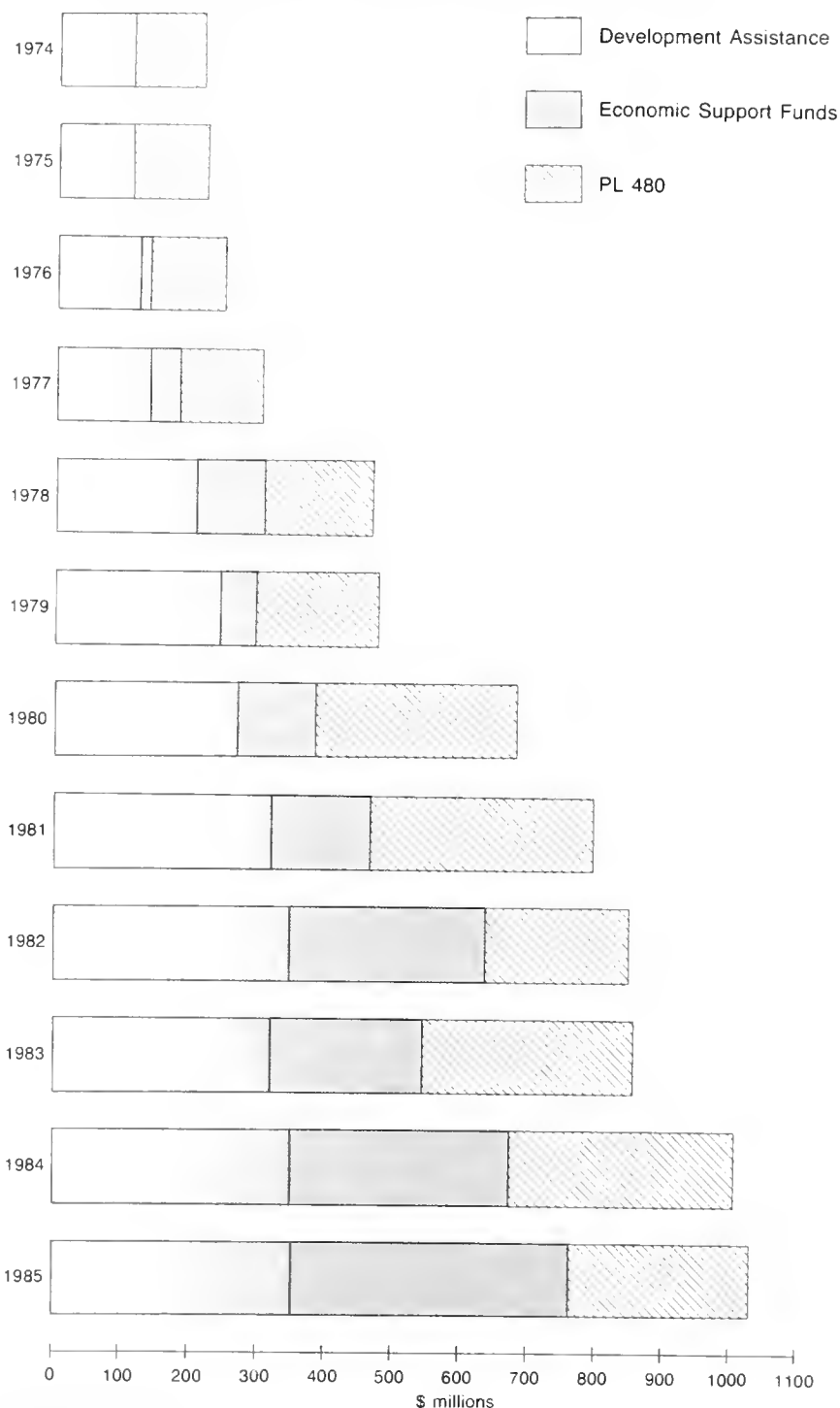
In FY 1985, the U.S. Government provided 1.8 million metric tons of emergency food assistance to Africa at a cost of \$770 million. When added to our PL-480 program, we provided food to countries with more than 3 million metric tons of food grown in Africa at a delivered cost of \$1.1 billion. Another \$109 million of nonfood assistance was provided during the period. Our entire assistance program in FY 1985—including both regular and emergency assistance—totalled a record \$1.9 billion, with almost half provided in response to the extraordinary famine conditions that exist on the continent.

U.S. commitment and concern were further highlighted by Vice President Bush during his visit to Sudan, Niger, and Mali in March 1985, his second trip to Africa since he took office in 1981. In an effort to draw attention to the widespread nature of the drought emergency, Vice President Bush completed his trip by representing the United States at a special UN conference on the crisis in Geneva. His message to the international community was that, in spite of the aid that had been done, more help was needed—needed from all those with the means to assist and needed immediately.

Long-term Assistance

To address the roots of the economic crisis in Africa, the solution will necessarily require more resources, time, and commitment. The U.S. Government provided \$1.9 billion in regular assistance to sub-Saharan Africa in FY 1985, over five times that provided in FY 1974.

U.S. Economic Assistance to Sub-Saharan Africa, FY 1974-85¹



¹Does not include refugee and emergency famine assistance which in FY 1985 amounted to \$879 million.

The four major "pillars" of our assistance strategy are: policy reform, strengthening the indigenous private sector, institution-building, and technology transfer.

Our economic policy reform programs seek to create incentives for growth and to enable African farmers as well as businessmen to play a more dynamic role. At the same time, these programs help to develop the technologies, institutions, and human capital required for sustained growth. We have placed increased emphasis on promoting private sector activity in Africa and using private rather than public sector channels to deliver our aid resources to Africa. We are supporting agricultural pricing and marketing reforms, privatization of parastatals, and increased farmer productivity through investments designed to improve technologies, access to markets, productive infrastructure, and the supply of fertilizer and other agricultural inputs.

In FY 1985, the United States launched the African Economic Policy Reform Program, which provides additional and more flexible assistance to African countries undertaking critical policy reforms. In the first year, programs totaling \$75 million were developed for Malawi, Mauritius, Mali, Rwanda, and Zambia. Although these programs are still in their initial stages, they already have served as a catalyst for action on the part of donors and the World Bank and moved the reform process more quickly and broadly than would have been the case without our presence.

The policy reform program is a precursor of, and gave impetus to, the creation of a similar World Bank program, the Special African Facility—which, together with bilateral funds available for cofinancing, will have about \$1.2 billion to finance policy reform programs in Africa. We have been coordinating our policy reform efforts with the World Bank and, as the Bank's Facility enters an operational phase, it will provide stronger opportunities for cooperation.

"Food for Progress," another policy reform initiative, was announced by President Reagan in January 1985. This would provide food assistance on a

multiyear basis to countries desiring to undertake policy reforms in the agricultural sector. The necessary legislative framework and funding for this program are being developed.

Support for International Efforts

Although the United States has an influential role in mobilizing an effective response to Africa's economic problems, the task is not solely a U.S. responsibility and, in fact, is far too great for the United States to attempt alone. The crisis in Africa touches upon the welfare of the entire world and requires a sustained and coordinated international effort to promote long-term development.

The U.S. Government has intensified efforts to work with other donors and multilateral institutions to encourage African governments to implement policy reforms that will promote growth and development. Through international organizations and U.S. bilateral and

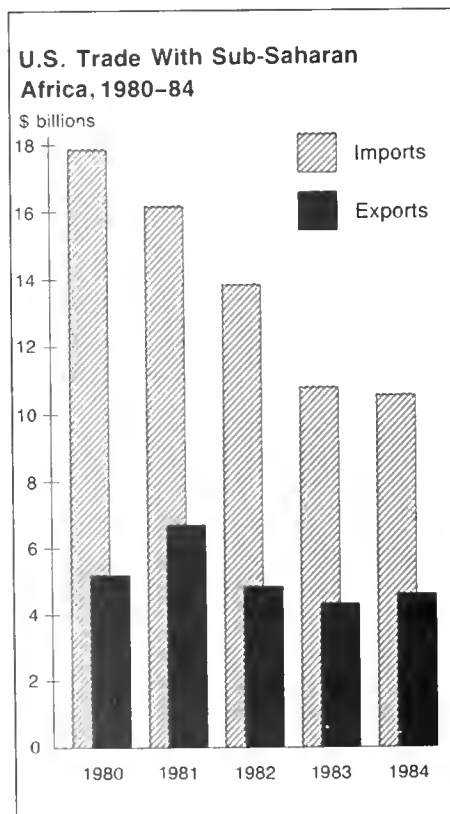
regional programs, the United States supporting agricultural development projects, land reclamation, and other programs to develop agricultural land and to train farmers in soil conservation techniques. The United States particularly supports the critical role of International Monetary Fund in providing assistance for stabilizing African economies and of the World Bank in promoting economic development.

In the long run, however, primary responsibility must rest with the African nations themselves, whose actions and policies will largely determine how much progress toward long-term development is possible.

Trade and Investment

Only a few years ago, many African regimes were either hostile or indifferent to foreign private enterprise. Today, even countries with a Marxist orientation are increasingly eager for trade and investment relations with the West. African leaders are attracted by the fact that American businesses have great expertise in fields important to economic development, such as agribusiness. They also recognize that U.S. private enterprise can provide much of the technical and managerial expertise required to promote economic growth, job creation, and improved standards of living.

However, between 1980 and 1984 sub-Saharan Africa's percentage of total U.S. private direct investment abroad remained constant at 2%—the level prevailing for the past 20 years. During 1980-84, the U.S. trade deficit with the region decreased by about one-half. Besides economic problems, other factors hinder the growth of U.S. business and trade activities in Africa. Despite growing African interest in trade and investment, the investment climate in many countries remains uncertain. Furthermore, many American businesses are indifferent to African markets or assume that opportunities are monopolized by former colonial powers.



the Departments of State and Commerce, the Export-Import Bank, and the Overseas Private Investment Corporation seek to familiarize U.S. businesses with the problems of and opportunities in doing business in Africa, as well as the available support services. The Government also encourages U.S. trade and investment abroad through various other incentives. At all U.S. agencies, assisting U.S. businesses is a top priority. The Commerce Department's Foreign Commercial Service is represented in major African commercial centers, including Abidjan, Johannesburg, Lagos, and Nairobi. And the Agency for International Development works to enhance the role of the African private sector in development activities by building institutions that will promote foreign and domestic business.

Appendix

Basic Data Tables

Data presented in the following tables have been assembled by the Bureau of African Affairs, Department of State, to illustrate the diversity and complexity of sub-Saharan Africa. Profiles include selected information on the governments, people, geography, and economy of the 46 independent countries south of the Sahara. Data vary in accuracy and recency, depending on method of collection as well as economic and political considerations. Culled from a variety of sources, the data should not be regarded as definitive or finite and should not be used for accurate country comparisons. They are intended to provide a few basic facts for each country and an order of magnitude by which to gauge demographic changes and economic development.

Elmot Elhsafon Archives, Museum of African Art

Dogon rock paintings, Mali.

Sub-Saharan Africa¹ (Numbered footnotes on p. 25)

Country	Population ³					Culture			Education		Labor Force		
	Familiar Name Official Name Local Name	Capital	Total Sq. Mi.	Est. Total 1985 (mil)	Est. Growth Rate 1984-85 (%)	Life Expectancy (yrs)	Ethnic Groups (%)	Religion (%)	Language	Literacy (%)	Primary Students (% of age group)	Total (mil)	% in Agr.
Angola People's Republic of Angola (Angola)	Luanda	481,351	8.0	2.7	38	Ovimbundu (38) Kimbundu (23) Bakongo (13) Other (26)	Christian (88) Indigenous (12)	Portu- guese Local	20	NA	1.9	60	40
Benin The People's Republic of Benin (Dahomey)	Porto-Novo	43,483	4.0	3.1	41	Fons Adjas Baribas Yoruba European	Indigenous (70) Christian (15) Muslim (15)	French Local	20	43	1.5	70	30
Botswana Republic of Botswana (Bechuanaland)	Gaborone	220,000	1.1	3.3	50	Tswana (94) Bushmen (5) White (1)	Indigenous (85) Christian (15)	English Setswana	30	93	0.4	75	25
Burkina Faso Burkina Faso (Upper Volta)	Ouaga- dougou	106,000	6.9	2.5	42	Mande Fulani Lobi Gurunsi Mossi Senufo Bobo	Indigenous (65) Muslim (25) Christian (10)	French Local	5	8	2.7	83	15
Burundi Republic of Burundi	Bujumbura	10,747	4.8	2.6	42	Hutu (85) Tutsi (14) Twa (1)	Christian (67) Indigenous (32) Muslim (1)	Kirundi French Swahili	25	29	1.9	93	
Cameroon United Republic of Cameroon (French and British Cameroons)	Yaounde	183,568	9.8	2.7	47	200 groups	Indigenous (55) Christian (30) Muslim (15)	English French Local	65	70	3.0	83	15
Cape Verde Republic of Cape Verde (Cape Verde Islands)	Praia	1,557	0.3	2.0	61	Creole (71) African (28) European (1)	Catholic (65) Indigenous (35)	Portu- guese Crioulo	37	NA	0.1	NA	NA
Central African Republic Central African Republic (Central African Empire, Ubangi-Shari)	Bangui	247,000	2.7	2.8	41	Baya (34) Banda (28) Sara (10) Mandja (9) Mboum (9) M'Baka (7) European (3)	Christian (50) Indigenous (40) Muslim (10)	French Sangho	20	64	1.3	88	15
Chad Republic of Chad	N'Djamena	496,000	5.3	2.5	39	200 groups	Muslim Christian Indigenous	French Chadian- Arabic	20	37	2.0	85	15
Comoros Comoros Federal Islamic Republic (Comoros Islands)	Moroni	863	0.5	2.9	47	Antalote Cafre Makao Other	Muslim (86) Christian (14)	Shaafi- Islam Malagasy French	15	50	0.2	87	15

¹Industry, Services,
Commerce, and Government

Annual (bil)	Gross Domestic Product					Imports			Exports		Est. US Econ. Assistance FY 1985 (\$ mil)	Date of Independence	Government		Country
	Growth Rate (%)	Per Capita (\$)	% From Agr.	% From Ind.	% From Other†	Total (\$ mil)	From US 1984 (\$ mil)	Total (\$ mil)	To US 1984 (\$ mil)	Leading Exports			Type	Chief of State and/or Head of Government	
2	0	550	29	27	44	1500	103	1600	1010	Oil Coffee Diamonds Iron	1.9	11/11/75	People's Republic	Pres. Jose E. Dos Santos	Angola
1	-4.2	310	35	16	49	590	13	304	0.3	Palm Products Cotton Peanuts	0.8	8/1/60	Military (Revolutionary Republic)	Pres. (Col.) M. Kerekou	Benin
7	0	750	11	1	88	740	19	640	57	Diamonds Copper Nickel Beef	11.4	9/30/66	Republic	Pres. Dr. Quett K. J. Masire	Botswana
9	-1.3	157	35	20	45	230	21	110	0.1	Livestock Peanuts Shea Butter Cotton	15.6	8/5/60	Military Government	Pres. (Capt.) T. Sankara	Burkina
2	3	255	51	15	34	198	9	79	2	Coffee Tea Cotton Hides	6.0	7/1/62	Republic	Pres. (Col.) J. B. Bagaza	Burundi
7	5	734	30	9	61	1100	66	1904	721	Crude Oil Cocoa Coffee Timber Aluminum	20.5	1/1/60	Republic	Pres. P. Biya	Cameroon
1	0	353	NA	NA	NA	68	NA ⁴	2	NA ⁴	Fish Bananas Salt	2.1	7/5/75	Republic	Pres. A. Pereira	Cape Verde
5	-2.3	273	35	8	57	137	1	114	3	Diamonds Cotton Timber Coffee	2.0	8/13/60	Republic	Pres. (Gen.) A. Kolingba	Central African Republic
5	0.6	110	52	14	34	122	16	65	0.1	Cotton Livestock	18.5	8/11/60	Republic	Pres. H. Habre	Chad
1	-1.0	240	40	34	26	19	0.5	18	2	Oils Vanilla Copra Cloves	0.4	7/6/75	Republic	Pres. Ahmed Abdullah Abderemane	Comoros

† Excludes Commerce, Shipping, and Trade

Country	Population ³					Culture			Education		Labor Force		
	Familiar Name (English)	Capital	Total Sq. Mi.	Est. Total 1985 (mil)	Est. Growth Rate 1984-85 (%)	Life Expect- ancy (yrs)	Ethnic Groups (%)	Religion (%)	Language	Lit- eracy (%)	Primary Students (% of age group)	Total (mil)	% in Agr.
Congo People's Republic of the Congo (Congo)	Brazzaville	132,000	1.8	3	47	Bakongo Sangha Bateke M'Bochi European	Indigenous (51) Christian (47) Muslim (2)	French Lingala Kikongo	50	90+	0.7	75	25
Djibouti The Republic of Djibouti (French Territory of Afars and Issas)	Djibouti	9,000	0.3	2.6	50	Somalis (Issas) Afars French Arab	Muslim (94) Christian (6)	French Somali Afar Arabic	20	NA	0.1	NA	NA
Equatorial Guinea Republic of Equatorial Guinea (Equatorial Guinea and Spanish Guinea)	Malabo	10,820	0.3	2.5	45	Fang Bubi Other	(80) (15) (5) Nominally Christian	Spanish Pidgin English Fang	55	70	0.1	86	14
Ethiopia Federalist Ethiopia (Empire of Ethiopia)	Addis Ababa	445,000	42.3	0.7	38	Galla Amhara/ Tigray Sidamo Shankella Somali Other	(40) (32) (9) (6) (6) (7) Muslim (45) Ethiopian Orthodox Christian (40) Indigenous (15)	Amharic Tigrinya Arabic Orominga English	15	23	13.0	90	10
Gabon Gabonese Republic (Gabon)	Libreville	102,317	1.0	3.1	44	Fang Eshira Bapounou Bateke	Christian (60) Indigenous (39) Muslim (1)	French Local	65	84	0.3	65	35
Gambia, The Republic of The Gambia (Gambia)	Banjul	4,003	0.8	3.5	33	Mandinka Fula Wolof Non-Gam- bian Jola Serahuli Other	(38) (16) (14) (10) (9) (8) (5) Muslim (85) Christian (14) Indigenous (1)	English Mandinka Wolof Fula	15	14	0.4	75	25
Ghana Republic of Ghana (Gold Coast)	Accra	92,100	13.2	3.0	49	Akan Ewe Ga	Indigenous (45) Christian (43) Muslim (12)	English Akan Mole- Dagbani Ewe Ga	30	60	3.7	55	45
Guinea Republic of Guinea (French Guinea)	Conakry	246,048	5.7	2.7	45	Fulani Malinke Sousou 15 Smaller Tribes	Muslim (75) Indigenous (24) Christian (1)	French Local	48	34	2.4	82	18
Guinea-Bissau Republic of Guinea-Bissau (Portuguese Guinea)	Bissau	14,000	0.9	1.9	35	Balanta Fulani Manjaca Mandinga	Indigenous (65) Muslim (30) Christian (5)	Portu- guese Crioulo Local	9	NA	0.3	90	10

³Industry, Services,
Commerce, and Government

Annual GDP (\$ bil)	Gross Domestic Product					Imports			Exports		Est. US Econ. Assist- ance FY 1985 (\$ mil)	Date of Independ- ence	Government		Country
	Growth Rate (%)	Per Capita (\$)	% From Agr.	% From Ind	% From Other†	Total (\$ mil)	From US 1984 (\$ mil)	Total (\$ mil)	To US 1984 (\$ mil)	Leading Exports			Type	Chief of State and/or Head of Government	
8	3.1	1300	10	15	75	608	12	997	1001	Oil Wood Sugar Tobacco Coffee	1.0	8/15/60	People's Republic	Pres. (Col.) D Sassou- Nguesso	Congo
1	NA	400	10	1	89	152	8	66	01	Hides Cattle Coffee	5	6/27/77	Republic	Pres. H. G. Aptidon	Djibouti
9	0	417	50	2	48	37	< 0.5	13	0.5	Cocoa Coffee Wood Bananas	1.0	10/12/68	Republic	Pres. (Lt. Col.) Obiang Nguema Mbasogo	Equatorial Guinea
	3.7	142	52	14	34	906	174	403	82	Coffee Pulse Hides Meat	14.3	Since Ancient Times	Provi- sional Military	Chief of State Mengistu Haile-Mariam	Ethiopia
E	0.7	2742	4	6	90	700	36	2200	680	Petroleum Wood Manganese Uranium	0	8/17/60	Republic	Pres. El Hadj Omar Bongo	Gabon
0	13.4	190	75	15	10	87	14	66	0.6	Peanuts Palm Fish	4.7	2/18/65	Republic	Pres. Sir D. K. Jawara	The Gambia
0	-7.2	954	NA	NA	NA	669	46	857	47	Cocoa Minerals Wood	7.6	3/6/57	Provi- sional Military	Chairman of PNDC Ft. Lt. J. J. Rawlings	Ghana
	1.3	276	40	10	50	403	33	537	110	Bauxite Alumina Fruit Coffee	8.6	10/2/58	Republic	Pres. (Col.) L. Conte	Guinea
	-5.1	182	NA	NA	NA	57	NA ⁴	9	NA ⁴	Peanuts Palm Products Fish	2.5	9/24/73	Republic	Pres. (Brig. General) J. B. Vieira	Guinea-Bissau

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Country	Capital	Population ³				Culture				Education		Labor Force	
		Total Sq. Mi.	Est. Total 1985 (mil)	Est. Growth Rate 1984-85 (%)	Life Expectancy (yrs)	Ethnic Groups (%)	Religion (%)	Language	Literacy (%)	Primary Students (% of age group)	Total (mil)	% in Agr.	% in Other
Ivory Coast Republic of Cote d'Ivoire (Ivory Coast)	Abidjan	124,500	10.1	4.0	47	60 Groups	Indigenous (63) Muslim (25) Christian (12)	French Local	24	75	4.0	85	15
Kenya Republic of Kenya (Kenya)	Nairobi	224,900	20.2	4.2	53	Kikuyu (20) Luhya (14) Luo (13) Other (53)	Christian (66) Indigenous (28) Muslim (6)	English Swahili Local	70	83	5.4	80	20
Lesotho Kingdom of Lesotho (Basutoland)	Maseru	11,716	1.5	2.5	52	Sotho (<100) Other (<1)	Christian (80) Indigenous (20)	English Sesotho Xhosa Zulu	55	70	0.4	36	64
Liberia Republic of Liberia (Liberia)	Monrovia	43,000	2.2	3.3	54	Indigenous Groups (95) American Descendants (5)	Indigenous (75) Muslim (15) Christian (10)	English Local	24	50	0.5	70	30
Madagascar Democratic Republic of Madagascar (Malagasy Republic)	Antananarivo	228,000	9.9	2.8	46	Merina Betsileo Cotiers French Indian	Indigenous (52) Muslim (41) Christian (7)	Malagasy French	53	83	3.4	92	8
Malawi Republic of Malawi (Nyasaland Protectorate)	Lilongwe	45,747	7.0	3.3	47	Chewas Njanja Tumbuko Lomwe Ya	Christian (75) Muslim (20) Indigenous (5)	Chichewa English Tombuka	25	45	2.4	90	10
Mali Republic of Mali (French Soudan)	Bamako	464,873	7.7	2.3	45	Mandé (50) Peul (17) Voltaic (12) Other (21)	Muslim (90) Indigenous (9) Christian (1)	French Bambara	10	28	3.5	73	27
Mauritania Islamic Republic of Mauritania (Mauritania)	Nouakchott	419,229	1.7	2.0	42	Arab-Berber (33) Arab-Berber Negroid (33) Negroid (33)	Muslim (100)	Hasanya- Arabic French Toucouleur	17	24	0.5	47	53
Mauritius Mauritius	Port Louis	720	1.6	2.0	69	Indo- Mauritian (68) Creoles (27) Sino- Mauritian (3) Franco- Mauritian (2)	Hindu (52) Christian (31) Muslim (17)	English French Creole Hindi Urdu	61	78	0.3	29	71
Mozambique People's Republic of Mozambique (Mozambique)	Maputo	303,769	13.8	2.8	47	Makua Tsonga Other Bantu European	Indigenous (60) Christian (30) Muslim (10)	Portu- guese Local English	14	40	3.2	85	15

³Industry, Services,
Commerce, and Government

Year	Gross Domestic Product					Imports			Exports		Est. US Econ. Assist-ance FY 1985 (\$ mil)	Date of Independence	Government Type	Chief of State and/or Head of Government	Country
	Growth Rate (%)	Per Capita (\$)	% From Agr.	% From Ind.	% From Other	Total (\$ mil)	From US 1984 (\$ mil)	Total (\$ mil)	To US 1984 (\$ mil)	Leading Exports					
1966	1.8	871	25	25	50	1850	65	2450	469	Coffee Cocoa Wood	0	8/7/60	Republic	Pres. F. Houphouët-Boigny	Ivory Coast
1965	2.1	294	35	15	50	1234	74	922	64	Coffee Tea Meat Sisal	75.4	12/12/63	Republic	Pres. D. T. Arap Moi	Kenya
1966	-2.0	455	27	6	67	450	12	124	0.7	Wool Mohair Diamonds Labor to South Africa	16.6	10/4/66	Constitutional Monarchy	King—Moshoeshe II PM—Dr. L. Jonathan**	Lesotho
1961	-5.0	492	15	60	25	424	97	429	98	Iron Rubber Timber Diamonds	73.1	1847	Republic	Head of State Dr. Samuel K. Doe	Liberia
1965	1.6	260	40	17	43	356	39	328	71	Coffee Cloves Vanilla Sugar	17.8	6/29/60	Republic	Pres. (Adm.) D. Ratsiraka	Madagascar
1963	3.0	213	39	9	52	274	3	204	30	Tobacco Tea Ground Nuts Sugar	9.7	7/6/64	Republic	Pres. Dr. H. K. Banda	Malawi
1960	4.4	138	42	11	47	233	15	146	1	Meat Cotton Fish Peanuts	23.5	9/22/60	Republic	Pres. (B. Gen.) M. Traore	Mali
1967	NA	460	22	21	57	215	26	275	1	Iron Gypsum Fish	15.8	11/28/60	Military Republic	Pres. (Col.) M. S. A. Ould Taya	Mauritania
1961	1.2	1053	17	16	67	393	9	363	49	Sugar Tea Textiles Tourism	5.5	3/12/68	Parl. Dem. Under Const. Monarch	Chief of State—Queen Elizabeth II Governor General—Sir S. Ramgoolam	Mauritius
1967	3.5	220	45	35	20	737	23	385	24	Cashews Cotton Tea Shrimp Labor to South Africa	38.7	6/25/75	People's Republic	Pres. S. M. Machel	Mozambique

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**Maj. Gen. Justinus Lekhanya deposed PM Jonathan on January 20, 1986. Lekhanya heads the Governing Military Council.

Country	Population ³					Culture			Education		Labor Force				
	Familiar Name (Country)	Capital	Total Sq. Mi.	Est. Total 1985 (mil.)	Est. Growth Rate 1984-85 (%)	Life Expectancy (yrs.)	Ethnic Groups (%)	Religion (%)	Language	Lit- eracy (%)	Primary Students (% of age group)	Total (mil.)	% in Agr.	% in Other	
Namibia Republic of Namibia (Namibia)	Windhoek	318,261	1.1	3.0	NA	African European Mixed	(86) (7) (7)	Christian Indigenous	(60) (40)	Afrikaans English German Local	39	25	0.5	60	40
Niger Republic of Niger (Niger)	Niamey	490,000	6.5	3.3	42	Hausa Djerma Fulani Tuareg Other	(56) (22) (9) (8) (5)	Muslim Indigenous and Christian	(80) (20)	French Hausa Djerma	5	15	2.5	90	10
Nigeria Federal Republic of Nigeria (Nigeria)	Lagos	357,000	91.2	3.4	49	Hausa- Fulani Ibo Yoruba		Muslim Christian Indigenous	(47) (34) (19)	English Hausa Ibo Yoruba	30	42	40	60	40
Rwanda Republic of Rwanda	Kigali	10,169	6.3	3.7	45	Hutu Tutsi Twa	(85) (14) (1)	Christian Indigenous Muslim	(74) (25) (1)	French Kinyar- Wanda Kiswahali	37	70	2.7	93	7
São Tomé and Príncipe Democratic Republic of São Tomé and Príncipe	São Tomé	372	0.09	0.8	NA	Portuguese- African Portuguese		Christian Other	(80) (20)	Portuguese	50	NA	0.02	70	30
Senegal Republic of Senegal (Senegal)	Dakar	76,000	6.8	3.2	44	Wolof Fulani Sere Other	(36) (17) (17) (30)	Muslim Christian Other	(80) (5) (15)	French Wolof Pulaar Local	10	53	1.7	70	30
Seychelles Republic of Seychelles (Seychelles Colony)	Victoria	171	0.07	0.9	66	Seychellois		Christian Other	(98) (2)	English French Creole	60	95	0.03	19	81
Sierra Leone Republic of Sierra Leone (Sierra Leone)	Freetown	27,925	3.9	2.6	46	Temne Mende		Indigenous Muslim Christian	(70) (25) (5)	English Krio	15	NA	1.5	75	25
Somalia Somali Democratic Republic (Somalia and Republic of Somalia)	Mogadishu	246,155	7.6	3.0	44	Somali Bantu Other	(85) (14) (1)	Muslim Other	(99) (1)	Somali Arabic English Italian	10	50	2.2	82	18
South Africa Republic of South Africa (Union of South Africa)	Pretoria	472,359	32.5	2.4	66	African White Colored Asian	(70) (18) (9) (3)	Christian Hindu Muslim Indigenous		English Afrikaans Zulu Xhosa Sotho Tswana	70	89	10.4	30	70

³Industry Services, Commerce, and Government

Annual GDP (\$ bil)	Gross Domestic Product					Imports			Exports		Est. US Econ. Assist- ance FY 1985 (\$ mil)	Date of Independ- ence	Government		Country
	Growth Rate (%)	Per Capita (\$)	% From Agr.	% From Ind.	% From Other ¹	Total (\$ mil)	From US 1984 (\$ mil)	Total (\$ mil)	To US 1984 (\$ mil)	Leading Exports			Type	Chief of State and/or Head of Government	
195	-7.0	1429	10	6	84	988	4	1320	3	Copper Uranium Diamonds Cattle	0	Pending	Internat- ional Territory	—	Namibia
190	-0.8	425	44	10	46	438	2	362	0.5	Uranium Livestock Cowpeas	37.9	8/3/60	Republic	Pres (B Gen) Seyni Kountché	Niger
190	-4.4	760	25	10	65	12,100	577	10500	2508	Petroleum Cocoa Tin Coal	0	10/1/60	Federal Republic	Pres Ibrahim Babangida	Nigeria
195	2.9	270	46	15	39	182	9	114	17	Coffee Cassiterite Tea Pyrethrum	11.4	7/1/62	Republic	Pres (Maj Gen) J Habyarimana	Rwanda
193	-10.0	300	40	8	52	20	NA ⁴	9	NA ⁴	Cocoa Copra Palm	0.3	7/12/75	Republic	Pres M Pinto Da Costa	São Tomé and Príncipe
195	-14.3	400	20	20	60	820	95	498	2	Peanuts Phosphate Fish	47.8	4/4/60	Republic	Pres A Diouf	Senegal
192	-0.2	2270	7	15	78	81	0.5	35	0.3	Tourism Copra Cinnamon	2.3	6/29/76	Republic	Pres F R Rene	Seychelles
190	0.5	256	32	23	45	126	19	104	39	Minerals Agricultural Products	6.9	4/27/61	Republic	Pres Dr S P Stevens	Sierra Leone
190	9.6	375	55	7	38	407	76	101	0.7	Livestock Fruit Hides	70.7	7/1/60	Republic	Pres (M Gen) Saïd Barre	Somalia
192	-3.0	2500	7	24	69	14400	2265	18200	2488	Gold Ore Uranium Diamonds Wool Sugar	10 ⁶	5/31/10	Republic	Pres P W Botha	South Africa

¹Includes Commerce
²Includes Commerce
and Trade

Country	Population ³	Culture	Education		Labor Force						
			Literacy (%)	Primary Students (% of age group)	Total (mil)	% in Agr.	% in Other				
Familiar Name Official Name Capital	Total Sq. Mi. Est. Total 1985 (mil) Est. Growth Rate 1984-85 (%) Life Expectancy (yrs)	Ethnic Groups (%)	Religion (%)	Language							
Sudan Democratic Republic of Sudan (Anglo-Egyptian Sudan)	Khartoum 967,500 21.8 2.7 47	Black Arab Beja Other	(52) (39) (6) (3)	Muslim Indigenous Christian	(70) (25) (5)	Arabic English Local	20	50	5.7	78	22
Swaziland Kingdom of Swaziland (Swaziland)	Mbabane 6,704 0.7 3.0 47	African White	(97) (3)	Christian Indigenous	(57) (43)	English SiSwati Zulu	65	90	0.4	53	47
Tanzania United Republic of Tanzania (Tanganyika and Zanzibar)	Dar es Salaam 365,608 21.7 3.2 52	Over 130 Groups	Indigenous Christian Muslim	(34) (33) (33)	Swahili English	66	87	7.2	83	17	
Togo Republic of Togo (French Togoland)	Lome 21,853 3.0 3.1 47	Ewe Mina Kabyé	Indigenous Christian Muslim	(60) (20) (20)	French Local	18	50	1.2	67	15	
Uganda Republic of Uganda (Uganda)	Kampala 91,076 14.7 3.2 53	Bantu Nilotic Sudanic	Christian Indigenous Muslim	(66) (18) (16)	English Swahili Luganda	52	53	5.8	90	10	
Zaire Republic of Zaire (Belgian Congo)	Kinshasa 905,063 32.9 2.9 48	Bantu 80 Other Groups	Christian Indigenous	(70) (30)	French English Lingala Other	27	90	13.0	75	25	
Zambia Republic of Zambia (Northern Rhodesia) (Federation of Rhodesia and Nyasaland)	Lusaka 290,724 6.8 3.2 47	African Other	(99) (1)	Christian Indigenous Muslim	(51) (48) (1)	English 70 Local	54	49	2.7	65	35
Zimbabwe (Zimbabwe Rhodesia) (Southern Rhodesia)	Harare 150,333 8.7 3.3 52	African White Other	(96) (3) (1)	Christian Indigenous Other	(75) (24) (1)	English Shona Ndebele	50	90	3.4	35	60

³Industry, Services, Commerce, and Government

Gross Domestic Product						Imports		Exports		Est. US Econ. Assistance FY 1985 (\$ mil)	Date of Independence	Government		Country	
Annual (\$ bil)	Growth Rate (%)	Per Capita (\$)	% From Agr.	% From Ind.	% From Other ¹	Total (\$ mil)	From US 1984 (\$ mil)	Total (\$ mil)	To US 1984 (\$ mil)			Leading Exports	Type		Chief of State and/or Head of Government
7.3	-2.6	364	40	6	54	1800	136	790	20	Cotton Gum Arabic Peanuts	214.4	1/1/56	Republic	Chairman (Gen.) Suwar el-Dahab	Sudan
0.6	1.7	900	23	33	44	464	0.7	330	23	Sugar Wood Tourism Iron Asbestos	7.6	9/6/68	Monarchy	Queen Regent Ntombi Thawala PM—B. Dlamini	Swaziland
4.2	0.6	210	54	13	33	831	44	396	12	Coffee Cotton Sisal Spices	3.9	(Union) 1964	Republic	Pres. Ali Hassan Mwinyi	Tanzania
1.0	-3.2	340	27	21	52	290	13	202	35	Phosphates Cocoa Coffee	4.9	4/27/60	Republic	Pres. (Gen.) G. Eyadema	Togo
4.8	5.0	355	55	8	37	509	3	380	93	Coffee Tea Cotton	7.8	10/9/62	Republic	Chief of State (Gen.) T.O. Lutwa**	Uganda
3.4	3.0	570	16	30	54	1130	82	1611	502	Copper Cobalt Diamonds Coffee	49.1	6/30/60	Republic	Pres. (Marshal) Mobutu Sese Seko	Zaire
3.4	1.7	500	14	41	45	1060	91	1030	124	Copper Cobalt Zinc Lead Tobacco	25.0	10/24/64	Republic	Pres. Dr. K.D. Kaunda	Zambia
5.6	2.0	870	18	32	50	1430	63.6	1120	71	Tobacco Chrome Textiles Grain	37.6	4/18/80	Parliamentary System	Pres. Dr. C. Banana PM—Robert Mugabe	Zimbabwe

Services, Commerce
Mining and Trade

**Yoweri Museveni and his National Resistance Army seized power on January 27, 1986. Museveni was sworn in as President on January 29, 1986.

¹Statistics are drawn from the latest, most reliable data available from a variety of sources, particularly from the Department of State's *Background Notes* and the Central Intelligence Agency's *The World Factbook*, which are periodically updated. Therefore, except where indicated, no specific year can be designated for each category of statistics. Furthermore, current figures do not exist in many cases (indicated by NA—not available) and some data are based on U.S. Government estimates.

²The earlier name listing is included to identify for readers unfamiliar with the earlier names by which some of the countries have been known. In some cases these names date to preindependence and in other instances relate to various postindependence regimes. No political significance should be attached to these designations, which are based largely on historical perceptions.

³Estimated and projected mid-year population and growth rates are from the year to mid-year.

⁴Trade statistics with the United States have been combined for the Cape Verde Islands, Guinea-Bissau, and Sao Tome and Principe. Total 1984 imports from the United States were \$29.7 million, and total 1984 exports to the United States were \$0.9 million.

⁵Economic assistance includes development assistance, Economic Support Funds, and PL 480 Titles I, II, and III. Refugee and emergency famine assistance, which amounted to \$879 million in FY 1985, and military assistance are excluded. Some regional funds for the African economic policy reform program also are not included.

⁶These funds do not go to the South African Government. AID's program in South Africa works directly with regional organizations, private voluntary organizations, local groups, and individuals for the improvement of educational and training opportunities for South Africans disadvantaged by apartheid.

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Tobacco mortar, Zaire.

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Part 1, providing a regional profile of sub-Saharan Africa (geography, history, people, political processes, economy, and multilateral organizations) was printed in the April 1986 *Bulletin*. ■

Central America and U.S. Security

*President Reagan's address
to the nation
of March 16, 1986.¹*

My fellow Americans, I must speak to you tonight about a mounting danger in Central America that threatens the security of the United States. This danger will not go away; it will grow worse, much worse, if we fail to take action now. I am speaking of Nicaragua, a Soviet ally on the American mainland only 2 hours flying time from our own borders. With over a billion dollars in Soviet-bloc aid, the communist Government of Nicaragua has launched a campaign to subvert and topple its democratic neighbors.

Using Nicaragua as a base, the Soviets and Cubans can become the dominant power in the crucial corridor between North and South America. Established there, they will be in a position to threaten the Panama Canal, interdict our vital Caribbean sealanes, and, ultimately, move against Mexico. Should that happen, desperate Latin peoples by the millions would begin fleeing north into the cities of the southern United States or to wherever some hope of freedom remained.

The U.S. Congress has before it a proposal to help stop this threat. The legislation is an aid package of \$100 million for the more than 20,000 freedom fighters struggling to bring democracy to their country and eliminate this communist menace at its source. But this \$100 million is not an additional \$100 million. We are not asking for a single dime in new money. We are asking only to be permitted to switch a small part of our present defense budget—to the defense of our own southern frontier.

Gathered in Nicaragua already are thousands of Cuban military advisers, contingents of Soviets and East Germans, and all the elements of international terror—from the PLO [Palestine Liberation Organization] to Italy's Red Brigades. Why are they there? Because, as Colonel Qadhafi has publicly exulted: "Nicaragua means a great thing, it

means fighting America near its borders—fighting America at its doorstep."

For our own security, the United States must deny the Soviet Union a beachhead in North America. But let me make one thing plain. I am not talking about American troops. They are not needed; they have not been requested. The democratic resistance fighting in Nicaragua is only asking America for the supplies and support to save their own country from communism.

The question the Congress of the United States will now answer is a simple one: will we give the Nicaraguan democratic resistance the means to recapture their betrayed revolution, or will we turn our backs and ignore the malignancy in Managua until it spreads and becomes a mortal threat to the entire New World? Will we permit the Soviet Union to put a second Cuba, a second Libya, right on the doorstep of the United States?

The Nicaraguan Threat

How can such a small country pose such a great threat? Well, it is not Nicaragua alone that threatens us, but those using Nicaragua as a privileged sanctuary for their struggle against the United States.

Their first target is Nicaragua's neighbors. With an army and militia of 120,000 men, backed by more than 3,000 Cuban military advisers, Nicaragua's Armed Forces are the largest Central America has ever seen. The Nicaraguan military machine is more powerful than all its neighbors combined.

This map [appears on TV screen] represents much of the Western Hemisphere. Now let me show you the countries in Central America where weapons supplied by Nicaraguan communists have been found: Honduras, Costa Rica, El Salvador, Guatemala. Radicals from Panama to the south have been trained in Nicaragua. But the Sandinista revolutionary reach extends well

beyond their immediate neighbors. In South America and the Caribbean, the Nicaraguan communists have provided support in the form of military training, safe haven, communications, false documents, safe transit, and sometimes weapons to radicals from the following countries: Colombia, Ecuador, Brazil, Chile, Argentina, Uruguay, and the Dominican Republic. Even that is not all, for there was an old communist slogan that the Sandinistas have made clear they honor: the road to victory goes through Mexico.

If maps, statistics, and facts aren't persuasive enough, we have the words of the Sandinistas and Soviets themselves. One of the highest level Sandinista leaders was asked by an American magazine whether their communist revolution will—and I quote—"be exported to El Salvador, then Guatemala, then Honduras, and then Mexico?" He responded, "That is one historical prophecy of Ronald Reagan that is absolutely true."

Well, the Soviets have been no less candid. A few years ago, then Soviet Foreign Minister Gromyko noted that Central America was "boiling like a cauldron" and ripe for revolution. In a Moscow meeting in 1983, Soviet Chief Staff Marshal Ogarkov declared: "Over two decades there was only Cuba in Latin America. Today there are Nicaragua, Grenada, and a serious battle is going on in El Salvador."

But we don't need their quotes; the American forces who liberated Grenada captured thousands of documents that demonstrated Soviet intent to bring communist revolution home to the Western Hemisphere.

The Nature of the Sandinista Regime

So, we're clear on the intentions of the Sandinistas and those who back them. Let us be equally clear about the nature of their regime. To begin with, the Sandinistas have revoked the civil liberties of the Nicaraguan people, depriving them of any legal right to speak, to publish, to assemble, or to worship freely. Independent newspapers have been shut down. There is no longer any independent labor movement in Nicaragua or a right to strike. As AFL-CIO [American Federation of Labor and Congress of Industrial Organizations] leader Lane Kirkland has said, "Nicaragua's headlong rush into the totalitarian camp cannot be denied—by anyone who has eyes to see."

Well, like communist governments everywhere, the Sandinistas have launched assaults against ethnic and religious groups. The capital's only synagogue was desecrated and firebombed—the entire Jewish community forced to flee Nicaragua. Protestant Bible meetings have been broken up by raids, by violence, by machineguns. The Catholic Church has been singled out—priests have been expelled from the country, Catholics beaten in the streets for attending Mass. The Catholic primate of Nicaragua, Cardinal Obando y Bravo, has put the matter forthrightly. "We want to state clearly," he says, "that this government is totalitarian. We are dealing with an enemy of the church."

Evangelical pastor Prudencio Baltodano found out he was on a Sandinista hit list when an army patrol searched his name. "You don't know what to do to the evangelical pastors. We

don't believe in God," they told him. Pastor Baltodano was tied to a tree, struck in the forehead with a rifle butt, stabbed in the neck with a bayonet—finally, his ears were cut off, and he was left for dead. "See if your God will save you," they mocked. Well, God did have other plans for Pastor Baltodano. He lived to tell the world his story—to tell it, among other places, right here in the White House.

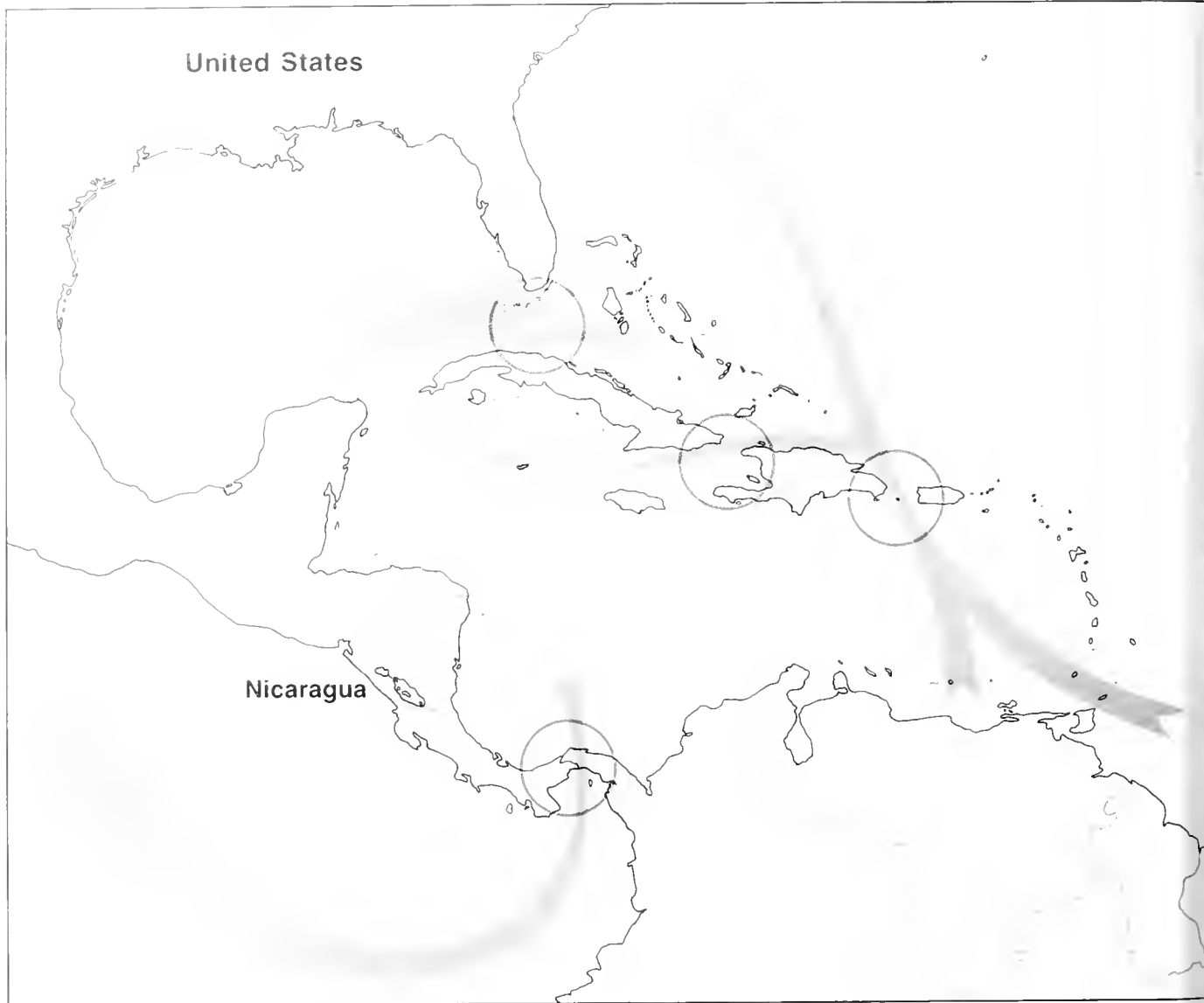
I could go on about this nightmare—the blacklists, the secret prisons, the Sandinista-directed mob violence. But, as if all this brutality at home were not enough, the Sandinistas are transforming their nation into a safe house, a command post for international terror.

The Sandinistas not only sponsor terror in El Salvador, Costa Rica, Guatemala, and Honduras—terror that led last summer to the murder of four U.S. marines in a cafe in San Salvador—they provide a sanctuary for terror.

Italy has charged Nicaragua with harboring their worst terrorists, the Red Brigades.

The Sandinistas have even involved themselves in the international drug trade. I know every American parent concerned about the drug problem will be outraged to learn that top Nicaraguan Government officials are deeply involved in drug trafficking. This picture [see below], secretly taken at a military airfield outside Managua, shows Frederico Vaughn, a top aide to one of the nine comandantes who rule Nicaragua, loading an aircraft with illegal narcotics bound for the United States. No, there seems to be no crime to which the Sandinistas will not stoop—this is an outlaw regime.





U.S. Security Interests and the Nicaraguan Democratic Resistance

If we return for a moment to our map [see above], it becomes clear why having this regime in Central America imperils our vital security interests.

Through this crucial part of the Western Hemisphere passes almost half our foreign trade, more than half our imports of crude oil, and a significant portion of the military supplies we would have to send to the NATO alliance in the event of a crisis. These are the chokepoints where the sealanes could be closed.

Central America is strategic to our Western alliance, a fact always understood by foreign enemies. In World War II, only a few German U-boats, operating from bases 4,000 miles away in Ger-

many and occupied Europe, inflicted crippling losses on U.S. shipping right off our southern coast.

Today, Warsaw Pact engineers are building a deep water port on Nicaragua's Caribbean coast, similar to the naval base in Cuba for Soviet-built submarines. They are also constructing, outside Managua, the largest military airfield in Central America—similar to those in Cuba, from which Russian Bear bombers patrol the U.S. east coast from Maine to Florida.

How did this menace to the peace and security of our Latin neighbors and, ultimately, ourselves suddenly emerge? Let me give you a brief history.

In 1979, the people of Nicaragua rose up and overthrew a corrupt dictator. At first, the revolutionary leaders promised free elections and

respect for human rights. But among them was an organization called the Sandinistas. Theirs was a communist organization, and their support of the revolutionary goals was sheer deceit. Quickly and ruthlessly, they took complete control.

Two months after the revolution, the Sandinista leadership met in secret and in what came to be known as the "72-Hour Document," described themselves as the "vanguard" of a revolution that would sweep Central America, Latin America, and, finally, the world. Their true enemy, they declared: the United States.

Rather than make this document public, they followed the advice of Fidel Castro, who told them to put on a facade of democracy. While Castro viewed the democratic elements in

Nicaragua with contempt, he urged his Nicaraguan friends to keep some of them in their coalition, in minor posts, window dressing to deceive the West. And that way, Castro said, you can give your revolution, and the Americans will pay for it.

And we did pay for it. More aid flowed to Nicaragua from the United States in the first 18 months under the Sandinistas than from any other country. Only when the mask fell, and the face of totalitarianism became visible to the world, did the aid stop.

Confronted with this emerging defeat, early in our Administration I went to Congress and, with bipartisan support, managed to get help for the conditions surrounding Nicaragua. Some of you may remember the inspiring scene when the people of El Salvador braved threats and gunfire of the communist guerrillas—guerrillas directed and supplied from Nicaragua—and went to the polls to vote decisively for democracy. For the communists in El Salvador it was a humiliating defeat. But there was another factor the communists never counted on, a factor now promises to give freedom a good chance—the freedom fighters of Nicaragua.

You see, when the Sandinistas betrayed the revolution, many who had fought the old Somoza dictatorship literally took to the hills and, like the French Resistance that fought the Nazis, began fighting the Soviet-bloc communists and their Nicaraguan collaborators. These few have now been killed by thousands.

With their blood and courage, the freedom fighters of Nicaragua have laid down the Sandinista army and fought the people of Central America a glorious time. We Americans owe them a debt of gratitude. In helping to thwart Sandinistas and their Soviet mentors, the resistance has contributed directly to the security of the United States.

Since its inception in 1982, the democratic resistance has grown dramatically in strength. Today, it numbers more than 20,000 volunteers, and more every day. But now the freedom fighters' supplies are running short, and they are virtually defenseless against helicopter gunships Moscow has sent to Nicaragua.

A Crucial Test

Now comes the crucial test for the Congress of the United States. Will they provide the assistance the freedom fighters need to deal with Russian tanks and gunships, or will they abandon the democratic resistance to its communist enemy?

In answering that question, I hope Congress will reflect deeply upon what it is the resistance is fighting against in Nicaragua. Ask yourselves, what in the world are Soviets, East Germans, Bulgarians, North Koreans, Cubans, and terrorists from the PLO and the Red Brigades doing in our hemisphere, camped on our own doorstep? Is that for peace?

Why have the Soviets invested \$600 million to build Nicaragua into an armed force almost the size of Mexico's—a country 15 times as large and 25 times as populous. Is that for peace?

Why did Nicaragua's dictator, Daniel Ortega, go to the Communist Party Congress in Havana and endorse Castro's call for the worldwide triumph of communism? Was that for peace?

Some Members of Congress ask me, why not negotiate? That's a good question, and let me answer it directly. We have sought, and still seek, a negotiated peace and a democratic future in a free Nicaragua. Ten times we have met and tried to reason with the Sandinistas. Ten times we were rebuffed. Last year, we endorsed church-mediated negotiations between the regime and the resistance. The Soviets and the Sandinistas responded with a rapid arms buildup of mortars, tanks, artillery, and helicopter gunships.

Clearly, the Soviet Union and the Warsaw Pact have grasped the great stakes involved, the strategic importance of Nicaragua. The Soviets have made their decision—to support the communists. Fidel Castro has made his decision—to support the communists. Arafat, Qadhafi, and the Ayatollah Khomeini have made their decision—to support the communists. Now, we must make our decision. With Congress' help, we can prevent an outcome deeply injurious to the national security of the United States. If we fail, there will be no evading responsibility—history will hold us accountable. This is not some narrow partisan issue; it's a national security issue, an issue on which we must act not as Republicans, not as Democrats, but as Americans.

Forty years ago, Republicans and Democrats joined together behind the Truman Doctrine. It must be our policy, Harry Truman declared, to support peoples struggling to preserve their freedom. Under that doctrine, Congress sent aid to Greece just in time to save that country from the closing grip of a communist tyranny. We saved freedom in Greece then—and with that same bipartisan spirit, we can save freedom in Nicaragua today.

Over the coming days, I will continue the dialogue with Members of Congress, talking to them, listening to them, hearing out their concerns. Senator Scoop Jackson, who led the fight on Capitol Hill for an awareness of the danger in Central America, said it best: on matters of national security, the best politics is no politics.

You know, recently one of our most distinguished Americans, Clare Boothe Luce, had this to say about the coming vote. "In considering this crisis," Mrs. Luce said, "my mind goes back to a similar moment in our history—back to the first years after Cuba had fallen to Fidel. One day during those years, I had lunch at the White House with a man I had known since he was a boy—John F. Kennedy. 'Mr. President,' I said, 'no matter how exalted or great a man may be, history will have time to give him no more than one sentence. George Washington—he founded our country. Abraham Lincoln—he freed the slaves and preserved the Union. Winston Churchill—he saved Europe.' 'And what, Clare,' John Kennedy said, 'did you believe—or do you believe my sentence will be?' 'Mr. President,' she answered, 'your sentence will be that you stopped the communists—or that you did not.'"

Well, tragically, John Kennedy never had the chance to decide which that would be. Now, leaders of our own time must do so. My fellow Americans, you know where I stand. The Soviets and Sandinistas must not be permitted to crush freedom in Central America and threaten our own security on our own doorstep.

Now the Congress must decide where it stands. Mrs. Luce ended by saying: "Only this is certain. Through all time to come, this, the 99th Congress of the United States, will be remembered as that body of men and women that either stopped the communists before it was too late—or did not."

So tonight I ask you to do what you've done so often in the past. Get in touch with your Representative and Senators and urge them to vote yes; tell them to help the freedom fighters—help us prevent a communist takeover of Central America.

I have only 3 years left to serve my country, 3 years to carry out the responsibilities you entrusted to me, 3 years to work for peace. Could there be any greater tragedy than for us to sit back and permit this cancer to spread, leaving my successor to face far more agonizing decisions in the years ahead? The freedom fighters seek a political solution. They are willing to lay down their arms and negotiate to restore the original goals of the revolution, a

democracy in which the people of Nicaragua choose their own government. That is our goal also, but it can only come about if the democratic resistance is able to bring pressure to bear on those who have seized power.

We still have time to do what must be done so history will say of us, we had the vision, the courage, and good sense to come together and act—Republicans and Democrats—when the price was not high and the risks were not great. We left America safe, we left America secure, we left America free—still a beacon of hope to mankind, still a light unto the nations.

¹Text from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

Freedom, Regional Security, and Global Peace

MESSAGE TO THE CONGRESS,
MAR. 14, 1986¹

I. America's Stake in Regional Security

For more than two generations, the United States has pursued a global foreign policy. Both the causes and consequences of World War II made clear to all Americans that our participation in world affairs, for the rest of the century and beyond, would have to go beyond just the protection of our national territory against direct invasion. We had learned the painful lessons of the 1930s, that there could be no safety in isolation from the rest of the world. Our nation has responsibilities and security interests beyond our borders—in the rest of this hemisphere, in Europe, in the Pacific, in the Middle East, and in other regions—that require strong, confident, and consistent American leadership.

In the past several weeks, we have met these responsibilities—in difficult circumstances—in Haiti and in the Philippines. We have made important proposals for peace in Central America and southern Africa. There and elsewhere, we have acted in the belief that our peaceful and prosperous future can best be assured in a world in which other peoples, too, can determine their own destiny, free of coercion or tyranny from either at home or abroad.

The prospects for such a future—to which America has contributed in innumerable ways—seem brighter than they have been in many years. Yet we cannot ignore the obstacles that stand in its path. We cannot meet our responsibilities and protect our interests without an active diplomacy backed by American economic and military power. We should not expect to solve problems that are insoluble, but we must not be half-hearted when there is a prospect of success. Wishful thinking and stop-and-go commitments will not protect America's interests.

Our foreign policy in the postwar era has sought to enhance our nation's security by pursuit of four fundamental goals:

- We have sought to defend and advance the cause of democracy, freedom, and human rights throughout the world.
- We have sought to promote prosperity and social progress through a free, open, and expanding market-oriented global economy.
- We have worked diplomatically to help resolve dangerous regional conflicts.
- We have worked to reduce and eventually eliminate the danger of nuclear war.

Sustained by a strong bipartisan consensus, these basic principles have weathered contentious domestic debates

through eight administrations, both Democratic and Republican. They have survived the great and rapid changes of an ever-evolving world.

There are good reasons for this continuity. These broad goals are linked together, and they, in turn, match both our ideals and our interests. No other policy could command the broad support of the American people.

A foreign policy that ignored the fate of millions around the world who seek freedom would be a betrayal of our national heritage. Our own freedom, and that of our allies, could never be secure in a world where freedom was threatened everywhere else. Our stake in the global economy gives us a stake in the well-being of others.

A foreign policy that overlooked the dangers posed by international conflicts that did not work to bring them to a peaceful resolution, would be irresponsible—especially in an age of nuclear weapons. These conflicts and the tensions that they generate are, in fact, a major spur to the continued buildup of nuclear arsenals. For this reason, my Administration has made plain that continuing Soviet adventurism in the developing world is inimical to global security and an obstacle to fundamental improvement of Soviet-American relations.

Our stake in resolving regional conflicts can be simply stated: greater freedom for others means greater peace and security for ourselves. These goals threaten no one, but none of them can be achieved without a strong, active, and engaged America.

II. Regional Security in the 1980s

Our efforts to promote freedom, prosperity, and security must take account of the diversity of regional conflicts and of the conditions in which they arise. Most of the world's turbulence has indigenous causes, and not every regional conflict should be viewed as part of the East-West conflict. And we should be alert to historic changes in the international environment, for these create both new problems and new opportunities. Three such realities must define American policies in the 1980s.

Soviet Exploitation of Regional Conflicts. The first involves the nature of the threat we face. The fact is in the 1970s the challenge to regional security became—to a greater degree than before—the challenge of Soviet expansionism. Around the world we saw a

thrust by our adversaries to spread communist dictatorships and to put our security (and that of friends and allies) at risk. The Soviet Union—and nations like Cuba, Vietnam, and Libya—applied enormous quantities of money, arms, and training in efforts to destabilize and overthrow vulnerable governments on nearly every continent. By the 1970s the long-proclaimed Soviet doctrine of "wars of national liberation" was for the first time backed by a global capability to project military power. The Soviets appeared to concede that the global "correlation of forces" was shifting inexorably in their favor.

The world now knows the results, and we all the staggering human toll. Senseless policies in Vietnam and Cambodia produced victims on a scale unknown since the genocides of Hitler and Stalin. In Afghanistan, the Soviet invasion led to the terrified flight of millions from their homes. In Ethiopia, we have witnessed death by famine and recently by forced resettlement; in South Yemen this year, factional fighting that consumed thousands of lives in a span of a few days.

These have been only the most horrifying consequences. Other outgrowths of Soviet policies have been the colonial presence of tens of thousands of Cuban troops in Africa, the activities of terrorists trained in facilities in the Soviet Union, and the effort to use communist Nicaragua as a base from which to extinguish democracy in El Salvador and beyond.

These are not isolated events. They are up the disturbing pattern of Soviet conduct in the past 15 years. The problems it creates are no less acute because the Soviet Union has had its share of disagreements with some of its allies or because many of these instruments have proved very costly. But the Soviet leadership persists in its policies despite the growing burden they impose only testifies to the strength of Soviet commitment. Unless we build barriers to Soviet ambitions and create incentives for Soviet restraint, Soviet policies will remain a source of danger—and the most important obstacle to the future spread of freedom.

In my meetings and other communications with Soviet General Secretary Gorbachev, and in my address before the UN General Assembly last October, I have made clear the importance the United States attaches to the resolution of regional conflicts that threaten world

peace and the yearning of millions for freedom and independence—whether in Afghanistan or in southern Africa.

For the United States, these conflicts cannot be regarded as peripheral to other issues on the global agenda. They raise fundamental issues and are a fundamental part of the overall U.S.-Soviet relationship. Their resolution would represent a crucial step toward the kind of world that all Americans seek and have been seeking for over forty years.

Joining Others' Strength to Ours.

The second reality that shapes America's approach to regional security is the need to join our own strength to the efforts of others in working toward our common goals.

Throughout the postwar period, our country has played an enormous role in helping other nations, in many parts of the world, to protect their freedom. Through NATO we committed ourselves to the defense of Europe against Soviet attack. Through the Marshall Plan we helped Western Europe to rebuild its economy and strengthen democratic institutions. We sent American troops to Korea to repel a communist invasion. America was an ardent champion of decolonization. We provided security assistance to help friends and allies around the world defend themselves. We extended our hand to those governments that sought to free themselves from dependence on the Soviet Union; success in such efforts—whether by Yugoslavia, Egypt, China, or others—has contributed significantly to international security.

Despite our economic and military strength and our leading political role, the pursuit of American goals has always required cooperation with like-minded partners. The problems we face today, however, make cooperation with others even more important. This is, in part, a result of the limits on our own resources, of the steady growth in the power of our adversaries, and of the American people's understandable reluctance to shoulder alone burdens that are properly shared with others. But most important, we want to cooperate with others because of the nature of our goals. Stable regional solutions depend over the long term on what those most directly affected can contribute. If interference by outsiders can be ended, regional security is best protected by the free and independent countries of each region.

The Democratic Revolution. If American policy can succeed only in cooperation with others, then the third critical development of the past decade offers special hope: it is the democratic revolution, a trend that has significantly increased the ranks of those around the world who share America's commitment to national independence and popular rule.

The democracies that survived or emerged from the ruins of the Second World War—Western Europe, Japan, and a handful of others—have now been joined by many others across the globe. Here in the Western Hemisphere, the 1980s have been a decade of transition to democracy. Today, over 90% of the population of Latin America and the Caribbean live under governments that are democratic—in contrast to only one-third a decade ago. In less than 6 years, popularly elected democrats have replaced dictators in Argentina, Bolivia, El Salvador, Guatemala, Honduras, Peru, Brazil, Uruguay, and Grenada.

In other parts of the world, we see friends and allies moving in the same direction. Earlier in this decade, the people of Turkey fought back a violent assault on democracy from both left and right. Similarly, since the fall of Vietnam, the noncommunist nations of Southeast Asia have rallied together; with prosperous economies and effective, increasingly democratic national governments, they play an increasingly important role on the world stage.

These trends are far from accidental. Ours is a time of enormous social and technological change everywhere, and one country after another is discovering that only free peoples can make the most of this change. Countries that want progress without pluralism, without freedom, are finding that it cannot be done.

In this global revolution, there can be no doubt where America stands. The American people believe in human rights and oppose tyranny in whatever form, whether of the left or the right. We use our influence to encourage democratic change, in careful ways that respect other countries' traditions and political realities as well as the security threats that many of them face from external or internal forces of totalitarianism.

The people of the Philippines are now revitalizing their democratic traditions. The people of Haiti have their first chance in three decades to direct their own affairs. Advocates of peaceful political change in South Africa are

seeking an alternative to violence as well as to apartheid. All these efforts evoke the deepest American sympathy. American support will be ready, in these countries and elsewhere, to help democracy succeed.

But the democratic revolution does not stop here. There is another, newer phenomenon as well. In recent years, Soviet ambitions in the developing world have run head-on into a new form of resistance. Peoples on every continent are insisting on their right to national independence and their right to choose their government free of coercion. The Soviets overreached in the 1970s, at a time when America weakened itself by its internal divisions. In the 1980s the Soviets and their clients are finding it difficult to consolidate these gains—in part because of the revival of American and Western self-confidence but mainly because of the courageous forces of indigenous resistance. Growing resistance movements now challenge communist regimes installed or maintained by the military power of the Soviet Union and its colonial agents—in Afghanistan, Angola, Cambodia, Ethiopia, and Nicaragua.

We did not create this historical phenomenon, but we must not fail to respond to it.

In Afghanistan, Moscow's invasion to preserve the puppet government it installed has met stiff and growing resistance by Afghans who are fighting and dying for their country's independence. Democratic forces in Cambodia, once all but annihilated by the Khmer Rouge, are now waging a similar battle against occupation and a puppet regime imposed by communist Vietnam.

In Angola, Jonas Savimbi and his UNITA [National Union for the Total Independence of Angola] forces have waged an armed struggle against the Soviet- and Cuban-backed Marxist regime, and in recent years UNITA has steadily expanded the territory under its control.

In Nicaragua, the democratic resistance forces fighting against another Soviet- and Cuban-backed regime have been holding their own—despite their lack of significant outside help and despite the massive influx of the most sophisticated Soviet weaponry and thousands of Soviet, Cuban, and Soviet-bloc advisers.

The failure of these Soviet client regimes to consolidate themselves only confirms the moral and political bankruptcy of the Leninist model. No one can be surprised by this. But it also

reflects the dangerous and destabilizing international impact that even unpopular Leninist regimes can have. None of these struggles is a purely internal one. As I told the UN General Assembly last year, the assault of such regimes on their own people inevitably becomes a menace to their neighbors. Hence the threats to Pakistan and Thailand by the powerful occupying armies in Afghanistan and Cambodia. Hence the insecurity of El Salvador, Costa Rica, and Honduras in the face of the Nicaraguan military buildup.

Soviet-style dictatorships, in short, are an almost unique threat to peace, both before and after they consolidate their rule—*before*, because the war they wage against their own people does not always stay within their own borders, and *after*, because the elimination of opposition at home frees their hand for subversion abroad. Cuba's foreign adventures of the past decade are a warning to the neighbors of communist regimes everywhere.

The drive for national freedom and popular rule takes different forms in different countries, for each nation is the authentic product of a unique history and culture. In one case, a people's resistance may spring from deep religious belief; in another, from the bonds of ethnic or tribal solidarity; in yet another, from the grievances of colonial rule or from the failure of an alien ideology to contribute to national progress. Our traditions and the traditions of those whom we help can hardly be identical. And their programs will not always match our own experience and preferences. This is to be expected. The real question is: can our policy—of active American support—increase the likelihood of democratic outcomes? I believe it can.

III. The Tools of American Policy

These three realities of the 1980s—the new thrust of Soviet interventionism, the need for free nations to join together, the democratic revolution—are inseparable. Soviet power and policy cannot be checked without the active commitment of the United States. And we cannot achieve lasting results without giving support to—and receiving support from—those whose goals coincide with ours.

These realities call for new ways of thinking about how to cope with the challenge of Soviet power. Since Harry Truman's day, through administrations of both parties, American policy toward

the Soviet Union has consistently set itself the goal of containing Soviet expansionism. Today, that goal is more relevant and more important than ever. But how do we achieve it in today's new conditions?

First of all, we must face up to the arrogant Soviet pretension known as the Brezhnev doctrine: the claim that Soviet gains are irreversible; that once a Soviet client begins to oppress its people and threaten its neighbors it must be allowed to oppress and threaten them forever. This claim has no moral or political validity whatsoever. Regimes that cannot live in peace with either their own people or their neighbors forfeit their legitimacy in world affairs.

Second, we must take full account of the striking trend that I have mentioned: the growing ranks of those who share our interests and values. In 1945 so much of the burden of defending freedom rested on our shoulders alone. In the 1970s some Americans were pessimistic about whether our values of democracy and freedom were relevant to the new developing nations. Now we know the answer. The growing appeal of democracy, the desire of *all* nations for true independence, are the hopeful basis for a new world of peace and security into the next century. A world of diversity, a world in which other nations choose their own course freely, is fully consistent with our values—because we know free peoples never choose tyranny.

To promote these goals, America has a range of foreign policy tools. Our involvement should always be prudent and realistic, but we should remember that our tools work best when joined together in a coherent strategy consistently applied. Diplomacy unsupported by power is mere talk. Power that is not guided by our political purposes can create nothing of permanent value.

The two tools of U.S. policy without which few American interests will be secure are our own military strength and the vitality of our economy. The defense forces of the United States are crucial to maintaining the stable environment in which diplomacy can be effective, in which our friends and allies can be confident of our protection, and in which our adversaries can be deterred. And our economic dynamism not only provides the resources essential to sustain our policies but conveys a deeper message that is being better understood all the time, even by our adversaries: free, pluralist societies *work*.

The failure to maintain our military capabilities and our economic strength in the 1970s was as important as any other single factor in encouraging Soviet expansionism. By reviving both of them in the 1980s, we deny our adversaries opportunities and deter aggression. We make it easier for other countries to reach sustained economic growth, to build popular institutions, and to contribute on their own to the cause of peace.

Security Assistance and Arms Transfers. When Soviet policy succeeds in establishing a regional foothold—whether through invasion, as in Afghanistan or Cambodia, or sponsorship of local Leninists as in Nicaragua—our first priority must be to bolster the security of friends most directly threatened. This has been the reason for increasing our security assistance for Pakistan, Thailand, and the friendly democratic states of Central America. U.S. aid to Pakistan has been indispensable in demonstrating that we will not permit the Soviet Union to gain hegemony over all within reach of its growing power. By raising and sustaining aid to El Salvador after the communist guerrillas failed “final offensive” of 1981, we ended that controversy here at home and did not stop us from backing a friendly democratic government under threat.

Similarly, by providing needed equipment to friends in the Middle East—whether to democratic Israel or longstanding friends in the Arab world who face clear and present radical threats—we contribute to stability and peace in a vital region of the world.

By supporting the efforts of others to strengthen their own defense, we frequently do as much for our own security through our own defense budget. Security assistance to others is a security bargain for us. We must, however, remember that states hostile to us seek the same sort of bargains at our expense. For this reason, we must be sure that the resources we commit are adequate to the job. In the first half of this decade, Libyan and Iranian aid to communist Nicaragua, for example, totaled more than three times as much as U.S. aid to the democratic opposition. Soviet assistance to Vietnam, at nearly \$2 billion annually, far outstrips U.S. support for any country save those that signed the Camp David peace accords. Soviet support for Cuba is larger still.

Economic Assistance. In speaking of Central America in 1982, I said that “. . . economic disaster [had] provided a fresh opening to the enemies of freedom, national independence, and peaceful development.” We cannot indulge the hope that economic responses alone are enough to prevent this political exploitation, but an effective American policy must address both the short-term and long-term dimensions of economic distress. In the short term, our goal is stabilization; in the long term, sustained growth and progress by encouraging market-oriented reform.

In Central America, for example, the dollar value of our economic aid has consistently been three, four, or five times as much as our security assistance. In 1985 the former totaled \$975 million; the latter, only \$227 million.

Over the long term, America’s most effective contribution to self-sustaining growth is not through direct aid but through helping these economies to earn their own way. The vigorous expansion of our own economy has already spurred growth throughout the Western Hemisphere, as well as elsewhere. But this healthy expansion of the global economy—which benefits us as well as others—depends crucially on maintaining a fair and open trading system. Protectionism is both dangerous and expensive. Its costs include not only the waste of resources and higher prices in our own economy but also the blow to poorer nations around the world that are struggling for democracy but vulnerable to antidemocratic subversion.

Diplomatic Initiatives. Some have argued that the regional wars in which the Soviet Union is embroiled provide an opportunity to “bleed” the Soviets. This is not our policy. We consider these wars dangerous to U.S.-Soviet relations and tragic for the suffering peoples directly involved.

For those reasons, military solutions are not the goal of American policy. International peace and security require both sides in these struggles to be prepared to lay down their arms and negotiate political solutions. The forms of such negotiations may vary, but in all of these conflicts, political efforts (and the improvement of internal political conditions) are essential to ending the violence, promoting freedom and national self-determination, and bringing real hope for regional security.

With these goals in mind, in my address to the UN General Assembly last fall, I put forward a plan for beginning

to resolve a series of regional conflicts in which Leninist regimes have made war against their own peoples. My initiative was meant to complement diplomatic efforts already underway. To all of these efforts the United States has given the strongest possible support. We have done so despite the fact that the Soviet Union and its clients have usually resisted negotiations or have approached the table primarily for tactical purposes. We intend, in fact, to redouble our effort through a series of bilateral discussions with the Soviets.

In Afghanistan, we strongly support the diplomatic efforts conducted under UN auspices. We see no clear sign that the Soviet Union has faced up to the necessity of withdrawing its troops, which remains the central issue of the negotiations. But we will persist.

In southern Africa, the recent announcement by the South African Government of a date for the creation of an independent Namibia provides a new test of its own and of the Angolan regime’s interest in a settlement that truly begins to reduce the threats to security in this region.

In Central America, President Duarte of El Salvador has offered a bold initiative that would produce three sets of simultaneous peace talks—his own with El Salvador’s communist guerrillas; U.S.-Nicaragua bilateral discussions; and an internal dialogue between the communist regime in Nicaragua and the democratic opposition—if the Sandinistas will agree to the latter. My new envoy for Central America, Ambassador Philip Habib, will pursue the Duarte initiative as his first responsibility.

In Cambodia, we support ASEAN—the Association of South East Asian Nations—in its intensive diplomatic efforts to promote Cambodian self-determination and an end to Vietnam’s brutal occupation.

Support for Freedom Fighters. In all these regions, the Soviet Union and its clients would, of course, prefer victory to compromise. That is why in Afghanistan, in Southeast Asia, in southern Africa, and in Central America, diplomatic hopes depend on whether the Soviets see that victory is excluded. In each case, resistance forces fighting against communist tyranny deserve our support.

The form and extent of support we provide must be carefully weighed in each case. Because a popularly supported insurgency enjoys some natural military advantages, our help need not

always be massive to make a difference. But it must be more than simply symbolic: our help should give freedom fighters the chance to rally the people to their side. As John Kennedy observed of another nation striving to protect its freedom, it is ultimately their struggle; winning inevitably depends more on them than on any outsiders. America cannot fight everyone's battle for freedom. But we must not deny others the chance to fight their battle themselves.

In some instances, American interests will be served best if we can keep the details of our help—in particular, how it is provided—out of view. The Soviets will bring enormous pressure to bear to stop outside help to resistance forces; while we can well withstand the pressure, small friends and allies may be much more vulnerable. That is why publicity for such details sometimes only exposes those whom we are trying to help, or those who are helping us, to greater danger. When this is the case, a president must be able to work with the Congress to extend needed support without publicity. Those who make it hard to extend support in this way when necessary are taking from our hands an important tool to protect American interests. Other governments that find they cannot work with us on a confidential basis will often be forced not to work with us at all. To hobble ourselves in this way makes it harder to shape events while problems are still manageable. It means we are certain to face starker choices down the road.

Nowhere is this clearer than in Central America. The Nicaraguan communists have actively sought to subvert their neighbors since the very moment they took power. There can be no regional peace in Central America—or wherever Soviet client regimes have taken power—so long as such aggressive policies face no resistance. Support for resistance forces shows those who threaten the peace that they have no military option and that negotiations represent the only realistic course.

Communist rulers do not voluntarily or in a single step relinquish control and open their nations to popular rule. But there is no historical basis for thinking that Leninist regimes are the only ones that can indefinitely ignore armed insurgencies and the disintegration of their own political base. The conditions that a growing insurgency can create—high military desertion rates, general strikes, economic shortages, infrastructural breakdowns, to name just a few—can, in

turn, create policy fissures even within a leadership that has had no change of heart.

This is the opportunity that the freedom fighters of the 1980s hope to seize, but it will not exist forever, either in Central America or elsewhere. When the mechanisms of repression are fully in place and consolidated, the task of countering such a regime's policies—both internal and external—becomes incomparably harder. That is why the Nicaraguan regime is so bent on extinguishing the vestiges of pluralism in Nicaraguan society. It is why our own decisions can no longer be deferred.

IV. Regional Security and U.S.-Soviet Relations

My Administration has insisted that the issue of regional security must have a prominent place on the agenda of U.S.-Soviet relations.

We have heard it said, however, that while talking about these issues is a good idea, the United States should not be involved in other ways. Some people see risks of confrontation with the Soviet Union; others, no chance that the Soviets would ever reduce their commitment to their clients.

I challenge both of these views. A policy whose only goal was to pour fuel on existing fires would obviously be irresponsible, but America's approach is completely different. Our policy is designed to keep regional conflicts from spreading and thereby to reduce the risk of superpower confrontations. Our aim is not to increase the dangers to which regional states friendly to us are exposed but to reduce them. We do so by making clear to the Soviet Union and its clients that we will stand behind our friends. Talk alone will not accomplish this. That is why our security assistance package for Pakistan—and for Thailand and Zaire—is so important, and why we have increased our help to democratic states of Central America. We have made clear that there would be no gain from widening these conflicts. We have done so without embroiling American forces in struggles that others are ready to fight on their own.

Our goal, in short—indeed, our necessity—is to convince the Soviet Union that the policies on which it embarked in the 1970s *cannot work*. We cannot be completely sure how the Soviet leadership calculates the benefits of relationships with clients. No one should underestimate the tenacity of such a powerful and resilient opponent.

Yet there are reasons to think that the present time is especially propitious for raising doubts on the Soviet side about the wisdom of its client ties. The same facts about the democratic revolution that we can see are visible in Moscow. The harmful impact that Moscow's conduct in the developing world had on Western readings of its intentions in the last decade is also well known. There is no time in which Soviet policy reviews and reassessments are more likely than in a succession period, especially when many problems have been accumulating for some time. General Secretary Gorbachev himself made this point last year when he asked American interviewers whether it wasn't clear that the Soviet Union required international calm to deal with its internal problems.

Our answer to this question can be very simple. We desire calm, too, and even more to the point—so do the nations now embroiled in conflict with regimes enjoying massive Soviet support. Let the Soviet Union begin to contribute to the peaceful resolution of these conflicts.

V. Conclusion

I have often said that the tide of the future is a freedom tide. If so, it is also a peace tide, for the surest guarantee we have of peace is national freedom and democratic government.

In the long struggle to reach these goals, we are at a crossroads. A great deal hangs on America's staying power and steadfast commitment.

- If America stays committed, we are more likely to have diplomatic solutions than military ones.
- If America stays committed, we are more likely to have democratic outcomes than totalitarian ones.
- If America stays committed, we will find that those who share our goals can do their part and ease burdens that we might otherwise bear alone.
- If America stays committed, we can solve problems while they are still manageable and avoid harder choices later.
- And if America stays committed, we are more likely to convince the Soviet Union that its competition with us must be peaceful.

The American people remain committed to a world of peace and freedom. They want an effective foreign policy, which shapes events in accordance with

Nicaragua and the Future of Central America

Secretary Shultz's address before the Veterans of Foreign Wars on March 3, 1986.¹

er ideals and does not just react, passively and timidly, to the actions of others. Backing away from this challenge will not bring peace. It will only mean that others who are hostile to everything we believe in will have a free hand to work their will in the world.

Important choices now rest with the Congress: whether to undercut the president at a moment when regional negotiations are underway and U.S.-Soviet diplomacy is entering a new phase; to betray those struggling against tyranny in different regions of the world, including our own neighborhood; or to join in a bipartisan national endeavor to strengthen both freedom and peace.

I have no doubt which course the American people want.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 17, 1986. ■

In recent years, around the world, we have seen the yearning for freedom take extraordinary forms. Last week, the world watched as the people of the Philippines rose up to claim their democratic rights and recapture their democratic heritage.

We saw in the Philippines a government increasingly at odds with its own people. We saw a Catholic Church, a middle class, moderate opposition parties, the business community, the media, and other segments of society increasingly disaffected from their government. We saw an election in which the government was shaken by the vigor of the opposition's campaign and sought by fraud to perpetuate itself in power. We can be thankful that as his moral authority slipped away, President Marcos had the wisdom and courage to step down peacefully.

Today, we see similar phenomena in a country much closer to home—Nicaragua. But with a striking difference: it's *far worse* in Nicaragua. There, opposition parties have been systematically harassed and intimidated, including by violence or threat of violence; independent media are not merely hampered but censored or shut down; the Catholic Church has been stifled or abused for being a voice of democratic conscience. The secret police have rounded up leaders of private sector, labor, and church organizations, subjecting them to interrogations and threats. A massive military buildup by the Soviet Union and Cuba threatens not only the regime's internal opponents but all neighboring countries as well. And the regime—after a manipulated election over a year ago—is clearly determined to maintain itself in power by whatever brute force is necessary.

In the Philippines, the forces of democracy were able to rally, organize, compete for and, eventually, win power peacefully, despite the flawed election, because it was, at bottom, a pluralist democratic political system. In Nicaragua, once the communist regime consolidates its power, the forces of democracy will have no such hope. A

Leninist regime seeks a monopoly of power and the strangulation of all independent institutions. The church, the independent media, the business community, the middle class, and democratic parties are all severely beleaguered and struggling for their very survival. Thousands of the regime's opponents—estimated at as many as 20,000—have been driven to take up arms to resist the communist attempt to consolidate a totalitarian system.

For historical, moral, and strategic reasons, the United States took a direct interest in the progress of Filipino democracy. For similar reasons, we are deeply concerned with the hopes for democracy in Nicaragua. After 6½ years, it is clear that, without our help in strengthening the Nicaraguan democratic opposition, hope for democracy in Nicaragua is doomed and progress elsewhere in Central America could be undone.

Subversion Abroad

Despite our efforts to coexist with, and even aid, the revolutionary leadership that overthrew the dictator Somoza in 1979, the strategic threat posed by the Nicaraguan communists has grown steadily. Today, the country is home to some 200 Soviet advisers, some 7,500 Cubans, and assorted personnel from East Germany, Bulgaria, Libya, and the Palestine Liberation Organization (PLO). You can see who its friends are.

Nicaragua's military machine has no parallel in the history of Central America. Since 1981, the country has received more than half a billion dollars in Soviet arms shipments, including tanks and other heavy armaments that, in the context of Central America, are clearly not defensive. By the end of 1980, Nicaragua's Armed Forces were twice as large as the Somoza National Guard at its height. By the end of 1982, the army of the Nicaraguan communists had doubled again. Today, Nicaragua has some 60,000 troops on active duty and 60,000 more in reserves. Honduras, by contrast, has 21,000 troops; Costa Rica, the oldest democracy in Latin America, has no army. No other country in Central America has as many tanks and armored vehicles as Nicaragua.

Only Nicaragua has one of the most sophisticated attack helicopters in the world, the Soviet-built Mi-24 HIND.

Why such a formidable buildup? [Interior Minister] Tomas Borge gave the answer in 1981. "This revolution," he said, "goes beyond our borders."

What do these words mean? Look at the record. Almost immediately, the communists in Nicaragua joined with Salvadoran communists to prevent democratic reforms in El Salvador. They armed guerrillas who maintained their central headquarters in Managua until late 1983. (Incidentally, they moved not long after our liberation of Grenada). And they still maintain radio transmitters, training facilities, R&R camps, and major logistics support facilities in Nicaragua.

But for the Nicaraguan communists, subverting El Salvador has not been enough. Nicaragua has also been equipping, training, organizing, and infiltrating guerrillas and agents into Honduras. It has launched direct attacks into that country using its regular armed forces.

Costa Rica is another target. The Nicaraguan communists have used their diplomatic presence in Costa Rica to conduct bombings and assassinations; they have financed, equipped, and trained Costa Ricans for subversive activities; and they have conducted cross-border incursions almost at will.

They are also involved in Colombia. Many of the arms with which the M-19 terrorists attacked the National Palace of Justice have been traced to Nicaragua. And what were the M-19 terrorists after? Just those Justices trying drug traffickers. It should be no surprise to find that the Nicaraguan communists are involved in this criminal activity.

Think about the pattern that emerges from this record. It is violent. It is indiscriminate, aimed at democracies and even Contadora peacemakers. And it is intimately tied to Cuban and Soviet military power. These efforts at subversion and infiltration are facilitated by the regime's close relations with terrorists from across the globe. It has issued Nicaraguan passports to radicals and terrorists from the Middle East, Latin America, and Europe. Groups with a known presence in Nicaragua include the Basque ETA terrorists, the German Baader-Meinhof gang, the Italian Red Brigades, and the Argentine Montoneros. Alvaro Baldizon, a high-ranking Sandinista who defected in 1985, reported that Interior Minister Borge is personally involved in cocaine

smuggling from Colombia to the United States. Videotapes by a DEA [Drug Enforcement Administration] informer on the ground in Nicaragua show at least one other regime official personally supervising the loading of a narcotics shipment for the United States.

Agents of the PLO working in Central America and Panama use Nicaragua as their base of operations. Their ties to the PLO are particularly strong. Some were trained in PLO camps in the 1960s and 1970s. Some have even participated in PLO hijackings.

The Nicaraguan communists have another benefactor in the Middle East: Libya. By the time they took power in 1979, they had developed a direct relationship with Qadhafi. And Qadhafi has obligingly sent them arms. One shipment labeled "medicines" was intercepted by accident in Brazil in April 1983; authorities found about 84 tons of arms, explosives, and other military equipment.

Repression at Home

By betraying their promises of pluralism, the Nicaraguan communists have forced the citizens of Nicaragua to take up arms once again. Like Somoza, they don't seem to listen to anyone who isn't armed. And, like Somoza, they seek to blame outside forces for the resistance of their own people to their policies.

The Nicaraguan communists like to say that covert U.S. support created the resistance; that their opponents are all agents of the CIA [Central Intelligence Agency] and heirs of Somoza. This is nonsense. It was their repression that in 1979, 1980, and 1981 destroyed the coalition that overthrew Somoza and sparked the resistance. In 1979, 1980, and 1981, the United States was providing aid to the Government of Nicaragua, not to the resistance.

From mid-1984 until late in 1985—well over a year—the U.S. Government provided no aid to Nicaraguan resistance forces. During that time, the resistance grew by 50%, roughly from 10,000 to 15,000. So much for the theory that the resistance is a creature of U.S. cash.

Who are these Nicaraguans who are willing to risk their lives against the communist security apparatus? The resistance fighters are overwhelmingly rural youths. Most are between 18 and 22 years old. They are fighting to defend their small plots of land, their churches and, in some cases, their indigenous cultures. Some joined the

resistance rather than be forced by the Nicaraguan communists to fight against their friends and neighbors. In defending their families and communities, these young Nicaraguans are fighting for self-determination above all else.

Their leaders are more likely to come from urban areas and have more diverse occupations and backgrounds. They include both former National Guardsmen and former Sandinista fighters, but most are civilians from the very groups the communists claim to represent: peasants, small farmers, urban professionals, and students. One was a primary school teacher; another, an evangelical pastor.

An analysis of the backgrounds of the 153 most senior military leaders of the largest resistance group last November shows that 53% were civilians, 27% served in the National Guard, and a full 20% were former comrades-in-arms of the communists themselves.

The evidence irrefutably confirms that the Nicaraguan resistance is the product of a popular, pervasive, and democratic revolt.

A Tide of Democracy

Historians will detect an irony in the changing course of Latin American tyranny throughout these years. While Nicaragua was trading one dictatorship for another, strongmen elsewhere in the region were falling in rapid succession. In the past decade, elected civilian governments have replaced authoritarian regimes in Argentina, Bolivia, Brazil, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Peru, and Uruguay. Over 90% of the people of Latin America now enjoy self-government, as opposed to less than one-third 10 years ago.

The contrast between communist rule in Nicaragua and the political trend in the rest of Latin America could not be more dramatic. After centuries of struggle, self-government has taken root. Now, Nicaragua is not only the odd man out; its policies of militarism and subversion place all the region's hopes for democracy at risk.

No one is more aware of that risk than the leaders of Latin America. For years, they have been searching for a way of defusing the threat from Nicaragua. Indeed, the central purpose of the Contadora negotiations is to ensure that military tensions created by the Nicaraguan regime's behavior can be overcome peacefully and democratically without the widening conflict the Nicaraguan communists seem bent on provoking.

Not surprisingly, the communists have consistently torpedoed these negotiations. In 1984, the United States pursued direct negotiations with Managua in an attempt to help the Contadora nations negotiate a settlement. Nine rounds of talks were held over 5 months. But the Nicaraguan communists proved mainly interested in manipulating the lateral talks to short-circuit the Contadora process.

They have also refused the proposal of the country's Roman Catholic bishops, made in their 1984 Good Friday pastoral letter, to negotiate with all Nicaraguans—armed and unarmed, inside Nicaragua and outside of it. The democratic resistance called for a cease-fire and agreed to negotiations mediated by the Catholic Church. The regime refused. So the dialogue that counts the most—the internal dialogue between the regime and its opponents—is stymied by the regime's intransigence. The communists know what they want and have the intention of changing it.

Nicaragua's neighbors are well aware of the regime's intentions. So are we. And we are profoundly concerned about the threat Nicaragua poses to the security and well-being of other Latin American nations. We have been deeply involved with encouraging democracy throughout Central and South America, supporting free elections and giving moral and economic support to democratic governments and democratic peoples. And like our democratic neighbors, we don't want to see these gains rolled back by Nicaraguan subversion.

Just 2 weeks ago, I met with representatives from the eight nations involved in the Contadora negotiations. They are committed, as we are, to political solutions. But there is no mistaking their grave concern about Soviet and Cuban support for Nicaragua's attempts to undermine regional stability.

Policy

Our objectives in Nicaragua, and the objectives of our friends and allies, are straightforward. We want the Nicaraguan regime to reverse its military buildup, to send its foreign advisers home, and to stop oppressing its citizens and subverting its neighbors. We want to keep the promises of the coalition government that followed Somoza's fall: democratic pluralism at home and peaceful relations abroad.

The United States and its friends have sought these objectives through diplomacy. We continue to believe that a

negotiated settlement represents the ultimate hope for peaceful change in Nicaragua. But all serious efforts at negotiation have been blocked by the Nicaraguan communists. They believe that they can continue their domestic oppression and foreign aggression with impunity, and they continue to regard their military might as their guarantee of success. The United States has the power to help Nicaraguan freedom fighters convince the communists that their course is disastrous. We must give them help before it is too late. And when we do that, we increase our leverage in support of our diplomatic objectives.

Our goals are limited and reasonable. They are also essential for our values and our security and those of our neighbors. We must consider many options. Some are so stern that we hope never to resort to them. The United States does not want its own military directly involved in Nicaragua. So far, we have not had to consider this option, because we know there is another way of discouraging the regime from its destructive course. That is why we support the democratic resistance.

Military help for the democratic resistance will give the Nicaraguan communists an incentive to negotiate seriously—something they have yet to do. They did not negotiate with the Carter Administration when the United States was Nicaragua's largest supplier of aid. And they did not negotiate seriously either with us or with their neighbors when the Congress suspended all aid to the resistance 2 years ago. On the contrary, in the fall of 1984, instead of bringing their political opponents back into the political process through competitive elections, they imported assault helicopters from the Soviet Union.

The resistance finds itself at a critical juncture. They have proven themselves by their extraordinary growth and by the desperate measures to which the regime has been driven to combat them. But the Soviet, Cuban, and Eastern-bloc military buildup confronts them with unfair odds. If we fail to help the forces of democracy, these forces will suffer severely—not because their cause lacks merit but because the communists will have shown more determination than we.

A strengthened democratic resistance is the only way to force the Nicaraguan communists to halt subversion in this hemisphere; it is the only way to counter their stifling tyranny at home.

Power and diplomacy must go hand in hand. That is a lesson we should have learned by now. Diplomacy without leverage is impotent. Whether in arms control negotiations with the Soviet Union or in the resolution of regional conflicts, diplomacy works best when our opponents realize they cannot win military victory or unilateral advantage. Sometimes we have forgotten that lesson and paid the price.

That is the lesson we are seeking to apply in Nicaragua today: we are trying to convince the communist regime that a military option does not exist. Only stout internal resistance by the Nicaraguan people can pressure the regime into seeking national reconciliation and fulfilling the democratic promise of 1979.

Consequences of Inaction

If we do not strengthen the resistance, our worry in the future will be a very different one—a far more serious one. Our worry will then be a Soviet and Cuban base on the mainland of Latin America, a regime whose consolidated power will allow it to spread subversion and terrorism throughout the hemisphere.

Nor is that all. If the Nicaraguan communists succeed in consolidating their power and in destroying the democratic resistance, their victory would immediately boost radical forces everywhere that rely on violence, militarism, and terrorism to achieve their ends—particularly in Latin America. Radicalism will seem irresistible; the forces of moderation and democracy will be disheartened. All the countries in Latin America, who all face serious internal economic problems, will see radical forces emboldened to exploit these problems for their own destructive ends.

A communist victory in Nicaragua would also have global repercussions for U.S. policy. It would severely damage our credibility with adversaries who would test our mettle and with those around the world who rely on us for support in their battles against tyranny. If democratic aspiration is snuffed out in Nicaragua, then where can we claim to nurture it or protect it? If an armed aggressor on our own doorstep is allowed to have its way, despite enormous opposition inside the country and out, then how can our reputation for deterring aggression be credible in places farther removed?

The bipartisan Kissinger commission put it starkly in its 1984 report, listing the possible consequences of a failure to contain the present conflict in Central America. The consequences included:

- A series of developments which might require us to devote large resources to defend the southern approaches to the United States, thus reducing our capacity to defend our interests elsewhere. . . .
- A proliferation of Marxist-Leninist states that would increase violence, dislocation, and political repression in the region.
- The erosion of our power to influence events worldwide that would flow from the perception that we were unable to influence vital events close to home.

Whose Vision?

This brings me to my final point. In the long run, the debate over military aid to the Nicaraguan resistance is no partisan affair. It is a debate over what moral and political principles shall inspire the future of this hemisphere, over whose vision will be allowed to prevail. One vision—the vision of democrats throughout the Americas—calls for economic progress, free institutions, and the rule of law. The other is a vision of two, three, many Nicaraguas—a hemisphere of burning churches, suppressed newspapers, and crushed opposition.

The Nicaraguan dictatorship may soon have the power to dog the resistance to its death. The United States *now* has the power to prevent that tragic outcome. Will we allow this hemisphere to be taken hostage by totalitarians? That is the question that the Congress faces. For the security of our own country and of the young democracies who turn to us for support, we should give the Nicaraguan people what they need to struggle for the freedoms that were denied them by Somoza and then snatched from them by an armed communist minority.

¹Press release 35. ■

The Shape, Scope, and Consequences of the Age of Information

Secretary Shultz's address before the Stanford University Alumni Association's first International Conference in Paris on March 21, 1986.¹

I'm always pleased to be in Paris. And I'm especially pleased to be here when the centennial celebration of the Statue of Liberty is only a few months away. That engineering marvel of the 19th century is an apt symbol of my theme tonight—the relationship between the advance of technology and the advance of liberty. For 100 years, that statue has been a beacon to mankind and a testimony to the unbreakable bond between our nations. On behalf of Americans everywhere, I extend our appreciation and deepest affections to France.

I'm also pleased to be speaking as the Secretary of State from Washington to an audience of ex-Californians, Parisians, and other Europeans at a meeting organized by Stanford University. Tonight's gathering is an appropriate setting for my subject: the shape, scope, and consequences of the age of information. Geography and borders have always constrained everyday life. Today, the information revolution is undermining their ancient dictates. It is shifting the balance of wealth and strength among nations, challenging established institutions and values, and redefining the agenda of political discourse.

The information revolution promises to change the routine of our planet as decisively as did the industrial revolution of the past century. The industrial age is now ending. In some places, it has already passed. The United States and most of the free nations in the developed world are already seeing how the age of information is transforming our economies. A century ago, we moved from an agricultural to an industrial phase in our development. Today, we remain agriculturally and industrially productive; but the basis of our economy is shifting rapidly from industrial production to information-based goods and services. Our economic indices—such as productivity and the structure of employment—are being decisively altered by our entry into the new age.

Yet these changes have been so pervasive, and their pace so rapid, that we have been unable to comprehend them in their full scope. We are very much like the leaders of the early 19th cen-

tury as they tried to grasp the unfolding consequences of industrialization. No one has taken the full measure of our own new age. But if we are to seize the opportunities and understand the problems that this new phase of technological transformation will bring, we must try to grasp both its particulars and its broad outlines.

Dimensions of the New Age

What is the information age? The answers to that question are as numerous as the age itself is pervasive. There is, most obviously, a scientific dimension. Our thinking about our physical environment is changing with unprecedented speed. That change has been reflected most dramatically in our technological prowess—particularly in the development, storage, processing, and transfer of information. While the industrial age found its proper symbol in the factory, the symbol of the information age might be the computer, which can hold all the information contained in the Library of Congress in a machine the size of a refrigerator. Or its proper symbol may be a robot, a machine capable of supplementing age-old manual labor and liberating human beings from the most arduous and repetitive of tasks. Or perhaps its symbol is the direct broadcast satellite, which can send television programs directly into homes around the globe.

This list does not begin to capture the variety or capacity of these new technologies. Indeed, these are only the beginnings of what will be far-reaching and profound technical developments. Two decades from now, our computers will be 1,000 times more powerful than they are today. In a few short years, the most advanced technology of 1985 will seem as obsolete to us as the transistor—which made its debut some 40 years ago—seems today. Our scientific advances are affecting everything from the biological sciences to national defense. The President's Strategic Defense Initiative (SDI), with its promise of making deterrence more stable by reducing reliance on offensive nuclear weapons, is one dramatic example of the impact of intellectual and scientific change on our ways of dealing with the world. SDI can well be described, in fact, as a gigantic information processing system.

The economic dimension of this new age is just as revolutionary as its scientific and technological counterparts. Information, as Walter Wriston observed years ago, is our new international standard. Fortunes rise and fall according to its dissemination. With the advent of "real time" transfers of information, an announcement made in the Rose Garden can be reflected minutes later in the stock market in Singapore. The information age is bringing a new conception of economic efficiency not just to entrepreneurs, and not just to corporations, but to the entire global market.

These and other economic consequences of the new age are transforming the way nations trade with one another. They are bringing new uncertainties to the marketplace and to the politics of regulation. Across the globe, foreign policy agenda reflects new economic disputes as developing and advanced nations alike struggle to come to grips with transborder data flows, technology transfers, satellite transmissions, and the crowding of the radio spectrum. None of these disputes are between governments. Others are between governments and private corporations. U.S. computer manufacturers, for example, are now disputing with several European governments over the issue of transborder data transfers. The U.S. companies believe that they should be allowed to compile data and have marketing access rights, while some governments believe that the data should be centrally controlled. Like the technologies themselves, the disputes created by the permeability of geographical borders to information flows are growing at a rapid rate.

Yet, these economic disputes are only one example of the effects of information technologies on international relations. The proliferation of information has also sparked new concerns over national security. Information is intrinsically neutral. It can be used for multiple purposes, good and bad. Governments everywhere are finding it harder to control the flow of sensitive information in critical areas of intelligence and national defense. In free countries, where business is valued in its own right, we must be careful not to underestimate the capability of others to manipulate new technologies for repressive purposes. In the TWA hijacking and in other such incidents, for instance, terrorists exploited an open system of mass communication to create a global forum for their brutal

The social dimension of the information age may seem more intangible, but it is equally profound. More than 6 million American homes now have personal computers. By 1990, according to some estimates, half of all our households—and an untold number of our schools, offices, and factories—will be computerized. The impact of that change on our young people is already extraordinary. Their attachment to now commonplace video games and to video cassettes is a symbol of adaptation to the new age. Whole generations are now growing up with the computer, taking it for granted, understanding its languages, and using it with ease. What does their nonchalance imply? I was thinking of this recently as I watched my granddaughter play with a computerized toy. To her generation, the technologies of tomorrow will be as integral to her lifestyle as the telephone is to ours.

Nor is the social revolution limited to the most developed countries. Television, for example, lets people see how others live in distant countries and invites comparison. The information revolution is raising expectations not only in advanced nations but in corners of the world that have little experience of high technology itself.

These various dimensions—technological, economic, political, and social—are only a few ways of describing what the information revolution is about. Today, in the middle of the 1980s, the outlines of some broader implications are also becoming clear. I would like to reflect on some of the deeper economic and political challenges that the new age is bringing to us and then say a few words about America's response to them.

The Challenge to Individuals

First of all, any nation that wants to profit from the information revolution must understand where innovation comes from. In this era of rapid technological change, the pace of obsolescence is accelerating as never before. Innovation—and risktaking—are more than ever the engines of progress and success. This is true both in the economic marketplace and in the marketplace of ideas. So the challenge of economic success in this new age is, in large part, a challenge to the individual entrepreneur.

For obvious reasons, the free nations of the world are best positioned to meet this challenge. By their very nature, they guarantee the individual freedom that is necessary to the entrepreneurial spirit. And they have the

confidence in their citizenry to encourage, rather than stifle, technological development.

In the United States, inventors, innovators, and entrepreneurs are symbols of our pioneering tradition. Our nation grew because there were enterprising Americans willing to take economic risks. A few statistics from our recent economic recovery tell the story. Last year over 666,000 new corporations were established in the United States—nearly 100,000 more than in 1981. Of these, some 50,000 failed—a dramatic measure of entrepreneurial spirit and the willingness to take risks.

We have also generated over 9 million new jobs in the past 5 years, reflecting the commercialization of new technologies. Our tax system encourages the economic risks that lead to innovation. In 1983 alone, we committed over \$2.8 billion in venture capital to start-up costs. Public and private institutions alike encourage us to try the untried, to adapt ourselves to the unaccustomed.

And Americans as consumers are familiar and comfortable with technological innovation. Our fascination with gadgets and new products is legendary. From the days of the first automobile, Americans have been willing and eager for the novel, the improved, the latest model.

So we are disposed, as a people, to encourage entrepreneurship and to accept innovative technologies.

We have our qualms, of course. Like all other peoples, we have been sensitive to the impact of technological advance on the workplace—to the displacements that follow from the replacement of manual labor. But, more than most nations, we tend to have confidence in our ability to resolve the social dilemmas that changing technologies present. Silicon Valley is only one symbol of our dedication to risk and reward. To us, the information age represents a new avenue to economic growth, an opportunity to do what we do best: to explore, to innovate, and, ultimately, to succeed.

The United States is far from alone, of course, in the development of new information technologies. France has pioneered the remarkable MINITEL system—a keyboard and TV screen linked to the phone system that now gives nearly 3 million subscribers instantaneous access to more than 1,200 different data bases, banking and financial services, press hookups, and educational and cultural channels. Such information technology gives the individual enor-

mous personal outreach, expanding to global limits his access to information, ideas, and personal services.

Free Trade: The Challenge to the Free World

Success in the information age depends on more than our own innovation and entrepreneurship. The new age also presents us all with a global challenge. New technologies circumvent the borders and geographical barriers that have always divided one people from another. Thus, the market for these technologies depends to a great extent on the openness of other countries to the free flow of information.

Open markets allow comparative advantage to express itself. The United States, as a country that seeks to explore and trade in technological services, has always opposed international attempts to stifle the workings of the information revolution. In our view, every country willing to open itself to the free flow of information stands to benefit.

Some critics have charged us with simple self-interest. The United States, they say, urges open trade because it is so well positioned to profit from it. They point out that American research, development, and marketing can compete favorably with those of other countries.

The interesting thing about this charge is that it captures a truth, but it expresses that truth exactly backwards. The United States does not advocate free trade because we are adept at pioneering technologies; we are adept at them *because* the dedication to freedom is intrinsic to our political culture. By maintaining that dedication throughout our history, we have been the pioneers of change both at home and abroad—in the agricultural phase of our development, in our industrial phase, and now, in the age of information.

Opposition to open trade is sometimes linked to a charge of cultural imperialism. The more international markets are open, it is said, the more smaller countries will be flooded with American movies and American television and radio programs—resulting in a kind of “cultural imperialism.” I find this view ironic. If any nation would seem to be vulnerable to the widespread import of information and news from other cultures, it is the United States itself. As a nation of immigrants, we are the most international society on earth. Our cultural heritage—not to mention our cuisine—has been shaped by Asians, Europeans, Africans, and Latin Americans; by Christianity, Judaism, Islam,

Buddhism, Hinduism; by almost every religious and ethnic influence imaginable. We urge would-be cultural imperialists to take note: the United States, with our international heritage, represents the largest market in the world for information from other cultures.

That international heritage is already encouraging foreign entrepreneurs. The Spanish International Network, for example, which is programed *outside* the United States, now has over 200 broadcast and cable outlets in our country. The United States does not fear an influx of information from other countries. On the contrary, we welcome it. And our reasons for welcoming it go beyond any simple adherence to the free flow of ideas and to open markets, beyond even the economic benefits that open trade would surely bring us. Those reasons go to the heart of the broad philosophical and political questions that the age of information has raised anew for all of us.

Fundamental Freedoms

The information age poses profound *political* challenges to nations everywhere. As any economist knows—or, for that matter, any alumnus of the Stanford Business School—the laws of economics do not exist in a vacuum. Even the most commonplace decisions—such as where to open a plant and when—must take into account social and political realities as well as economic considerations. Likewise, the freedom that makes America's economic success possible does not stand on its own; it is an integral part of our political system. So is the intellectual freedom that makes innovation and entrepreneurship possible.

The relationship between individual rights and economic dynamism is fundamental. The United States has seen that truth at work in our early agricultural age, in our age of industry, and in today's era of information. The Model T, the Wright brothers' plane, the telephone, the movie reel, the transistor radio, the VCR [video cassette recorder], the personal computer—these and other innovations have shaped and revolutionized our society. They have spread prosperity not just to an elite but to everyone. Thus, they mark the success of our democracy and the progress of our freedom. They are the material symbols of our dedication to individual choice, free enterprise, open markets, free scientific inquiry—indeed, to the very idea that the freedom of the

individual, not the power of the state, is the proper foundation of society.

The same is true of free governments everywhere. The technological and economic successes of the entire free world are direct consequences and incontrovertible proof of the benefits that flow from self-government. The more the West dedicates itself to its freedoms, the stronger it becomes—both politically, as an attractive and viable alternative to statism, and economically as a dynamic and expanding system of material productivity that brings benefits on a mass scale. In an era of technological revolution, our rededication to the liberty that makes innovation possible is imperative.

That rededication has strategic importance as well. The information revolution is already shifting the economic balance between East and West. The leaders of closed societies fear this shifting economic base, and for good reason. First, they are afraid that information technologies will undermine the state's control over its people—what they read, watch, hear, and aspire to. In most of these countries, familiar means of communication like the mimeograph machine and photocopier are already kept under lock and key. The specter of direct broadcast satellites alarms their leaders even more. In Moscow, they're paying up to 300 rubles—that's \$450—for black market videotapes smuggled in from the West.

East-bloc leaders also fear that they will be unable to compete with the research, development, and marketing information age technologies. Here, too, they are right to be worried. The incentive to improve information technology is unlikely to come from countries in which the pen is regarded as an instrument of subversion. The science and technology of the future will be directly tied to access to information, for the important scientific ideas will come from the accumulation and manipulation of data bases.

So these regimes face an agonizing choice: they can either open their societies to the freedoms necessary for the pursuit of technological advance, or they can risk falling even farther behind the West. But, in reality, they may not have a choice. The experience of the Chinese communists, who are now trying to release the talents of a billion people, will continue to be a fascinating test of whether a once-closed society can be opened.

That is why the promise of information technology is so profound. Its development not only strengthens the economic and political position of democracies: it provides a glimmer of hope that the suppressed millions of the free world will find their leaders freed to expand their liberties. But that is not all. If totalitarian leaders loosen their grip in order to compete with the free countries, they may find themselves, in that process, contributing automatically to an improvement in relations between East and West. That easing of tensions would benefit not only the Soviet Union and the United States but the nations across the globe whose destinies are linked to the East-West conflict.

The developing world, too, stands to benefit from an expanded flow of information. Some of these nations are already seizing their opportunities. I notice that Barbados, for instance, attracts to potential investors by emphasizing that it has a sophisticated telecommunications system. Other countries are using information technologies to enhance their agricultural or industrial capacities. With the aid of modern telecommunications, Colombia now markets cash-cut flowers in New York City. Developing countries that profited from the "green revolution" know that information modernization offers the vast promise of integration into the world economy.

Nations throughout the developing world must decide how to view these new international markets. If they fear outside influences and seek to restrain technological trade, they will only fall further behind the developed world and increase the gulf between us. If, on the other hand, they remain open, they will find themselves rewarded with rare opportunities for developing their material and human resources and for accelerating their movement toward modernization.

In the industrially advanced world, the information revolution is already transforming the multinational corporation. Today, sophisticated communications enable people from across the oceans to work together with the same efficiency of those who work across town. In the coming years, we can expect to see new supranational corporate entities whose employees are drawn from all corners of the world. That's one possible consequence of the shrinking importance of geography. Another is that the developing nations will have access as never before to data and communications in the advanced nations—

access that could only increase the efficiency with which developing nations use their resources.

A Test of Principle

Because of the information revolution, all nations—free and unfree, developing and developed—must confront a key challenge that I have already mentioned: the way nations trade with one another. None of the opportunities before us will bear fruit unless the free nations can agree to open rather than restrictive trade in these revolutionary products and services.

This same challenge is also affecting our diplomacy. Technologies are being transformed even as we negotiate over their transfer abroad. The United States has pressed strongly for a new round of multilateral trade negotiations in the GATT [General Agreement on Tariffs and Trade] to ensure that key issues relating to the trade in these emerging technologies are taken up. Meanwhile, we are keeping open the possibility of increasing bilateral free trade arrangements, as we are pursuing now with Israel and Canada. Our overall purpose remains the same: to maximize the development of and trade in these information age products and services, especially those that increase the free flow of data and ideas. To do otherwise would betray the vast promise that the information age holds out to us.

That betrayal would be a great misfortune for the free world—yes, because of the economic opportunities that would be lost but, more, because of the implications for the idea of freedom. We are proud of our freedom, and we are right to be proud. But today's disputes over the technologies that cut across our borders put our dedication and commitment to a new test. Are we secure enough in our principles to act in ways that promote, rather than discourage, the technologies that leap across borders?

The United States is confident in its own answer. We welcome these technologies as we have welcomed, in times past, other advances whose implications were uncertain. In fact, we invite other nations to practice a little "cultural imperialism" of their own on us. We weren't shaken when Mr. Gorbachev appeared live via satellite on our televisions. And it doesn't bother us to hear that engineers from the Soviet Union have been known to amuse themselves by intercepting Hollywood movies from American satellite transmissions. We just hope they enjoyed *Rambo*.

Approaching Horizons

This cultural dimension leads me to my final point. The greatest minds of the past century bent their powers toward understanding the significance of the industrial revolution. Theorists and intellectuals, novelists and poets alike devoted themselves to examining the dimensions of their new age. Today, with the passing of the industrial era, a new consciousness is developing. Its impact on our art and literature and music is already apparent; its impact on our social behavior is already underway. In the long run, the most exciting challenge posed by the new age is not to nations or corporations or societies but to the individual human imagination.

Meanwhile, those of us who must grapple with the daily realities of the information revolution face formidable challenges of our own. We can learn a practical lesson from a wise and thoughtful banker. Fifteen years ago, when even pocket calculators were a novelty, Walter Wriston foresaw the implications of this new age for the field of finance. His vision helped to revolutionize the entire financial industry and turned his company, Citicorp, into a giant of imagination and profit.

Wriston succeeded because he was able to grasp both the particular details of his chosen sector and the daunting conceptual outlines of the information revolution at large. By never losing sight of either, he contributed to both. Those of us who confront other practical dimensions of our new age—in my own case, the political dimension—can benefit from his example.

So, as we face the many challenges that the new age presents, we must never lose sight of our most fundamental principles. We are reminded with every advance that in this age of revolution our commitment to freedom is our single greatest asset. With all the information we have amassed, with all the discoveries at the frontiers of all the sciences, we still find that answers bring with them new questions. Our policies must always be based on the fundamental process of freedom—freedom of thought, freedom of research, and the free flow of ideas. If we keep that in mind, we will benefit from our dedication to liberty even as we secure it.

¹Press release 53. ■

A Review of Recent Events in South Africa

by Chester A. Crocker

Statement before the Subcommittee on Africa and on International Economic Policy and Trade of the House Foreign Affairs Committee on March 12, 1986. Mr. Crocker is Assistant Secretary for African Affairs.¹

Thank you for this opportunity to appear before you today on the important subject of U.S. policy toward South Africa. In my time with you today, I should like to review events of recent months in South Africa. I shall then describe our policy toward that unhappy country and conclude by venturing my views on the prospects for peaceful change.

The Situation in South Africa

The crisis in South Africa, which broke into public visibility in the fall of 1984, persists. Politics remains polarized and shrill, making it difficult for moderates on both sides to meet, much less negotiate. Violence and repression occur at levels that disturb all of us who hope for peaceful change in that country. And the issues there continue to engage our sympathy as well as our national interests and to test our resolve as well as our patience.

South Africa, in short, is still a divided land. Suspicion and mistrust abound. Black and white South Africans tend to look at their country and see two different realities. For one group, the glass is seen to be filling at an unprecedented pace; for the other, it remains nearly empty.

White South Africans will emphasize how much change has taken place in recent years and how much the government has conceded in recent months. The state of emergency has at last been lifted; powersharing and negotiations are called for; apartheid is branded as "outdated"; the government has announced that political domination, petty discrimination, economic and educational inequality, and the pass laws are to be eliminated. An undivided South Africa, a common citizenship, and a universal franchise—these are political commitments by a National Party government that would have been unthinkable a few years ago.

To white South Africans, these changes appear rapid, even revolutionary. In some, such change inspires fear; in others, it provokes resistance; and to many, it offers the promise that a more just society can be arrived at peacefully.

Looking at these same events, many black South Africans see something quite different. Such changes as have taken place appear marginal and grudging to them. Whatever concessions have been made or promised, blacks still lack citizenship; they still cannot vote for national leaders; they still must send their children to inferior schools; they still are confined to black areas where crime, intimidation, and the presence of security forces are too common; black contract laborers still must leave their spouses and families behind in the homelands.

In these circumstances, after nearly 20 months of violence, more than 11,000 detentions, and 1,200 deaths, it is hardly surprising that politics has polarized. Nor is it surprising that the South African Government should find dismantling apartheid far more difficult than imposing it.

A protracted economic downturn has produced new strains. High inflation, running at nearly 20%, and budgetary austerity have cut into funds available for social expenditures, affecting all sectors of South African society. Blacks, at the lowest end of the economic scale, are hit hardest. Higher unemployment and sharply increased costs for housing, transportation, and food have clearly hurt blacks much more than whites.

External economic pressures have increased as well, leading to the debt standstill and a plummeting currency last fall. The South African Government is still negotiating with Western banks over suitable terms for rescheduling the country's external debt. This debt crisis is unusual in that it traces more to political than economic causes—yet another indication of the true nature of South Africa's problems.

Of all these worrying trends, the violence and repression disturb me most because of their implications for human rights and human life and because they radicalize politics. As Martin Luther King said, violence and repression foster "bitterness in the survivors and brutality in the destroyers."

Among whites, one hears more talk about a siege economy and rightist parties proclaim loudly their opposition to further reforms. Meanwhile, what is taking shape across South Africa's black community is a loosely organized, mass movement often led by youngsters who operate outside any law and without identifiable leaders. With the government's decision to lift the state of emergency, a move insistently advocated by us and many others, one must hope that we will at last see violence reduced and peaceful remedies pursued.

In sum, the situation in South Africa remains balanced on a knife-edge between hope and despair. The government has made some political commitments and decisions in principle which are of undisputed importance. It is perhaps fair to state that, at long last, the many messages being sent to that government—primarily by the people of South Africa themselves—are being heard. But this does not mean that a breakthrough toward peace and negotiation has occurred. A number of the government's own statements in intent have been undercut by subsequent statements or actions that raise further questions. Positive words need to be translated into unambiguous actions. The polarization and distrust continue at dangerously high levels. A climate conducive to dialogue is still to be created. The violence continues. Fragile opening for negotiation and for defusing the township crisis must be nurtured. It is time when people of moderation and courage on all sides need our encouragement to produce results for their varied constituencies.

U.S. Policy

Through several Administrations, including this one, U.S. policy has sought to use our influence—limited as it is—against apartheid and for peaceful change, not against innocent people who are the victims of apartheid. We have also recognized South Africa's pivotal role in the southern African region and the need for regional stability and security. Improved relations between South Africa and her neighbors and internal change in South Africa relate to one another.

These remain the animating features of our policy today. In South Africa, we face a moving target where events unfold quickly, unpredictably, and beyond our control. In a sense, there is no *status quo* in South Africa. Circumstances

change daily, putting new demands on all involved.

For this reason, our policy sets out clearly the principles I mentioned as the basis of our strategy and then proceeds with a tactical emphasis on process and results that will promote our broader long-term objectives. We do not aim to impose ourselves, our solutions, or our favorites in South Africa; such an intrusion would be unwanted and unwise for any outside party.

What we seek instead is to help create conditions that will draw people of good will—the overwhelming majority—together. Encouraging the government to repeal all apartheid laws and to continue with positive change, to end repression, to stop removals and independence for so-called homelands, to release detainees and political leaders such as Nelson Mandela, to take steps to get black children back into school, and to respond to calls by moderate blacks—these things we have done insistently, publicly and quietly, sometimes with effect, in some cases, unsuccessfully. By the same token, we have urged black leaders to eschew extremist solutions, give credit to the government when it is due, and not give in on negotiations and peaceful remedies. Here again, our case is often compelling and, frankly, it is sometimes rejected. The important thing is that we are involved, pursuing goals which I believe all Americans share. Our access to various groups and individuals gives us openings for using diplomacy and political and moral persuasion—the most effective tools for us in these dangerous times.

In our diplomacy we are trying to help an unhappy but essentially friendly nation and to help lay the basis for a better future. Our moral responsibility each day must be to think through the results of our actions. When President Reagan signed his Executive order on South Africa in September last year, he said that he wanted to work with Congress to increase bipartisan support for U.S. policy toward that country. He added:

I respect and share the goals that have motivated many in Congress to send a message of U.S. concern about apartheid. But in doing so, we must not damage the economic well-being of millions of people in South and southern Africa.

U.S. policy toward South Africa has proceeded from that premise throughout this Administration. The purpose of the President's Executive order was to un-

derscore our message to the South African Government that the United States—its Executive, its legislature, and, most importantly, its people—reject apartheid.

Since the President announced his Executive order, we have moved quickly to implement its provisions. Kruger and weapons imports have been banned, as have bank loans to the South African Government. U.S. restrictions on computer and nuclear exports are in place. The provisions regarding fair labor standards have been published, and my colleagues in the State Department are now registering all U.S. firms with more than 25 employees in South Africa.

The Secretary's Advisory Committee on South Africa has begun its work. This group of 12 distinguished Americans already held its third set of meetings with experts on South Africa this week. It will travel to South Africa later this year and also hold a public hearing here in Washington. Its report will probably be submitted by the end of this year. In the meantime, the Secretary has made clear his support of the committee's work and of its independence. He has also indicated that he will seek its advice on U.S. policy

toward South Africa, even before the final report. I am pleased and honored that these Americans are dedicating themselves to helping us with this problem.

We have also increased the U.S. Government's assistance programs available to South Africa's disadvantaged majority. AID [Agency for International Development] is expanding existing programs and will propose several new ones this fiscal year. Other U.S. agencies, particularly USIA [United States Information Agency] and Commerce, have taken steps to add to their programs aimed at South Africa's black community. I should mention also the creation of the special working group on South and southern Africa under Ambassador Doug Holladay—an interagency office in the State Department. It has already undertaken several initiatives aimed at encouraging a wider understanding of our policy goals and at increasing the flow of privately supported exchanges with South Africa.

I should also mention our effort to open a small post in Port Elizabeth, an effort that has been resisted by members of this body. We want to open a post in the eastern Cape to reach out more effectively to the various commu-

South Africa's Proposal on Namibia and Angola

WHITE HOUSE STATEMENT MAR. 4, 1986¹

Today in Cape Town, the Government of South Africa proposed that August 1, 1986, be set as the date for the beginning of implementation of UN Security Council Resolution 435. That resolution outlines the procedures leading to the independence of Namibia. The South Africans have made implementation of this date contingent on reaching prior agreement on a timetable for Cuban troop withdrawal from Angola.

The U.S. Government welcomes South Africa's announcement as a significant and positive step in the negotiations to achieve Namibia's independence, the withdrawal of Cuban forces from Angola and, more broadly, peace in the region. The opportunity now exists for rapid movement toward a settlement which will bring Namibia to independence. This opportunity should be seized.

It is now incumbent upon all the parties to the negotiations to intensify their diplomatic efforts. The United States is prepared to move rapidly to encourage the parties in this effort. With this in mind, the Secretary [of State] has asked Deputy Assistant Secretary for African Affairs Frank G. Wisner to travel immediately to southern Africa for consultation with governments in the region.

We welcome the South African Government's announcement that it would lift the state of emergency within the next few days. We have long urged that the state of emergency be lifted as one of the steps the South African Government must take to create conditions in which it will be possible to begin negotiations with credible black leaders leading to meaningful reform and a reduction in violence.

¹Text from Weekly Compilation of Presidential Documents of Mar. 10, 1986. ■

nities in that important part of South Africa. This, we thought, was perfectly in keeping with advice we have received from many places, including members of this House.

I hope that you will find it possible to reconsider your views on this subject. I believe a post in Port Elizabeth will serve important U.S. national interests, particularly in light of the U.S. commercial presence there, as well as significantly enhancing our political reporting capabilities and contact with the eastern Cape black community.

Apart from these recent initiatives, the point I wish to underscore with these committees is that President Reagan has directed us to be even more actively engaged across the political spectrum in South Africa during this painful period. While I cannot go into the substance of delicate diplomatic exchanges, we have used these channels to underscore our views about what must be done to create a more constructive context. Like others, we have stressed the need for the government to send clear signals of its intent to scrap apartheid and negotiate a new system based on democratic principles. Where there are openings to advance specific goals, to pass quiet messages from one group to another, or to support positive initiatives already launched by others, we are doing so. In addition to private diplomacy, we have spoken out clearly and forcefully against continuing abuses where these occur and will continue to make known our positions to the broadest possible audience. At the same time, we have continued to make clear our strong conviction that violence—from whatever quarter—deserves no U.S. support. Similarly, we do not believe purposeful reform and basic change can be encouraged by augmenting South Africa's current economic difficulties.

As I have said, the situation in South Africa is delicately poised. We are determined to act but also to act responsibly. It is far too soon, in our view, to draw conclusions about the impact of the growing crescendo of internal and external pressures for constructive change. And it would be downright dangerous for us—perhaps inadvertently—to take postures or adopt actions which could maximize intransigence or foster illusions on all sides. Our goal at this time, in short, must be to encourage the government and the other communities to open doors and to walk through them.

Prospects

As I have said, South Africa is still a divided country. And yet, ironically, all responsible parties in both the black and white communities wish for the support of the United States, perhaps more than any other outside nation, for their cause. This confers on us an inescapable responsibility and often pulls us in conflicting directions. This is where our resolve and our patience are tested. South Africa's problems were not created overnight, and they will almost certainly be resolved more slowly than we would like.

And yet, this quest for American support affirms that our course is the right one. Bishop Tutu's recent U.S. visit, on the one hand, and parts of State President Botha's January 31 speech, on the other, show that international opinion counts in South Africa. I am not suggesting that the United States or any other outside nation will play a decisive role in sorting out the South Africa dilemma. Instead, I contend that a course calculated to use our influence for the principles I have mentioned will keep us relevant.

Report on U.S. Actions Toward South Africa

MESSAGE TO THE CONGRESS, MAR. 17, 1986¹

On September 9, 1985, in Executive Order 12532 (50 Fed. Reg. 36861, Sept. 10, 1985) I declared a national emergency to deal with the threat posed by the policies and actions of the Government of South Africa to the foreign policy and economy of the United States.

Pursuant to that Order, I prohibited certain transactions, including the following: (1) the making or approval of bank loans to the South African Government, with certain narrow exceptions; (2) the export of computers and related goods and technology to certain government agencies and any apartheid enforcing entity of the South African Government; (3) nuclear exports to South Africa and related transactions, with certain narrow exceptions; (4) the import into the United States of arms, ammunition, or military vehicles produced in South Africa; and (5) the extension of export marketing support to U.S. firms employing at least twenty-five persons in South Africa which do not adhere to certain fair labor standards.

In addition, I directed (6) the Secretary of State and the United States Trade Representative to consult with other parties to the

South Africa will come under close scrutiny this year. The Commonwealth's Eminent Persons' Group, the European Community, our own advisory committee, the banks—indeed, the whole world—will be watching South Africa closely this year. Different time schedules have been set, some synchronized, some not.

Forecasting the future for South Africa is a task full of pitfalls. There are some encouraging signs, but there is much to be discouraged about as well. What we can all agree about, I am confident, is that 1986 will be a decisive year in that country's history. It is not a threat but a dispassionate prediction that South Africans cannot afford another year like the last one. Our hopes, our diplomacy, and our progress are with them as they grapple with dilemmas and injustices built up over many years to chart a way forward, around the abyss of violence, toward a democratic system.

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. ■

General Agreement on Tariffs and Trade with a view toward adopting a prohibition of the import of Krugerrands; (7) the Secretary of Treasury to complete a study within 60 days regarding the feasibility of minting U.S. gold coins; (8) the Secretary of State to take the steps necessary to increase the amounts provided for scholarships in South Africa for those disadvantaged by the system of apartheid and to increase the amounts allocated for South Africa in the Human Rights Fund; and (9) the Secretary of State to establish an Advisory Committee to provide recommendations on measures to encourage peaceful change in South Africa.

The declaration of emergency was made pursuant to the authority vested in me as President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act, 50 U.S.C. 1701 *et seq.*, and the National Emergencies Act, 50 U.S.C. 1601 *et seq.* I submitted a report regarding the declaration to the Congress on September 9, 1985, pursuant to Section 204(b) of the International Emergency Economic Powers Act. Pursuant to Section 204(c) of that act, I am today reporting on the major actions taken in the exercise of the authorities contained in that act and Executive Order 12532. The following actions are

isted in chronological order, and a copy of all implementing rules and regulations is enclosed.

On October 1, 1985, in Executive Order 12535, I prohibited the importation of the South African Krugerrands into the United States effective October 11, 1985 (50 Fed. Reg. 40325, Oct. 3, 1985). This Order implemented the course of action contemplated in Section 5(a) of Executive Order 12532.

On October 7, 1985, the Bureau of Alcohol, Tobacco and Firearms of the Department of the Treasury issued regulations on the Importation of Articles on the United States Munitions Import List (50 Fed. Reg. 42157, Oct. 18, 1985). These regulations implemented the prohibition of certain arms imports contained in Section 1(d) of Executive Order 12532.

On October 9, 1985, the Office of Foreign Assets Control of the Department of the Treasury issued the South African Transactions Regulations (50 Fed. Reg. 41682, Oct. 5, 1985). These regulations implemented the ban on the importation of the Krugerrand.

On October 22, 1985, the Department of State published a notice in the *Federal Register* regarding the Establishment of the Advisory Committee on South Africa (50 Fed. Reg. 42817, Oct. 22, 1985). The Charter of the Advisory Committee has been filed with the Senate Foreign Relations Committee, the House Foreign Affairs Committee, and the Library of Congress. The Committee will render a report to the Secretary of State within one year of its first meeting, which was held on January 29-30.

On November 4, 1985, the Department of State issued proposed regulations for public comment on South Africa and Fair Labor Standards (50 Fed. Reg. 46455, Nov. 8, 1985). The draft regulations were designed to implement the fair labor provisions stated in Section 2 of Executive Order 12532. Final regulations were issued by the Department of State on December 23, 1985 (50 Fed. Reg. 4308, Dec. 31, 1985).

On November 6, 1985, the Office of Foreign Assets Control of the Department of the Treasury issued the South African Transactions Regulations (50 Fed. Reg. 46726, Nov. 7, 1985). These regulations implemented the bank loan prohibition of Section 1(a) of Executive Order 12532.

On November 8, 1985, the Secretary of the Treasury submitted a report on the feasibility of minting U.S. gold coins. On December 17, 1985, I signed the Gold Bullion Coin Act of 1985 (Public Law 99-185), which requires the minting of such coins.

On November 14, 1985, the International Trade Administration of the Department of Commerce issued regulations on Export Controls on the Republic of South Africa (50 Fed. Reg. 47363, Nov. 18, 1985). These regulations implemented the computer export prohibition in Section 1(b) and the prohibition against licensing exports to nuclear production and utilization facilities in Section 1(c) of Executive Order 12532.

The policies and actions of the Government of South Africa continue to pose an unusual and extraordinary threat to the foreign policy and economy of the United States. I shall continue to exercise the powers at my disposal to apply the measures contained in Executive Order 12532 as long as these

measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(e).

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

U.S.-Supported Human Rights Program in South Africa

Background

The South African human rights program was established in 1984, under the U.S. Foreign Assistance Act, to promote "political, economic, social, judicial and humanitarian efforts to foster a just society and to help victims of apartheid." Administered at the U.S. Embassy in Pretoria by the U.S. Agency for International Development (AID), the program encourages the work of community-based nongovernment organizations. Because most of these organizations are small, the money granted to them—in amounts generally not exceeding \$10,000—can help make them financially viable and also attract other funding sources. During the first 2 years, grants were made to more than 200 projects in South Africa. The program will total \$1.5 million in fiscal year 1986, targeted specifically on projects and institutions that address the legal and other constraints to full equal rights and protection of all South Africans' civil liberties.

The program's goal is to assist those who aspire to the ideals of the Universal Declaration of Human Rights. Methods to achieve this goal include supporting victims of racial discrimination and fostering legal and social change by encouraging research, discussion, and awareness of human rights, promoting democratic principles and the free enterprise system, and increasing the openness of the judicial and legal systems for all. No support is provided under the human rights program for partisan political activities.

The human rights program is only one part of a larger U.S. Government program, totaling \$20 million in fiscal year 1986, to assist South Africa's black, colored, and Asian communities. Activities under the larger program provide:

- Scholarships to disadvantaged students for training in the United States and in South Africa;
- Assistance to black labor unions, entrepreneurs, and businessmen; and
- Help to communities in their efforts to promote local well-being through schools and hospitals, and other such activities.

Funding Criteria for Human Rights Program

Funding decisions are based on an evaluation of each proposed project's probable impact. In the short term, projects should increase the capabilities of organizations working for human rights. In the medium term, they should demonstrate potential for influencing government policy in areas of due process, freedom of speech, equal treatment under law, and general tolerance of diversity. In the long term, projects should lead to the recognition of full citizenship for all races, the improvement of human rights legislation, and the development of mechanisms for blacks to participate at all levels of government.

Types of Projects

Successful projects fall into four categories.

- Grants made to organizations providing *legal assistance to members of the nonwhite community*. Among these was a \$10,000 grant in April 1985 to the Legal Education Center of the Black Lawyer's Association for the funding of a library of basic legal matters. The center was launched in January 1985 with grants from the Ford and Carnegie foundations for use in establishing programs to facilitate placement of black law graduates as law clerks; formulating continuing education courses and semi-

nars for black lawyers; undertaking legal research into areas affecting black people; and establishing law clinics to provide advice to black communities. This is the only program of its kind undertaken by an entirely black organization, and the center will be greatly facilitated by the creation of the library. Grants also have been made to other law-related projects such as the Lawyers for Human Rights to set up an office in Pretoria and the Center for Applied Legal Studies to fund a seminar on black participation in the legal profession.

- Grants concerned with the *effects on blacks of the South African Government's educational policies*. In October 1985 a \$10,000 grant for the purchase of data processing equipment was made to the Careers Research and Information Center (CRIC). Founded in 1977 after the Soweto uprising, CRIC sought to help scholars and young adults plan their futures. The project has been administered nonracially, although its prime audiences are black pupils and their teachers. The new data processing equipment will enable CRIC to expand its testing and career counseling services for black and colored students in the Western Cape region. Such assistance will help them overcome South African social barriers. Other funded education projects include the South African Committee for Higher Education Distance Learning Project, designed to counter obstacles to the upgrading of black education, and the Industrial Aid Center Adult Literacy Program, established to inform workers, especially the unemployed, of their legal rights.

- Grants made to organizations promoting *private enterprise and development, and organizational skills in black communities*. The Youth Program of the Foundation for Social Development awarded an \$8,500 grant in October 1985, promotes self-reliance and organizational skills within educational and recreational programs. The National Build a Better Society Association, granted \$7,000, is establishing a program to advise individuals and disadvantaged communities on financial matters and personal and home management to help people make informed decisions, develop leadership qualities, and create community awareness.

- Grants made to projects *addressing the problem of resolving the social tensions in South African society*. For example, the Workshop of Negotiation Techniques, sponsored by the Center for Intergroup Studies and funded by a grant of \$10,000, is concerned with

research and education in conflict resolution and race relations.

Taken from the GIST series of February 1986, published by the Bureau of Public Affairs, Department of State. ■

Visit of Cameroon's President



(White House photo by Pete Souza)

President Paul Biya of the Republic of Cameroon made an official working visit to Washington, D.C., February 25-28, 1986, to meet with President Reagan and other government officials.

Following are remarks made by the two Presidents after their meeting on February 27.¹

President Reagan

It's been a pleasure to have as our guest President Biya of Cameroon. President Biya's visit is a milestone in the excellent relationship between our two countries. Our discussions were warm and frank, reflecting the good will between us and our countries as well.

And I'm pleased to take this opportunity to announce that yesterday a bilateral investment treaty was signed by our governments. President Biya and I are convinced this treaty will spur economic growth and greatly benefit our peoples.

Cameroon, like the United States, is blessed with rich natural resources, a vibrant private sector, and a diverse, industrious population. But resources alone do not guarantee progress, either in economic or political terms; it takes sound, dedicated leadership. President

Biya exemplifies this with his energetic commitment to national unity, reconciliation, and the liberalization of his country's political institutions.

Today it's becoming ever more clear to the emerging nations in Africa that Marxist and rigid statist models of development simply don't work. Instead of economic development, political freedom and national stability, Marxism, an ideology totally alien to African aspirations, has produced nothing but deprivation, tyranny, and conflict.

Cameroon is a shining example of how much can be accomplished when a more realistic and humane approach is taken to political and economic development. By allowing free rein of the enterprise and talents of the people and by providing incentives for them to work and earn, last year Cameroon's economy grew at an annual rate of over 6%. Its per capita income is among the highest in black Africa. President Biya's government enjoys a balanced budget, and his country, thanks to the growing vigor of the private sector, is essentially self-sufficient in food. In short, President Biya's wise policies have been a boon to his people.

The President is a highly respected leader in Africa. And today I sought his

advice on a wide range of issues. We discussed our mutual concern about international terrorism and about aggression directed against some sub-Saharan states, especially Chad. We agreed on the importance of working together and with other friends countering these dangers.

The United States and Cameroon have for several decades enjoyed a high level of cooperation. Today we have reaffirmed our intention to continue reinforcing our positive and constructive relationship. All Americans wish President Biya continued success in his efforts to build a prosperous and democratic Cameroon. And we wish him goodspeed on his journey home.

President Biya²

President Reagan and myself have just had a meeting marked by cordiality and mutual understanding. We have looked at the economic and political situation of Cameroon. President Reagan is very much aware of the progress we have made. Our domestic policies are based on a free market economy and democracy for most personal initiative and the creation of new businesses. Our growth rate has increased considerably. We have opened our borders to foreign investors, and we have excellent relations with the Western nations.

The most important conclusion of our meeting is that there is a strong convergence of views between our two countries because, like you, we hold particularly dear ideals of peace, liberty, democracy, progress, and moral values, as well as social justice.

Like you, we, too, condemn apartheid and nonrespect of the freedom of the Namibian people. I sincerely hope that once again the influence of your nation will help resolve these problems, which are a threat to human dignity.

Like you, we condemn violence and terrorism throughout the world. We have acted in favor of a dialogue in peace and balance. And we have strengthened our links to other African countries so that together we can make progress.

As I said, our ideas converge on many levels. And my presence here attests that we want to strengthen the ties between our two countries, and we want to strengthen bilateral cooperations. And we already have about 100 American firms established in our country. Our nation is bilingual, English and French, and is, therefore, fertile ground for American investors. Our two governments have signed an agreement on the

reciprocal protection of investments, which will certainly encourage them. Assistance from the American Government has been of a great help to us, particularly in the fields of agriculture, education, and health. We do appreciate the contribution of the United States to our social life and hope that the number of cultural exchange programs will increase. Since our foreign policy is based on international cooperation, we count very much on the United States. Our relations are characterized by mutual

friendship. I hope the United States will help defend our ideals of peace and freedom, which are often threatened in Africa. Your nation and President have our total confidence. We congratulate President Reagan on his meeting in Geneva with Mr. Gorbachev.

¹Made on the South Portico of the White House (text from Weekly Compilation of Presidential Documents of Mar. 3, 1986).

²President Biya spoke in French, which was translated by an interpreter, and English. ■

U.S. Emergency Military Assistance to Chad

DEPARTMENT STATEMENT, MAR. 13, 1986¹

The President has determined, under Section 506(a) of the Foreign Assistance Act, that an unforeseen emergency exists in Chad which requires our immediate aid. To meet this emergency, the President has directed the draw-down of up to \$10 million in Department of Defense equipment and services to provide military assistance to Chad. This decision is in response to the request of the Government of Chad and is in accordance with Article 51 of the UN Charter.

On February 10, Libyan-backed insurgent forces initiated major attacks against Government of Chad troops along and south of the 16th parallel, the *de facto* line of separation since 1983 between Libyan-occupied northern Chad and the territory under Chadian

Government control. These attacks have continued; the most recent engagements took place on March 5. In response to the Chadian Government's appeal for assistance against this renewed Libyan-backed aggression, France has sent troops and aircraft to aid in Chad's defense.

Chadian troops have been forced to expend large amounts of military equipment and supplies in repelling the Libyan-backed attacks. Our assistance, complementing French efforts, will provide a resupply of critical items needed for Chad's defense. We are working with the Governments of Chad and France on the specific items to be provided in the areas of transport aircraft, vehicles, weapons, ammunition, and medical supplies.

¹Made available to news correspondents by Department spokesman Bernard Kalb. ■

Negotiations on Nuclear and Space Arms

by Paul H. Nitze

Remarks before a symposium at the Department of State's Foreign Service Institute on March 13, 1986. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

After last November's summit meeting between President Reagan and General Secretary Gorbachev, we thought that the summit and the events leading up to it might well foreshadow the possibility for a fresh start in the U.S.-Soviet relationship. We were fully aware, however, of the substantial barriers to agreement which remained to be surmounted.

On March 4 our negotiators concluded the fourth round of the nuclear and space arms talks (NST) in Geneva. This was preceded by Gorbachev's January 15 announcement of a new Soviet arms control proposal. In late February, after extensive consultations with our allies, the President authorized our negotiators in Geneva to present a comprehensive response to Mr. Gorbachev's proposal.

It is appropriate to recall the main outlines of Mr. Gorbachev's proposal and those of the President's response, as well as such clarifications as our negotiators have been able to obtain from the Soviet negotiators in Geneva.

I will first address the initial steps as they have been set forth by both sides. Agreements concerning the first steps and the manner in which they are executed will largely determine what is possible in subsequent stages.

One of the features of Mr. Gorbachev's proposal was his attempt to trump the President's emphasis on the goal of the eventual elimination of nuclear weapons by offering a staged timetable to achieve that goal. But the second and third stages of his proposal can only be agreed and implemented by a multilateral group of nations including the United Kingdom, France, China, and other industrial nations as well. Furthermore, for those steps to become practicable, with no diminution of the security of the United States and its allies, a number of changes must first take place in the world scene. There must be a correction in today's imbalances in non-nuclear capabilities; an elimination of chemical warfare capabilities; an improvement in the methods of

handling conditions of tension in the world, such as Afghanistan, Ethiopia, and Angola; and a demonstration that the Soviet Union has reconciled itself to peaceful competition.

With regard to the first steps, there appeared to be some new elements in the position of the Soviet side. On INF [intermediate-range nuclear forces], the Soviets appeared to have shifted somewhat their position on British and French nuclear forces. Because the INF proposals represent the most tangible movement resulting from Mr. Gorbachev's package, because the U.S. February initiative focuses on INF, and because these movements ultimately affect prospects in START [strategic arms reduction talks], I will later provide some elaboration of developments in this area. Mr. Gorbachev also expressed at least rhetorical support for more extensive verification measures than the Soviets have supported in the past. Finally, a first reading of the English text of Gorbachev's proposal indicated there might be a change in their position calling for a ban on strategic defense research; this, however, like several other indications of change, later turned out to be illusory.

START

But before getting into such areas of change in the positions of the two sides, let me review the basic position of the United States in the three NST negotiating groups and the status of our discussions with the Soviets. In START, the U.S. position reflects the summit joint statement commitment toward "the principle of 50 percent reductions in the nuclear arms of the U.S. and U.S.S.R., appropriately applied..."

- Reentry vehicles (RVs) on ICBMs [intercontinental ballistic missiles] and SLBMs [submarine-launched ballistic missiles] would be reduced to a limit of 4,500—about 50% below current levels.

- Reentry vehicles on ICBMs would be reduced to 3,000—about 50% below the current Soviet level and roughly halfway between our earlier proposal for a limit of 2,500 and a limit of 3,600 proposed by the Soviets.

- The highest overall strategic ballistic missile throw-weight of either side would be reduced by 50%, in this case, from the Soviet level of 11.9 million

pounds. (By way of comparison, the United States has 4.4 million pounds.)

- Contingent upon acceptance of RV and throw-weight limits, the United States would accept equal limits of 1,500 on the number of long-range ALCMs [air-launched cruise missiles] carried by U.S. and Soviet heavy bombers—about 50% below planned U.S. deployment levels.

The United States cannot agree to one common limit on ballistic missile RVs and bomber weapons, as proposed by the Soviets. If one counted ALCMs, short-range attack missiles, and gravity bombs as equivalent to Soviet ballistic missile RVs—despite the massive Soviet air defenses faced by U.S. bombers and the far lower readiness rate of bombers compared to ballistic missiles—the United States would be significantly penalized. But if the Soviets were to accept our proposed limit of 4,500 RVs along with our proposed limit of 1,500 ALCMs, it would result in reduction to a total of 6,000 ballistic missiles RVs and ALCMs on each side. This total constitutes the same number proposed by the Soviets for the overall limit on "nuclear charges" but would include a more appropriate definition of which systems reflect the strategic balance.

With respect to strategic nuclear delivery vehicles, the United States has proposed a reduction in strategic ballistic missiles to a limit of 1,250–1,450, or about 40–45% below the current higher Soviet level. In this context, the United States could accept further reduction of heavy bomber limits to 350 (compared to our earlier proposal of 400)—about 40% below the current U.S. SALT [strategic arms limitation talks]-accountable level.

For reasons similar to those applying to an RV and ALCM aggregate, the United States cannot agree to the Soviet proposal to include in a single aggregate strategic ballistic missiles and heavy bombers. However, if agreement were reached on a range of 1,250–1,450 for ICBMs and SLBMs, and on heavy bomber limits of 350, it would result in reduction of the total of strategic ballistic missiles and heavy bombers to between 1,600 and 1,800.

"Build-down" is our suggested means of implementing the agreed reductions. We are prepared to begin working out details of a reductions

chedule as soon as agreement can be achieved on the endpoints to be reached at the completion of the first stage.

The U.S. proposal also contains a ban on the development and deployment of all new heavy strategic ballistic missiles and on the modernization of existing heavy missiles due to the destabilizing character of such systems. All mobile ICBMs would also be banned because of significant verification difficulties and inherent asymmetries in deployment opportunities between the sides.

Round 4 of the NST negotiations was not productive with respect to START. Mr. Gorbachev's January 15 proposal did not include any changes in the Soviet position regarding START, and the Soviet negotiators at Geneva either responded adequately to the possibilities raised by the U.S. initiative at the end of the previous round nor did they introduce any new ideas of their own.

A large boulder on the path to progress in START has been the continuing Soviet insistence on defining strategic weapons as those systems capable of striking the territory of the other side. In addition to those central systems that the United States considers to be strategic, the Soviet definition of strategic delivery vehicles would cover, on the U.S. side, all our INF [longer range intermediate-range nuclear forces] missiles, 340 "medium-range" dual-capable aircraft deployed in Europe and Asia, and 540 attack aircraft deployed on all 14 U.S. aircraft carriers, while 2,000-3,000 comparable Soviet nuclear delivery vehicles, including some 300 Backfire bombers, would not be so counted. Were the United States to retain equality in strategic nuclear delivery vehicles under the Soviet definition, we would have to cut INF missiles and dual-capable aircraft at sea and on land to 430-20% of current Soviet global level. If the United States were to retain LRINF missiles and dual-capable aircraft at current levels, we would have to cut strategic nuclear delivery vehicles to less than half the allowed Soviet number. The Soviets proposed this inequitable definition of "strategic" during the early stages of the SALT I and SALT II negotiations. In both cases, they eventually withdrew their definition and agreed to a "central systems" approach defining the systems subject to limitations in the agreements—that is, to ICBMs, SLBMs, and heavy bombers.

We hope and expect that they will do so again. Until they do, prospects for progress on START will be severely encumbered.

I have mentioned the disputed issue of how bomber weapons should be handled. Another issue between the sides concerns the handling of sea-launched cruise missiles (SLCMs). The Soviets contend that all cruise missiles with ranges over 600 kilometers, including SLCMs, should be banned. Yet the Soviets do not answer our questions about how such a ban could be verified and do not acknowledge that such an outcome would leave the United States, much of whose population and industry is within range of shorter-range SLCMs, much more vulnerable to attack from residual systems than the Soviet Union.

Another issue inhibiting progress in START is the Soviet demand for agreement to a ban on "space-strike arms" as a prerequisite even to serious negotiation on measures to limit strategic offensive systems. We regard such a precondition as unacceptable on its merits; we also believe serious negotiations in all three groups should proceed concurrently. We do not dispute the interrelationship between strategic offensive and strategic defensive areas. In fact, it was the United States which first drew this connection during SALT I. With these considerations in mind, I will turn briefly to the defense and space negotiating group.

Defense and Space

With respect to defense and space, the United States has made clear that we are committed to the SDI [Strategic Defense Initiative] research program, which is being carried out in full compliance with the ABM [Anti-Ballistic Missile] Treaty. We are seeking to explore with the Soviets how a cooperative transition toward a more defense-reliant regime could be accomplished, should new defensive technologies prove feasible, but the Soviet negotiators have resisted even discussing the subject with us. We are also proposing that the Soviets join us even now in an "open laboratories" arrangement under which both sides would provide information on each other's strategic defense research programs and provide reciprocal opportunities for visiting associated research facilities and laboratories.

As in START, there was no tangible progress during round 4 in defense and space. We initially thought it might be otherwise. The English text of Mr.

Gorbachev's proposal at the opening of the round made no reference to "research"; the word "research" did not appear in it. Later, however, we found that the Russian text uses the word "sozdaniye" which is generally translated as "create" and which they claim includes "purposeful research." Soviet negotiators have explained that Mr. Gorbachev had intended no change whatsoever in the Soviet position on what they call "space-strike arms."

We have had great difficulty in the defense and space talks in even getting the Soviets to acknowledge indisputable facts. The Soviets refuse to admit the nature and extensive scope of their own strategic defense research and development activities; they deliberately distort the nature and scope of the U.S. SDI program. If there are grounds for encouragement in this forum, they can only be found in the grudging admissions occasionally made by Soviet officials in informal discussions that the logic and coherence of official Soviet positions are flawed and/or inconsistent with the public statements of General Secretary Gorbachev.

INF

The commitment by both sides at the summit toward early progress on an interim INF agreement, the inherent flexibility in the INF portion of the American proposal of November 1, and the apparent movement in the Soviet INF negotiating position heralded by Gorbachev in mid-January raised expectations about the possibilities for success in reaching an INF agreement. The United States studied carefully the Soviets' January proposal and probed Soviet negotiators on the details behind this proposal. We also consulted intensively with allied governments in preparing an appropriate response.

Some elements in Gorbachev's proposal on INF seemed to be constructive. The Soviets appeared to have dropped their demand that British and French SLBM nuclear warheads be counted equally and along with U.S. LRINF warheads. The Soviets expressed willingness to accept an outcome involving reductions of all U.S. and Soviet LRINF missiles in Europe, including the SS-20s, to zero. The potentially positive impact of this proposal was negated, however, by a number of unacceptable conditions and omissions related to the offer. Among the conditions are:

Nuclear and Space Arms Talks Conclude Round 4

- A nontransfer provision calling on the United States to assume an obligation not to transfer strategic and medium-range missiles to third countries. This, of course, is aimed directly at longstanding programs of cooperation the United States has with its allies and would signal the end of the U.K. Trident modernization program; and

- A demand that the United Kingdom and France not "build up" their "corresponding nuclear arms" and declare their intent to begin to eliminate those forces in stage 2. The Soviets know that a ban on strategic modernization would sooner rather than later spell the demise of British and French SLBM forces.

Among the omissions are:

- The absence of a provision for reductions in SS-20s in the eastern part of the U.S.S.R. until a subsequent stage and until after U.S. LRINF missiles in Europe have been reduced to zero; and

- The absence of a provision limiting SRINF [shorter range intermediate-range nuclear forces] missiles. If LRINF missiles were reduced to zero, the effect could be circumvented by SRINF deployments, which can cover most of the important targets in NATO Europe when forward deployed in Eastern Europe.

The consequence of accepting the Soviet proposal would be the elimination of U.S. LRINF missiles from Europe and the probable deterioration of U.K. and French nuclear deterrents, but without elimination of the SS-20 threat which our friends and allies in both Europe and Asia face.

Our study of the Gorbachev proposal in detail and in its overall effect caused us to conclude, based on both the manner of presentation and the substance, that it had been designed primarily for its political and propaganda impact. We do not wish, however, to leave any stone unturned in the search for progress in Geneva. We take seriously the commitment undertaken in the summit joint statement to accelerate efforts to find common ground between the positions of the two sides. It is for these reasons that the President authorized in late February the tabling of a new U.S. INF proposal.

The United States continues to believe that the best solution in INF remains the global elimination of the entire class of U.S. and Soviet LRINF missiles. When we first proposed this idea at the opening of the INF negotia-

Following is a statement by Ambassador Max M. Kampelman, head of the U.S. delegation on arms control negotiations and U.S. negotiator on defense and space arms, in Geneva on March 4, 1986.

On January 8, 1985, the United States and the Soviet Union committed themselves to seek agreements aimed at "preventing an arms race in space and terminating it on Earth."

On November 21, 1985, in this city, President Reagan and General Secretary Gorbachev agreed that the most effective way to accelerate the work at these negotiations was to work for early progress in those areas where there is common ground. The two specific areas referred to were the principle of 50% reductions in nuclear arms and the idea of an interim INF [intermediate-range nuclear forces] agreement.

On January 16, the United States returned to these negotiations determined to carry on the program agreed upon by the two leaders. Our determination, we regret to say, was not matched. Nevertheless, as we evaluate the fourth round of our work, which we completed this morning, our verdict is a mixed one.

On the positive side, both our delegations have major proposals on the table. Both of us agree in principle with the ultimate goal of moving to the total elimination of nuclear weapons. Both governments seem to recognize the critical importance of verification of

negotiated agreements. And we have both committed ourselves to the negotiation of a separate agreement on INF.

These are positive factors. Unfortunately, these positive factors have not led to the degree of progress, though some did take place, that should have been achieved during this round. The reason, in the view of the U.S. delegation, is that the Soviet delegation has not acted to fulfill the commitments undertaken by our two leaders in the joint statement of November 21.

We return to Washington in the hope that President Reagan's response to General Secretary Gorbachev's January 16 proposal can bridge differences and help to achieve an INF agreement. We want the total elimination of U.S. Pershing II and ground-launched cruise missiles along with the Soviet SS-20 missiles by the end of this decade.

When we return to Geneva on May 8, we also hope that the Soviet delegation will be ready to join us—they have not yet done so—in a genuine effort to build on the common ground that exists for 50% reductions in the offensive nuclear arms of both sides on the way toward the total elimination of nuclear weapons.

The round ended with less accomplished than we had hoped. Negotiating with the Soviets is difficult. The issues are complex. But we are not discouraged. The U.S. delegation is dedicated to carrying out our President's desire to work for and achieve a better world, a world in peace, stable, and secure. ■

tions in 1981, the Soviets accused us of wanting something for nothing, of offering to destroy paper missiles in exchange for the destruction of real missiles. But by the end of 1985, the United States had deployed 236 LRINF missiles in Europe. Absent an INF agreement, that number will continue to grow until the full operational capability of 572 missiles is reached by the end of 1988. All five NATO basing countries are acting in accordance with the commitments made in the 1979 NATO dual-track decision. Thus, contrary to Soviet criticism, the plan offered by the United States in February 1986 to eliminate

all LRINF missiles worldwide by the end of the decade is both new and significant.

The United States has proposed a detailed, phased approach for reaching its objective, which would achieve balance at the earliest possible time while maintaining stability throughout the reductions process.

By the end of 1987, the United States and the Soviet Union would reduce their LRINF missile deployments in Europe to 140 launchers each, with the Soviet Union making concurrent proportionate reductions in Asia.

Within the following year, both sides could further reduce the numbers of RINF missile launchers remaining in Europe and Asia by an additional 50%. Finally, both sides would move to the total elimination of this category of weapons by the end of 1989.

Associated with this plan, there could be a parallel series of global RINF missile warhead ceilings under which the United States would retain the right to global warhead equality. As Soviet SS-20 launchers were reduced, the launchers and their associated missiles and agreed support equipment could be destroyed. U.S. systems in excess of the launcher limits cited above could be withdrawn to the continental United States unless or until they were so in excess of the equal global warhead ceiling associated with the launcher reductions then being implemented, in which case they would be destroyed.

These reductions and limits would involve U.S. and Soviet systems only. There would be no agreed constraints on the forces of the United Kingdom or France.

These reductions would also be accompanied by constraints on SRINF, either establishing a ceiling at current Soviet levels or at the levels both sides had on January 1, 1982. This ceiling could enter into effect by the end of 1987.

By insisting that Soviet reductions of 140 LRINF missile launchers in Europe would have to occur before the United States would reduce below that level, we seek to avoid near-term military and political problems and to ensure that at no point during the reduction process would the Soviets be able to achieve a lasting advantage.

I have dealt with INF issues in some detail because an agreement in this negotiating group could precede and influence an agreement in START. Likewise, Soviet willingness to make arms control progress before the next summit is critical to fulfill their commitment toward arms control progress focused on the principle of 50% reductions may be manifested first in INF or perhaps only in INF.

Verification

The United States continues to stress the critical importance of agreeing to effective means of verification so as to be able to assess with confidence compliance with provisions of any arms control agreements which are negotiated. Thus, Gorbachev's positive statements on

verification in his January 15 article were welcomed throughout the West. However, past Soviet reluctance to agree on measures necessary to verify compliance provided grounds for some skepticism as well. Round 4 provided little evidence that Soviet attitudes on verification have undergone fundamental change. The Soviets neither agreed to nor proposed specific verification measures in either the START or INF groups. We expect that Soviet sincerity regarding verification will be put to a clear test when the negotiations resume in May. At that time, our INF negotiators will continue presentation of specific verification procedures tailored to the specific weaponry limits we seek. These details are being presented in the context of a comprehensive verification regime which includes the use of national technical means of verification and cooperative measures between the two governments, such as onsite inspection and data exchanges.

Conclusion

My remarks today have reflected the lack of constructive activity by the Soviet START delegation during round 4 of the nuclear and space arms talks. I do not wish to imply by this negative report that I cannot imagine significant START progress in the months to come. The Soviets have abandoned their current definition of strategic systems before. They can do so again.

We also believe that reductions in strategic offensive systems would be mutually advantageous whether or not strategic defenses are deployed and that there are considerable opportunities for equitable offense-offense tradeoffs. Despite the significant differences in the two sides' application of the 50% reductions principle, the United States sees a potential for convergence on several issues, including reductions in ICBM warheads, total ballistic missile warheads, ballistic missile throw-weight, and the total number of ballistic missiles and heavy bombers to be permitted.

However, the Soviet side, rather than engaging in specific discussions of these issues directed toward narrowing remaining qualitative and numerical differences between us, has emphasized public rhetoric rather than taking concrete steps at the confidential negotiating table where the Soviets have elected to restrict themselves to abstractions and generalities. The Soviets have turned aside our efforts to expand

areas of commonality. As long as they remain frozen in this approach, no significant progress is possible.

The primary missing element in the Soviet negotiating formula for START is a willingness to take into account Western interests and not just their own. Were that attitude to change, major progress toward a START agreement would not be far behind. ■

Nuclear Testing Limitations

LETTER TO SENATE MAJORITY LEADER ROBERT DOLE, MAR. 7, 1986¹

As you know, on February 26 the House of Representatives passed H.J. Res. 3, "To Prevent Nuclear Testing," and this issue is now before the United States Senate. The resolution calls for the immediate ratification, without needed verification improvements, of both the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET). It also calls for the resumption of negotiations with the Soviet Union toward a Comprehensive Test Ban (CTB), despite the fact that the U.S. Government has made clear its very serious reservations in taking such a step under present conditions.

Any limitations on nuclear testing must be compatible with our security interests and must be effectively verifiable. Because of the continuing threat that we face now and for the foreseeable future, the security of the United States, its friends and its Allies must rely upon a credible and effective nuclear deterrent. A limited level of testing assures that our weapons are safe, effective, reliable and survivable and assures our capability to respond to the continued Soviet nuclear arms buildup. Such testing, which is conducted underground, is permitted under the existing agreements on nuclear test limitations, all of which the United States fully complies with—the TTBT, the PNET, and the Limited Test Ban Treaty (LTBT).

A CTB remains a long-term goal of the U.S. However, it must be viewed in the context of achieving broad, deep and verifiable nuclear arms reductions, substantially improved verification capabilities, a greater balance in conventional forces and at a time when a nuclear deterrent is no longer as essential an element as currently for international security and stability.

A first, priority step toward this goal is the pursuit of equitable and verifiable arms reductions in the current negotiations in Geneva on nuclear and space arms. We are, at the same time, seeking Soviet agreement to enhanced verification measures for the TTBT and PNET and are discussing verifica-

tion problems of a CTB at the Conference on Disarmament in Geneva. Our concerns are heightened by the pattern of Soviet noncompliance with its arms control obligations, including current agreements on limiting nuclear testing.

Our efforts to achieve essential verification improvements include three approaches to the Soviets in 1983 to engage in discussion. In 1984 I proposed an exchange of Soviet and U.S. experts to measure directly the yields of tests of nuclear weapons at each other's test sites. In mid-1985, I unconditionally invited Soviet experts to measure such a test at the Nevada Test Site, bringing with them any instrumentation devices they deemed necessary. In December, 1985, I proposed to General Secretary Gorbachev that U.S. and Soviet experts on nuclear testing limitations meet in February, 1986, to discuss our respective verification approaches and to address initial tangible steps to resolve this issue.

Regrettably, the Soviet Union has thus far not responded either to the serious U.S. concerns in this area or to any of our initiatives to address these concerns in a constructive manner.

The actions called for by H.J. Res. 3 do not serve the interests of the United States, our Allies and our friends. They would undercut the initiatives I have proposed to make progress on nuclear test limitations issues, and they would set back prospects on a broad range of arms control efforts, including the achievement of deep, stabilizing and verifiable arms reductions.

Sincerely,

RONALD REAGAN

PRESIDENT'S STATEMENT, MAR. 14, 1986¹

I want to make an announcement today concerning the question of limitations on nuclear testing, an important arms control area which has been the subject of special correspondence which I have had recently with Soviet General Secretary Gorbachev, the leaders of six nations known as the New Delhi group, and Senate Majority Leader Dole.

I have conveyed to General Secretary Gorbachev today a new, very specific, and far-reaching proposal concerning nuclear testing limitations, a proposal which could be implemented immediately. In this new initiative, I urged the Soviet Union to join us without delay in bilateral discussions on finding ways to reach agreement on essential verification improvements of the Threshold Test Ban (TTBT) and Peaceful Nuclear Explosions Treaty (PNET).

In the field of nuclear testing, as in arms control generally, effective verification is a central element. It has also long been one of the most difficult problems to resolve. We are seriously concerned about the past pattern of Soviet testing, as well as current verification uncertainties, and have determined that a number of Soviet tests constitute likely violations of obligations under the Threshold Test Ban Treaty of 1974. The inadequacy of the monitoring regime provided for in that agreement is underscored by the Soviet Union's own questions concerning the yields of particular U.S. tests, all of which in fact have been below the 150 kiloton threshold.

The United States places the highest priority in the nuclear testing area on finding ways of ensuring effective verification of the TTBT and PNET. I have already made several specific suggestions to the Soviet Union in this regard. My new initiative is a further attempt to build the necessary basis for confidence and cooperation between our nations regarding such limitations.

As a reflection of our resolve to make tangible progress, in my new proposal I identified to Mr. Gorbachev a specific new technical method—known as CORRTEx—which we believe will enable both the United States and U.S.S.R. to improve verification and ensure compliance with these two treaties. This is a hydrodynamic yield measurement technique that measures the propagation of the underground shock wave from a nuclear explosion. I provided to Mr. Gorbachev a technical description of CORRTEx designed to demonstrate how this method will enhance verification procedures.

To allow the Soviet Union to examine the CORRTEx system more fully, I further proposed that Mr. Gorbachev send his scientists to our Nevada test site during the third week of April 1986. At that time they could also monitor a planned U.S. nuclear weapons test. I would hope this would provide an opportunity for our experts to discuss verification methods and thus pave the way for resolving the serious concerns which have arisen in this area.

In making this offer, I made clear to General Secretary Gorbachev that if we could reach agreement on the use of an effective verification system incorporating such a method to verify the TTBT, I would be prepared to move forward on ratification of both the TTBT and PNET.

What is unique about this new initiative is its specificity and concreteness and the detailed, new technical information we have provided to the Soviet Union in trying to solve these verification uncertainties. It is important that the Soviet Union engage with us now in this first practical step to improve the confidence we each must have in treaty compliance with the 150 kiloton threshold on underground tests. If this can be achieved, we believe we will have significantly improved the prospects for verifying other arms control agreements as well through improved verification regimes.

¹Text from Weekly Compilation of Presidential Documents of Mar. 17, 1986. ■

MBFR Talks End 38th Round

WHITE HOUSE STATEMENT, MAR. 20, 1986¹

Today marked the close of the 38th round of the mutual and balanced force reductions (MBFR) negotiations in Vienna, where the United States and its NATO allies continued efforts to find common ground with the Warsaw Pact on the reduction of conventional forces in central Europe. Unfortunately, the Soviet Union and its allies have not responded constructively to recent Western initiatives that had sought to make substantial progress in these negotiations.

Last December 5, NATO introduced a major new MBFR initiative designed to bring East and West closer together on a number of issues. Most significantly, while reaffirming the importance of effective verification, the NATO participants set aside their longstanding insistence that the sides come to an understanding on troop level data in the area of reductions before an agreement is signed. This was a major concession to the East, which had often declared its readiness to move forward swiftly in the talks if only the so-called data barrier could be removed.

Not only did the West decide to remove this "barrier," it also adopted the East's own general approach—to negotiate a first-phase, time-limited agreement in which initial U.S. and U.S.S.R. reductions would be followed by a no-increase

commitment in the area of reductions by participating states. On these and a number of other points, the United States and its allies made every effort to come to an early accord in Vienna.

At the beginning of the round, there was reason to be optimistic. General Secretary Gorbachev had noted that, following the December 5 West initiative, the outline for agreement in Vienna was emerging. At the same time, Mr. Gorbachev and many Soviet and East European spokesmen indicated that they shared with NATO an appreciation of the vital role of verification, including on-site inspection, in arms control.

However, the Eastern participants have not reciprocated the West's move by giving substance to the declarations of their leaders. Indeed, on February 20, the Warsaw Pact tabled a draft agree-

ment which recycled old and unacceptable Eastern positions and which included an utterly inadequate verification regime.

NATO has made it clear to the Warsaw Pact that the East's actions during this negotiating round did not meet Western security requirements and that we await a response from the East as important as the step the West took in December. If the Soviet Union and its allies show the political will to match that of the West, then there is hope that the MBFR negotiations can result in an effective and fair agreement. The President has instructed the U.S. delegation to continue to work for such an outcome.

¹Text from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

The Promise of SDI

Paul H. Nitze

Address before the American Defense Preparedness Association on March 18, 1986. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

In the past 3 years into the SDI [Strategic Defense Initiative] research program, we have already made impressive advances in your investigations of the technologies that might be useful for strategic defense against ballistic missile attack. Tonight at the Strategic Defense Technical Achievements Awards Dinner, we recognize the technical ingenuity and contributions of research teams and individuals alike who are playing a key role in that innovative research effort. Inspired by the efforts of its scientific and technical community, the United States has a good reason to believe that SDI technologies hold the promise for feasible, survivable, and cost-effective defenses. Should this promise become a reality, the United States will look to these defenses to provide a safer and more reliable means of assuring deterrence and global security into the 21st century.

Technology innovation, such as we've recognized here tonight, reflects the open, free, and competitive American spirit. The achievement of excellence in

science and technology, the arts, and in government service has long characterized our efforts as a people. The combined effect of the merits of our foreign policy, as outlined last week by President Reagan in his report to the Congress, and of our technology has made us a leader in the effort to create and sustain a just and secure world order. The work that we are recognizing tonight is one of the foundation stones of that leadership role in the world. The fundamental distinction between our work in the area of strategic defense research and similar work in the Soviet Union, for example, is found both in our historically constructive role in seeking peace and supporting representative institutions throughout the world and in the defensive nature of our military posture and security arrangements.

The Need for SDI

Our need for the SDI research program can be summarized by recalling the origins of the program. The President's March 1983 speech expressed his strongly held belief that we should reexamine the basis of our deterrent posture to see if we could deter aggression through a greater reliance on defense rather than so heavily on the threat of devastating nuclear retaliation. This belief reflects both our disappointment in the deterioration of the strategic balance since the

signing of the SALT I [strategic arms limitations talks] agreements and our hope that new defensive technologies can mitigate adverse developments in the area of strategic offensive weaponry.

The United States had proceeded from the assumption that the limitation of defenses in the ABM [Anti-Ballistic Missile] Treaty would be the basis for a continuation of negotiations which would lead to significantly reduced offensive weaponry. The theory was simple: if both sides had survivable retaliatory nuclear forces at about the same level of capability and both sides were otherwise defenseless against the nuclear capability of the other, then neither side would have an incentive to strike first, regardless of the circumstances. If one side were to strike first, it could never hope to escape the retaliation of its adversary. Therefore, stable and significant reductions to equal levels of capability would improve the security of both sides.

Instead, the Soviets showed little readiness to agree to measures which would result in meaningful limits or cuts in offensive nuclear forces possible during SALT II. Within the framework of SALT I and SALT II, the Soviets deployed large numbers of MIRVed [multiple independently-targetable re-entry vehicle] ballistic missiles of sufficient throw-weight and accuracy to violate the basic premise of the SALT process by posing a real threat to the survivability of the entire land-based portion of U.S. retaliatory forces. The growth in Soviet nuclear capabilities in general, and in the asymmetry in counterforce capabilities in particular, are fundamentally inimical to the security of the United States and its allies.

In addition, the Soviet Union has continued a robust program of research, development, and deployment of strategic air defense and ballistic missile defense based on current technologies. Some of their work—for example, the Krasnoyarsk radar—is in violation of existing arms control obligations. They also have a vigorous research and development program for defenses against ballistic missiles based on advanced technologies.

Significantly, the Soviets have been engaged for years in research and development efforts examining laser weapons, particle-beam weapons, radio frequency weapons, and kinetic energy weapons for ground-based and space-based strategic defenses. These are some of the same technology areas that

you are investigating in the SDI research program and against which the Soviet Union has mounted a massive propaganda campaign. Soviet work in these areas is clearly in applied research and development, not merely in basic research as they would have us believe. The Soviets' ground-based laser at Sary Shagan, for example, could have potential applications for both ballistic missile defense and antisatellite operations.

We should make no mistake about the fact that Soviet offensive and defensive capabilities pose real threats to the security of the West. Our work in SDI is, in large part, a reaction to the unabated growth of this threat, especially during the last 20 years. Through SDI, we seek both new capabilities and a new approach to rectify the deteriorating strategic balance.

Our agreement to the ABM Treaty was based on the understanding that defenses, at the then-existing level of technology, could be overwhelmed by additional offensive systems at less cost than would be required to add balancing defenses. New technologies are now available that could reverse our judgments about the cost-ineffectiveness of strategic defenses. The Homing Overlay Experiment symbolizes new technologies applicable to the area of strategic defenses. Fifteen years ago, an ABM interceptor required a nuclear warhead to destroy an incoming reentry vehicle. Just 2 years ago, the Homing Overlay team demonstrated the capability to destroy an incoming reentry vehicle by precision intercept and direct impact.

If SDI research proves the feasibility of survivable and cost-effective defenses, then the United States will have the opportunity to reexamine guidance for the SDI program. At that time, after consultation with our allies, we will discuss and, as appropriate, negotiate with the Soviet Union any changes in the strategic defense regime in accordance with Articles XIII and XIV of the ABM Treaty. This possibility holds the promise that the strategic balance can be stabilized again in a manner that will preserve Western security with greater confidence into the next century. In addition, the possibility of a successful SDI research phase has played an important role in bringing the Soviet negotiators back to the table in Geneva where we were, and now again are, seeking strategically meaningful reductions in offensive nuclear weapons.

SDI and the Geneva Talks

The United States is fully committed to the SDI research program, which is being carried out in full compliance with the ABM Treaty. In Geneva, at the nuclear and space talks, the United States seeks to discuss the offense-defense relationship and to explore with the Soviets how a cooperative transition toward a more defense-reliant regime could be accomplished, should defensive technologies prove feasible.

There was little substantive movement during the fourth round of negotiations in the Soviet position on defense and space. The Gorbachev proposal of January 15 included no change in their insistence that SDI be banned. The Soviets have, through this last round of negotiations, not addressed the U.S. agenda, preferring instead to advance the self-serving and unacceptable concepts of "space-strike arms" and "purposeful research." They would like to ban U.S. capabilities and research while avoiding constraints on their own weapon systems and research through definitional ploys.

The United States cannot accept the self-serving Soviet definition of "space-strike arms," which includes ground-based systems designed to destroy objects in space and space-based systems designed to destroy targets in space or on earth. This definition calls for a subjective judgment as to the purpose for which a system has been designed. The Soviets have made it clear that they reserve to themselves alone the right to make such judgments. The U.S. position is that an agreement must address specific systems and that limits must be based on evident capabilities, not on subjective judgments of intentions.

The work in Geneva on defense and space issues cannot move forward until the Soviet definition is abandoned. Furthermore, the work on START [strategic arms reduction talks] cannot progress until the Soviets abandon the linkage they have imposed between progress in the START talks and prior U.S. agreement to a ban on "space-strike arms."

The U.S. strategic defense program is fully compatible with the ABM Treaty. The Soviet concept of "purposeful research" is an artificial distinction designed to exploit the fact that the United States openly states the goals of its research and, therefore, that it is "purposeful." The Soviet claim that their research is "fundamental" and has no purpose is not credible. The Soviets

merely refuse to acknowledge what we know to be the nature and extensive scope of their own strategic defense activities.

Obstacles created by the Soviets in Geneva will not prevent the United States from continuing its SDI research. We will continue our discussions of the possibilities SDI could offer for eliminating the threat of mutual annihilation. By making our case to the Soviets and to the world, we will challenge the Soviet propaganda campaign which is designed to cast doubts on U.S. intentions. It is important to note in this regard that allied governments support the President's continued dedication to SDI research and U.S. resistance to Soviet efforts in Geneva to ban the SDI research program as a precondition to progress in the offensive nuclear talks.

The Broader Framework of Negotiations

In preparing for the summit last November, the President wished to place arms control issues in the proper perspective. SDI is a part—an important part—of the defense and space area. I have discussed the START issues and the INF [intermediate-range nuclear forces] issues at other times. Together these constitute the nuclear and space talks. But other important arms control issues were also discussed at the summit. The abolition of chemical weapons is being negotiated in the Committee on Disarmament in Geneva. The limitation of conventional arms in Europe is being negotiated at the MBFR [mutual and balanced force reductions] talks in Vienna. Confidence-building measures are being discussed in Stockholm under the aegis of the Conference on Disarmament in Europe. In addition, there are number of issues under discussion which relate to nuclear testing and to the nuclear Non-Proliferation Treaty.

But all the arms control issues together occupied about one-fourth of the agenda at the summit. Also discussed were the full range of other bilateral issues and the important regional issues such as Afghanistan, Ethiopia, Angola, Nicaragua, and South Yemen. Furthermore, the issues of human rights and terrorism could not be and were not ignored. It was agreed that there would be another meeting between President Reagan and Mr. Gorbachev in Washington this year and in Moscow during 1987. We suggested June or July or perhaps after the election in November. The Soviets have no

Visit of Canadian Prime Minister

plied. We hope there will be a summit and that the dialogue at that level can be continued. But one thing is obvious: that is, that we cannot count on the Soviets to be willing to negotiate an agreement which takes account of our interests and not just theirs.

The lesson is clear. The United States must have a constructive and comprehensive foreign policy. The President's statement to Congress on March 17 sets forth just such a foreign policy. I strongly recommend that everyone read it. I also recommend that you read the full text of Mr. Gorbachev's report at the opening of the Soviet Party Congress on February 26. It took 6 hours to deliver; there are 45,000 words. But there are one reads of these two statements, the clearer will become the essence of what drives the Soviet Communist Party as opposed to what drives the loose coalition of free and democratic countries who are striving to maintain a world in which they are free to develop they see fit.

Conclusion

must be prepared to support the freedom of the United States and the interests of such a coalition either through negotiated agreements on arms limitations that truly serve a meaningful purpose or, in the absence of such agreements, through our own efforts should the Soviet Union so will it. In either case, peace and deterrence will only be achieved through what we do for ourselves. An important part of what we do for ourselves is represented by our group and, in particular, by individuals such as those we are honoring tonight.

Without the SDI research program, the best that the United States could do for is a continuation of the current state of deterrence through primary reliance upon the threat of devastating near retaliation. Asymmetrical Soviet advantages in offensive nuclear forces threaten the stability of this form of deterrence. SDI provides the United States with an opportunity to examine the feasibility of a more stable and reliable form of deterrence which would be not only American but global security concerns as well. ■



(White House photo by Bill Fitz-Patrick)

Prime Minister Brian Mulroney of Canada made an official visit to Washington, D.C., March 17-20, 1986, to meet with President Reagan and other government officials.

Following are remarks by President Reagan and Prime Minister Mulroney on signing an extension of the NORAD agreement and on endorsing the joint U.S.-Canada report on acid rain, and a White House statement on the acid rain report.¹

REMARKS.

MAR. 19, 1986

President Reagan

I'm delighted to join with my good friend, the Prime Minister, in putting our signatures on an agreement to extend the unique Canada-U.S. partnership in the North American Aerospace Defense Command, known as NORAD. The last time this agreement was renewed was during my visit to Ottawa in March of 1981, which was my first trip abroad as President. I'm sure that the Prime Minister would agree that NORAD has served our mutual interests and has been a significant factor in enhancing deterrence, promoting global stability in the nearly 30 years of its existence. It's, therefore, entirely appropriate that we extend this joint command for an additional 5 years.

Another topic of particular interest to the Prime Minister and me was the report of our special envoys on acid

rain. Drew Lewis and Bill Davis. Drew, unfortunately, couldn't be here today; Bill Davis is. And we undertook this effort because we recognized that acid rain was a serious concern affecting both our countries and our relations with each other. The study we commissioned was in keeping with the long history of U.S.-Canada cooperation in dealing with environmental issues.

And today I would like to commend Bill and Drew, even though he's absent, for their thorough and conscientious work. Their joint report attests to the serious and practical manner in which they discharged their duties, and I know that Prime Minister Mulroney shares my appreciation and admiration for their balanced and well-drafted joint report. I'm pleased to say that I fully endorse the report and will shortly issue a press statement to this effect.

I wish I could say that our action today takes the acid rain issue off our bilateral agenda; unfortunately, this cannot be. Serious scientific and economic problems remain to be solved. But in the spirit of cooperation and good will, which has come to characterize the way Canadians and Americans approach their common problems, I am confident that we have begun a process which will benefit future generations in both our great countries.

Prime Minister Mulroney

I'm very encouraged by your statement and appreciate your personal commitment to resolve our common problem in acid rain. And your undertaking that you have made, in regard to your personal commitment, that of your Administration, as well as your undertaking to secure appropriate funding is very welcome.

Acid rain imperils the environment in both countries. At Quebec, we commissioned two personal envoys, Drew Lewis and Bill Davis, to take charge of this issue and to break new ground. They didn't let us down. I salute Bill Davis, who's here today. And I was honored to meet with Drew Lewis yesterday at a meeting with Secretary Shultz.

I think they've produced a balanced and a realistic document. We now have an agreed foundation on which to build. Your full endorsement of this report, Mr. President, represents a significant

step, in my judgment, in the right direction.

We have a proud tradition of resolving transboundary environmental problems. We intend to carry on that tradition and to carry it forward. As neighbors and custodians of our common heritage, we must do no less, and much remains to be done. By agreeing to keep acid rain on our agenda, we signal our joint determination to solve this problem. Your Secretary of State, our Secretary of State for External Affairs, and other Cabinet officials will report on this vital effort regularly to us.

I am confident that we can move to early and substantial reductions of damage to our environment. This remains our urgent goal, and I'm very grateful to you, Mr. President, for your personal support in meeting this challenge.

On behalf of the Government of Canada and on behalf of my colleagues and friends in regard to this issue and so many others, we have had a very productive and constructive meeting with you, as we've had in the past. And I want to thank you on behalf of Canadians for your attention and your sensitivity to Canada's problems and to the great obligation of solving these problems constructively together.

Canada will always work with the United States to build new opportunities and new prosperity for our people. And we thank you for the warmth of your welcome and the courtesies extended to all members of our delegation.

WHITE HOUSE STATEMENT, MAR. 19, 1986

The President and Prime Minister Mulroney commissioned Drew Lewis and William Davis last year in Quebec City to conduct a thorough study of the acid rain problem and to submit their findings and recommendations within 1 year. This report was presented to the President and the Prime Minister on January 8, 1986.

After careful review, the President endorses fully the joint report of the special envoys. As stated in the report, acid rain is a serious environmental problem in both the United States and Canada with transboundary implications for both countries.

The United States pioneered air pollution controls and as a nation has spent approximately \$75 billion since the 1970 passage of the Clean Air Act to limit emissions of pollutants identified as

precursors of acid rain. By 1990 approximately \$100 billion will have been spent for this purpose. As a result of these actions, from 1973 to 1983 emissions of major precursors have declined significantly. However, as the joint report notes, more needs to be done. This Administration has already provided substantial support for clean coal technologies. For FY 1981 through FY 1985, a total of almost \$2.2 billion in total research funds has been allocated in the United States to develop technologies for cleaner utilization of coal.

In order to expand the control options available to industry, as recommended in the joint report, the Administration will pursue a program to develop and demonstrate innovative control technologies. In this year's budget \$700 million has been earmarked for clean coal research between FY 1986 and FY 1991. In addition an \$800 million joint industry/government program designed to develop and demonstrate clean ways to burn coal will be implemented. Although it does not now have all of the funds, the Administration will seek to provide in the future the funding recommended in the joint report. We will also encourage States to undertake similar efforts, as several have already done.

The President will also direct Federal departments and agencies to take the following steps in order to implement the cooperative activities and

research recommendations of the special envoys:

- Identify and assess cost-effective and innovative approaches leading to reduced emissions of pollutants linked to acid rain;

- Strengthen bilateral consultation and information exchanges with Canada. To this end, the Secretary of State shall establish an interagency advisory and consultative group on transboundary air pollution comprised of both foreign affairs and environmental management officials to provide advice to the President and to serve as a forum for discussion with a similarly constituted Canadian group; and

- Conduct a coordinated interagency review of relevant research in light of the joint envoys' report. In this regard, the Administration has requested \$85 million for FY 1987 to assess the causes effects, and possible methods of mitigating the results of acid rain. (Since 1982 the Administration has spent \$255 million for this purpose. Under current plans, an additional \$225 million will be spent between now and 1989.)

The issue of acid rain will be a continuing item on the agenda of future summit meetings.

¹Texts from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

Diplomacy, the Foreign Service, and the Department of State

by *Ronald I. Spiers*

Address before the Boston Committee on Foreign Relations in Boston on February 26, 1986. Ambassador Spiers is Under Secretary for Management.

Americans with an interest in foreign affairs—such as the members of the Boston Committee on Foreign Relations—are generally familiar with the major foreign policy issues confronting the United States: the Arab-Israeli dispute, U.S.-Soviet relations, arms control, Nicaragua, the problems of southern Africa, and so on. They are less familiar with the workings of the institutions and processes by which American foreign policies are developed. My assignment this evening is to talk briefly

about two of the principal instruments of American diplomacy: the Department of State and the U.S. Foreign Service; what are their responsibilities; how do they work?

My 35 years of association with these organizations have given me ample demonstrations of an information gap. In my native Vermont my identification with the Department of State more often than not leads to the question: "How are things up to Montpelier?" Frequently, the Foreign



service is vaguely confused with the Foreign Legion. Yet there are no other institutions more central to the national security of the United States.

The Department of State is the largest and just about the smallest of the executive departments of the government, and the Secretary of State is the senior ranking Cabinet member. When it was created, in 1781, as the "Department of Foreign Affairs," it had a four-man staff headquartered in a small three-story Philadelphia house. Eight years later, Congress changed its name to the Department of State in an "Act to provide for the safe keeping of the records, records and Seal of the United States, and other purposes." The Great Seal of the United States is still in its study and can be seen and used today, but it is those unidentified "other purposes" that preoccupy us now.

Managing Diplomatic Relations

Diplomacy is essentially the craft of managing a nation's relations with other sovereign entities. For this purpose the Department of State has about 24,000 full-time employees worldwide, an annual operating budget of just under \$1 billion, and staffs 263 embassies, consulates, and missions abroad and at home. Of these employees, over 14,000 are Americans, and close to 10,000 are foreign nationals who perform functions ranging from chauffeur to political adviser at overseas missions.

What are the principal responsibilities of the Department of State? They include:

- Managing the wide range of day-to-day relations between the United States and 140-odd other sovereign states, both bilaterally and through multilateral organizations ranging from NATO to the United Nations;
- Collecting the information and performing the analyses necessary to recommend, decide on, and carry out foreign policies of the United States;
- Providing passport, consular, and other protective services to Americans abroad; and
- Influencing the environment in which the United States acts in ways which promote the achievement of U.S. policy objectives.

The principal arm of the Department of State in fulfilling these responsibilities is the U.S. Foreign Service, created in 1924 as a career service based on competitive examination and

merit promotion, there are now 4,200 Foreign Service officers and another 5,000 serving as specialists, secretaries, communications technicians, etc.

Foreign Service officers serve in Washington at various levels from assistant desk officer to under secretary of state. Overseas they are at all levels from attache or third secretary to ambassador. Entry is competitive. Over 18,000 individuals took the Foreign Service examination last December. At the end of a taxing process of evaluation, 225 of these will finally enter the service. All of them will have their first assignment overseas, most of them as consular officers issuing visas and helping American citizens abroad.

After this, they will go on to a further assignment in the "cone," or specialty, for which they were selected, as administrative, economic, political, or consular officer. In 4 or 5 years, 85% of them will be tenured as full-fledged Foreign Service officers and begin moving progressively toward more senior and responsible positions. Of an entry class of 50, statistically three or four of them will ultimately be appointed an ambassador or an assistant secretary of state. Half of their careers will typically be spent abroad, normally in 3- or 4-year tours of duty in foreign postings or in Washington. Each stage of their advancement will be competitive. Fifty percent will, after a number of years of service, be promoted into the 670-member Senior Foreign Service from which the top positions in Washington and the embassies and consulates will be filled. There is no other career from which the satisfaction of contributing so much to the formation and execution of American foreign policy can be derived. The Foreign Service is on the front line, day in and day out. Along with its colleagues from the professional military and intelligence services, it is at the cutting edge of the advancement and protection of U.S. national security interests.

Of course, there are difficulties and dangers along with the satisfactions. Terrorism and political instability are continuing and growing threats. There is a memorial plaque in the lobby of the Department of State dedicated to those members of the U.S. diplomatic missions who have been killed in the line of duty. Thirty-six names have been added just in the last decade. More American ambassadors alone have been killed than generals and admirals in the Vietnam war. There are the difficulties of isolation, inadequate education facilities, lack

of opportunity for spouse employment, disease, family separation, cultural deprivation, and the rootlessness that can come from constant packing and unpacking. The old stereotype of the striped-pants diplomat moving from cocktail party to cocktail party dies slowly, but it is dying.

The basic unit for the conduct of American diplomacy overseas is the American Embassy. An embassy, properly speaking, is the staff of an ambassador who is appointed by the President and confirmed by the Senate. An ambassador is the personal representative of the President to another head of state. Although he or she receives instructions from the Secretary of State in his role as principal foreign affairs adviser to the President, an ambassador is the symbol and embodiment of the United States. Sixty percent of U.S. ambassadors are currently drawn from the career service. The others are political appointees coming from other walks of life.

The ambassador's alter ego is the deputy chief of mission, always an experienced member of the Foreign Service. Below that level, the embassy is organized into functional sections staffed by members of the Department of State or other agencies. There are normally political, economic, consular, administrative, and public affairs sections, headed by counselors in large embassies. On a global basis, Department of State American personnel comprise only 29% of embassy staffs. Defense, AID [Agency for International Development], and USIA [United States Information Agency] personnel also constitute large percentages, but there are approximately 30 agencies of government, ranging from the Coast Guard to the Library of Congress, with personnel assigned to U.S. missions overseas. The senior personnel from the agencies normally constitute what is called the "country team," which is chaired by the ambassador or deputy chief of mission and acts as a principal advisory body to the chief of mission.

An expensive and sophisticated communications system connects American embassies and consulates with Washington and with each other. Instructions flow out from Washington; information, policy recommendations, and analyses flow in from the field. An average of 5,550 messages will be received at headquarters and 1,300 sent out daily.

Role of the Ambassador

It is a myth that an ambassador has been made into nothing more than a messenger boy by the ease and speed of modern transportation and communications. An ambassador's energy, persuasiveness, judgment, contacts, ability to act coolly or improvise quickly on the basis of experience or good instincts, and intimate knowledge of U.S. goals and objectives can be crucial in a crisis. We have just seen a demonstration of these truths by our ambassador in the Philippines. There is no substitute for on-the-spot knowledge of other cultures, languages, personalities, and the right buttons to push to get results. Diplomacy is very much a matter of interpersonal relationships. An ambassador has many roles: "mayor" of a community, "managing director" of a mission which can range in size from a small embassy of five or six people, such as in Benin or Brunei, or a large one of hundreds, as in Cairo or Manila. He and his subordinates truly represent the United States and can have a profound influence on attitudes of local officials and populations toward the United States.

Perhaps one personal experience will illustrate some aspects of an ambassador's job. For almost 3 years during President Carter's Administration, I served as envoy to Turkey, a key NATO ally. When I went to Ankara, an arms embargo—imposed by the Congress of the United States—had been in force for some time, and our relations with this important country had deteriorated badly. It quickly became clear to me that continuation of the embargo would have a very bad impact on significant U.S. interests in NATO's southern flank. The embargo had been imposed ostensibly in retaliation for Turkey's 1974 incursion into Cyprus after the overthrow of Archbishop Makarios. My own view was that, in good part, it was a way of showing a Democratic Congress' frustration with Henry Kissinger's policies and resistance to congressional wishes. In any event, it was a costly policy for the United States in many ways.

I first had to make the case for a reversal of the policy to Secretary of State Vance. Vance knew what the arguments against its continuation were but initially was loath to take on the burden of challenging a policy that apparently had strong majority support in Congress. Many Members of Congress had little understanding of the his-

tory of the Cyprus conflict or that the embargo policy was counterproductive, but were quite attentive to the views of ethnic Greek constituents. In time, I and others (including particularly General Al Haig, who was a NATO Supreme Commander and had a keen appreciation of Turkey's importance to European defense) prevailed on both Secretary Vance and President Carter to try to achieve a reversal of Congress' action. This meant several trips to Washington to meet with colleagues in the Departments of State and Defense to mobilize help. I also made several speeches in Turkey outlining the antiembargo case. These angered a number of prominent Senators and Congressmen who felt I was stepping out of bounds in challenging a policy approved by the Congress. By that time, however, there was substantial support in the Administration for the position I advocated.

During the spring of 1978, I returned to Washington to participate in an intensive lobbying effort in Congress. During the course of more than a month, I met with almost 100 individual Members of Congress, some of them two or three times. I believe I was able to prevail on a good number of members to revise their view on this issue. On the day of the vote, I sat in the gallery of the Senate and watched the antiembargo forces win by a narrow margin.

This anecdote illustrates several things: an ambassador's functions are not only performed in his country of accreditation but also on the home front. Ability to persuade, effectiveness in a highly political environment while keeping good personal relations with those of a different viewpoint, and willingness to challenge conventional wisdom or established policies are part of an ambassador's armory. Firsthand knowledge of a situation often makes him more effective than Washington officials whose distance from a problem give them a less nuanced feel for it.

Organization and Functions of the Department of State

The Department of State in Washington is, of course, the "center," the source of instructions, the setter of goals and objectives necessary to carry out the President's foreign policy. It should never be forgotten that the President of the United States is the chief foreign policy official of our government. Presidents vary in the degree they rely on

the Department of State. Presidents Roosevelt and Nixon relied little—in fact, avoided reliance in important areas. Presidents Eisenhower and Reagan—and most of the others in my experience—rely more. The most important determining factor is the relationship between the President and his Secretary of State. Confidence and trust will enlarge the Department's role; suspicion will diminish it. It is particularly important for professional Foreign Service officers to remember they are servants of a democratically elected leadership. While they should offer advice objectively and fearlessly, it is not permissible to substitute their judgment when they believe policy directions to be wrong. This, however, also exposes one of the Foreign Service's biggest pitfalls: a temptation to watch superiors to determine acceptable conclusions instead of interpreting facts and events on their own merits.

Every morning the Secretary of State—or the Deputy Secretary, in his absence—will meet with various groups of his senior officers among the four under secretaries with functional responsibilities and the 23 assistant secretary-level officials who are the operating chiefs of the bureaus. Bureaus are the basic organizational units of the Department. There are five geographic and 18 functional bureaus with responsibilities ranging from economic to politico-military affairs. Before these meetings, the participants will have reviewed or been briefed on the principal developments around the world since the preceding day. When I get to the office at about 7:30 a.m., I read the principal intelligence summaries—the National Intelligence Daily and the Secretary of State's Morning Summary and other assessments prepared by the Bureau of Intelligence and Research. I look at a sampling of the most important messages—"traffic" from around the world, examine a record of the previous day's decisions by the Secretary and my senior colleagues, and check through a selection of morning press clippings. Since I have a particular responsibility for security of our people and missions overseas I will also review all of the information relating to terrorist and security threat against our personnel from around the world. This latter is of growing volume.

At 8:45 a.m. I will join the Secretary's staff meeting for senior personnel, where the press spokesman will summarize the day's press reporting and comment and raise issues which w-

An Update

Americans Missing in Indochina

by John C. Monjo

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 12, 1986. Mr. Monjo is Acting Assistant Secretary for East Asian and Pacific Affairs.¹

I appreciate your invitation to appear before this subcommittee to discuss this government's activities related to the issue of Americans who are missing or otherwise unaccounted for in Indochina. A great deal has happened during the 8 months since our report to the subcommittee in June of last year.

Though we are by no means satisfied and there may be setbacks along the way, I believe we can now say with considerable justice that the President's strategy to resolve this issue is beginning to bear fruit. Both the Vietnamese and Lao Governments are now fully aware of the importance of the resolution of this issue and both have moved from the stage of discussion to one of dealing with the practical questions involved. We think they could do much more than they are doing now, but a real start has been made.

As has been the case throughout our effort on this issue, our first priority is to try to determine if Americans are still alive in Indochina and, if they are, to bring about their release. Both Hanoi and Vientiane maintain that they hold no American prisoners and they have no Americans under their control. The Vietnamese have suggested that if there are any Americans on their territory they are there without their knowledge and are either infiltrators or agents who were left behind in remote areas in 1975. The Vietnamese have referred to three instances of infiltration, by which they apparently meant yachtsmen, such as William Mathers who was arrested in what Vietnam claims as its territorial waters in 1984 and released last year. The Lao have indicated that communication with remote areas is difficult, but they are categorical in their denial of the presence of any Americans on their territory. Both governments have investigated live sighting reports which we brought to their attention and have reported the results to us. Hanoi has further indicated that it is willing to dis-

cuss the possibility of Americans participating in such investigations. We made a proposal to that effect at the most recent technical meeting in Hanoi on February 27 and 28, but have not yet received a substantive reply.

We will continue vigorously to pursue this issue. I should underline, however, given the large amount of misunderstanding that can arise on the question of live Americans being held in Indochina, that we do not yet know if any Americans are being held. The information we have received thus far as a result of our extensive investigation of hundreds of live sighting reports does not prove that there are any; neither does it cause us to conclude that no one is being held. We assume, therefore, that some Americans may remain in Indochina and act on that assumption.

Vietnam

In regard to Vietnam, the principal event of the last 8 months has been an apparent decision by the Hanoi authorities to move from *ad hoc* gestures on this issue to a comprehensive program aimed at fully resolving the question in Vietnam within 2 years. This proposal was first conveyed to us last summer through Indonesian Foreign Minister Mochtar Kusumaatmadja. We followed up with a policy level meeting in Hanoi at the end of August in which our delegation, led by Richard Childress of the National Security Council staff and including Ann Griffiths, the Executive Director of the National League of POW/MIA Families, and Lyall Breckon, my Department's Director of Vietnam, Laos, and Cambodia Affairs, met with Acting Foreign Minister Vo Dong Giang and Deputy Foreign Minister Hoang Bich Son. There was a followup meeting by the same delegation with Mr. Giang in New York in September. A third policy level meeting took place in Hanoi this January when Assistance Secretary of Defense [Richard L.] Armitage headed a delegation, which included Assistant Secretary of State [Paul D.] Wolfowitz as well as Mr. Childress and Mrs. Griffiths, which met with Foreign Minister Nguyen Co Thach and Deputy Foreign Minister Son.

There have already been significant practical results from Hanoi's decision and the talks which have followed it. Vietnam has investigated live sighting reports. Vietnam modified its position and agreed to carry out joint excavations of crash sites. The first such excavation in Vietnam since the end of the war took place in late November and early December at a B-52 crash site near Hanoi. Vietnam has agreed in principle to cooperate in further excavations. Vietnam has also turned over more remains than during any other similar period since the end of the war: 26 in August, 7 in December, and they told us at the February technical meeting that we can expect 21 more in the near future. They have not yet, however, set a date for this next turnover. Our technical meetings which took place in July, September, November, and February have become much more useful and productive than they were previously with an increased amount of real exchanges of views and information.

The joint excavation of a crash site near Hanoi last November-December will, we hope, set a pattern for greater cooperation with Vietnam on this issue. The aircraft was a B-52 that crashed in a village near Hanoi. Though the Vietnamese were quite cooperative during the excavation, the results were disappointing, and the debris found at the site was too limited to determine the particular aircraft involved. The very small amount of human remains discovered also precluded any identification. In light of this experience, we and the Vietnamese have agreed to consult closely before deciding on future sites that, particularly in the beginning, we can concentrate our efforts on those sites which have the most promise of yielding positive results. A site survey was conducted in connection with the latest technical meeting and we will be discussing future excavations with the Vietnamese.

We and the Vietnamese have agreed that the present level of activity on this issue does not necessitate the presence of an American POW/MIA technical team in Hanoi on a full-time basis. If, as we hope, Vietnam were to move toward full implementation of their 2-year plan the situation might change. Any American team's purpose would be entirely connected with the resolution of the POW/MIA issue and it would not be related to the question of establishing diplomatic relations. Any consideration

normal diplomatic relations with Hanoi, and any steps toward them, must await a comprehensive settlement in Cambodia which is acceptable to the members of the Association of Southeast Asian Nations [ASEAN] and involves the withdrawal of the Vietnamese army.

I have mentioned several results from the February 27-28 technical meeting at Hanoi. I would like to add that there was a serious cooperative attitude throughout the meeting. In addition to discussing potential joint-excavation locations, Lieutenant Colonel Mather, who headed our team, asked the Vietnamese if they had a report on the live sightings of those which had been raised with them. Senator [Frank H.] Murkowski's and Congressman [Gerald B.] Solomon's delegations. The Vietnamese indicated these cases would be investigated, though they added that some were unique and additional data would assist their investigations. The Vietnamese also passed us information on 48 reports; these included the 21 remains which they plan to turn over. In addition the Vietnamese announced that they agreed in principle to another joint site excavation, but that the specific site has not yet been selected. Nevertheless, even this increased level of activity is not going to result in resolution of this issue in Vietnam within the 2-year period specified by the Hanoi authorities. We expect as we and the Vietnamese proceed with implementation of the plan that the pace of activity will increase.

I would like to add in this context to congressional visits such as the one by Senator Murkowski, which included two members of the House, in January and that of the House POW/MIA Task Force led by its chairman, Congressman Solomon, in February serve a useful purpose. They, of course, sometimes result in specific new information such as Deputy Foreign Minister's telling Congressman Solomon's delegation that his government was willing to discuss the question of Americans participating in the investigation of live sighting reports. We are pursuing this offer on resolving the live prisoner reports.

Even more important, however, are the delegations and other similar ones in the years have made plain to the leadership in Hanoi that concern for an accounting of our missing men is shared by leaders of every stratum of our political system and, indeed, is a profound

concern of the vast majority of Americans. They cannot then just out-wait this Administration or this set of American officials. They must deal with the issue if they are to have any hope of improving the atmosphere between us so that, if a Cambodian settlement is arrived at, we can consider establishing normal relations. I believe the Vietnamese Government has come to such a realization due in large part to the President's personal commitment and interest, but also because of the unswerving determination of the National League of Families and continuing representations by Members of Congress.

Laos

The Lao Government too realizes full well that if, as we both hope, our bilateral relations are to continue to improve there must be real progress on a resolution of the issue of our men who are missing in that country. In Laos, as in Vietnam, progress has increased significantly, but still is considerably below the level we desire.

Our direct liaison on this issue with the Lao takes place through our Art Embassy at Vientiane. Our Chargé d'Affaires there, Theresa Tull, has held numerous meetings with Lao Foreign Ministry officials in order to increase the rate of progress. In September, Lao officials, accompanied by an officer of our Embassy, traveled to Hawaii for consultations and briefings at the Joint Casualty Resolution Center and the Army's Central Identification Laboratory. Deputy Assistant Secretary of Defense James Kelly participated in the meetings. All the participants agreed that it was a highly successful exercise which not only added to the Lao experts' technical knowledge, but helped him to understand just what we were about in our accounting effort. Also in September Under Secretary Armacost and Assistant Secretary Wolfowitz met with Lao Foreign Minister Phoun Siprasuth to underline to a member of the Lao Party Politburo the seriousness of our resolve. Mr. Childress and Mrs. Griffiths had a similar meeting with Mr. Phoun that same month. In December Mr. Wolfowitz and Mr. Childress visited Vientiane to continue our policy level dialogue on this issue.

In these discussions, the Lao agreed to increase their own investigative efforts and to continue to cooperate in the joint excavation of crash sites. Specifically they agreed to conduct two such

excavations during the present dry season. The first, of an AC-130 aircraft in Savannakhet Province, was carried out in February and, though what we found is still being analyzed, appears to have been very successful. Certainly the Lao were extremely cooperative and helpful. At the end of the Savannakhet excavation we and the Lao surveyed a new site, and we hope to conduct another excavation in the near future. In addition, the Lao agreed to make their own effort to recover information, separate from the joint excavations.

One particularly important event which took place during this 8-month period was a decision by Congress, at the Administration's initiative, to remove the specific legal ban on aid to Laos. This was an important symbolic gesture to signify to the Lao Government that the United States appreciated their decision to move toward resolution of this issue and the practical steps they had taken to begin the process. We hope that further steps will lead to a greater expansion of our relations, but this Administration has no present plans to propose bilateral economic assistance to Laos.

Cambodia

In regard to Cambodia, it is, of course, the exception in the description of qualified progress which I have just presented to you. We in the Department of State are acutely aware of the 82 Americans who are missing in that country. Vietnam has made some obvious attempts of late to enhance the almost nonexistent stature of its Cambodian clients, the People's Republic of Kampuchea (P.R.K.), by suggesting that we should deal with Phnom Penh directly on this issue. We prefer to continue to deal with the reality of the situation which is that Hanoi controls most of Cambodia's territory as well as the P.R.K., which it created and maintains. Vietnam is certainly in control of those areas where Americans were lost during the war, and for the most part, was in control of them at the time our people were lost. We, therefore, hold Vietnam responsible and look to Hanoi to cooperate with us as it does in the case of Americans missing in Vietnam. I might note too that in their January 1984 communique the Foreign Ministers of Vietnam, Laos, and the P.R.K. stated they would exchange information on this issue.

If the authorities in Phnom Penh genuinely wish to provide us POW/MIA information they can do so through any number of international organizations. One such organization, which has asked us not to name it, at our request told the Phnom Penh authorities it would accept any information they have and forward it to us. Thus far the P.R.K. has not done so.

Presidential Commission Proposed

I would like to take this opportunity to comment on a proposal which is before the Congress to create a presidential commission to oversee this issue. According to the proposed legislation, this commission would have three purposes: to investigate the status of our servicemen who are missing or otherwise unaccounted for in Indochina; to recommend actions to secure the release of any Americans who are prisoners; and to obtain the repatriation of the remains of those who have died.

These functions are being carried out aggressively by the existing agencies of the government. Creating a commission would add an additional, and unnecessary, burden on those working to resolve this issue. At present my Department, the National Security Council, the Office of the Secretary of Defense, the Defense Intelligence Agency, and the Joint Chiefs of Staff, all under the President's direction, work closely with each other in furtherance of this issue. These agencies maintain close cooperation and liaison with the National League of POW/MIA Families and with the staff of this committee and other concerned congressional committees, all of which are represented on the interagency group which coordinates our nation's policy on this issue.

In addition, congressional committees and individual members of Congress are briefed whenever they so desire; and more formally, congressional committees hold frequent hearings such as today's in which the executive branch reports on events and its actions in connection with the POW/MIA issue.

It is difficult to see what the addition of a new group of people who have neither the Federal agencies' executive resources nor Congress' direct responsibility to the American people would bring to this effort. They would neces-

sarily have to spend a great deal of time learning what the Congress and concerned agencies already know and in so doing would divert from this pursuit of this issue those who are already working on it. There is no reason to believe that they would bring to the issue higher levels of dedication, intelligence expertise, diplomatic skill, and military ability than are already being devoted to it.

In addition, the creation of a new public body at a time when the sustained efforts of the Administration are showing increased results runs the distinct risk of sending a signal to Hanoi that the U.S. Government may be changing direction. Such a signal could provide the Vietnamese with an opportunity to stall under the mistaken belief that they may be able to obtain leverage through this issue.

More importantly it is our belief that we will not find solutions to the POW/MIA issue by creating new commissions, agencies, or other bodies here in America. The key to the problem is in Indochina. We must continue our increasingly successful effort to obtain those governments' full cooperation, not vitiate our energy on interagency wrangling. The solutions are in Hanoi and Vientiane, not in Washington.

Conclusion

In conclusion, allow me to reaffirm to you the Department of State's commitment, and indeed that of all of us in the executive branch who are working to resolve this issue, to obtain as full as possible an accounting of the Americans who did not return from the war in Indochina. Our first priority is to determine if any men remain alive, who they are, where they are held, and to get them back to this country by whatever means are necessary. Secondly, we are working to return the remains of the dead and account for the missing. These are not easy tasks, and all of us who are involved in them experience frustration in trying to carry them out. But I can assure you that we will persevere until we have exhausted every possible avenue to return our men—alive or dead—to their families. We owe it to our men, who answered their country's call and who may still be serving, we owe it to their families who have now waited 13 long years, and in some cases much longer, and we owe it to the American people.

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. ■

Trade Policy Directions for 1986

by Clayton Yeutter

Statement before the Subcommittee on Trade of the House Ways and Means Committee on February 20, 1986. Ambassador Yeutter is U.S. Trade Representative.¹

I am pleased to appear before you today to discuss U.S. trade policy and priorities for 1986. This is my first opportunity to appear before this subcommittee to discuss the challenges facing U.S. trade internationally and our efforts to deal with them. I welcome the opportunity to formally open this dialogue with you. There are no quick-fixes to the issues we will touch on today. I look forward to working with you in the coming months as we explore these questions in greater detail.

At the time I assumed my current responsibilities, the Administration was under attack both for not having a clear sense of our international trade in-

terests and for not adequately protecting those trade interests in individual situations. Our efforts, I believe, speak for themselves in dispelling that notion. Trade has consumed an enormous amount of the Cabinet's time and energy and has been an almost constant topic of discussion at the subcabinet level.

I believe those efforts have started to pay off.

- The President has clearly and boldly outlined the Administration's trade policy objectives and released an action plan for realizing those objectives.

- The Administration has asserted to the rest of the world in unmistakable terms that we are determined to create a "level playing field" for U.S. business firms. This message has been most forcefully conveyed by our self-initiation of Section 301 cases and targeted mixed credit export financing offers.

• In conjunction with our principal trading partners, we have begun major initiatives to promote stronger and more advanced international economic growth, with much improved coordination of macroeconomic policies.

Before describing the elements of that program in more detail for the committee, I want to emphasize a very important point—the Administration's strategy is geared to providing long-term solutions, not a few flashy short-term accomplishments which treat symptoms rather than causes. Progress has been made, but I would be the first to acknowledge that there is much yet to do to alleviate our trade difficulties and restore a sense of fairness and equity to the international trading system.

The Administration's Trade Program

On September 23, the President announced a comprehensive set of proposals for dealing with America's trade problems. The principles underlying the Administration's program are set out in detail in the "Statement on International Trade Policy" which I will submit for the record.

I would only want to emphasize one principle—this Administration is, and will remain, committed to the creation of an open and fair trading system. President Reagan is not a protectionist and never will be, and neither will I. Protectionism will destroy the economic vitality of America's economy. It would retard competition, retard innovation, reward the inefficient, cost jobs, invite inflation, and lower America's standard of living. Since the end of World War II, the United States has been a leader in promoting a more open and fair trading system. With all the problems in the system, the Administration continues to work, singly or in concert with our trading partners, to renew and restore the system.

As I will describe in a moment, the international trading system is not the cause of all our trade problems, and we must be realistic in our assessment of the extent to which the trading system can solve our problems. Our plan is to ensure that free trade is fair trade, to strengthen and revitalize the international trade system, and to deal with other factors, including macroeconomic imbalances, affecting our trade deficit.

Fair Trade

The President initiated an aggressive program in pursuit of our longstanding

commitment to fair trade as a prerequisite for free trade. Since that time, further actions have been taken to advance this principle. Among the steps which we have taken are:

- The unprecedented self-initiation of Section 301 unfair trade cases against Brazil, Korea, and Japan;
- The establishment of clear deadlines in longstanding disputes with the European Community (EC) and Japan;
- The submission of legislation to create a \$300 million fund to increase U.S. leverage in negotiations to eliminate predatory tied aid credit financing;
- The self-initiation of an antidumping investigation against the sale of certain semiconductors at less than "fair value" based on the recommendation on the interagency strike force chaired by Commerce Secretary Baldrige;
- The publication of our first extensive study of foreign trade barriers, in accordance with Section 303 of the Trade and Tariff Act of 1984. This report goes beyond unfair trade barriers to cover all significant barriers to trade; and
- The retaliatory imposition by the President of higher tariffs on EC pasta exports to the United States as a result of the unwillingness of the European Community to compensate for the injury to U.S. citrus exports from EC preferences to Mediterranean countries.

These actions represent only the initial step in our efforts to ensure that trade is both free and fair. We will take additional actions if and when conditions require.

Actions taken to date have already yielded substantial results. However, I am told that some of our actions may have gone relatively unnoticed on Capitol Hill. I would therefore like to briefly review what has occurred.

- We reached agreement with Taiwan to eliminate their longstanding barriers to U.S. exports of beer, wine, and tobacco.
- The Government of Korea has eliminated practices which limited the access of the U.S. motion picture industry to the Korean market.
- We concluded long overdue disputes with the EC on canned fruit and with Japan on leather and leather footwear. In the former case, the EC agreed to eliminate its production subsidies on canned fruit. In the latter case, the agreement we fashioned achieved some improvement in our access for these products, Japanese concessions in

other products, and final balance through the withdrawal of U.S. tariff concessions.

- Eximbank has approved eight tied aid credit offers out of existing authorities while Congress continues its consideration of the "war chest" bill. In addition, Control Data Corporation succeeded in winning a transaction in India which may ultimately be worth \$450 million.

- We have negotiated agreements in the nuclear and large and small aircraft sectors which prohibit the use of tied aid credits. Negotiations on comprehensive tied aid credit discipline continue.

- The United States has successfully negotiated modifications to Japanese practices in the medical/pharmaceutical industry and the telecommunications industry as a part of the MOSS [market-oriented, sector selective] process. Several significant measures have been implemented as a result of the MOSS electronics talks, but the overall outcome in this sector will not be clear until the semiconductor Section 301 case has been resolved. We are not completely satisfied in the progress on forest products, particularly in regard to the depth, coverage, and timing of tariff reductions. We believe that the changes create the potential for significant opportunities for U.S. business, although the ultimate value of the changes made can only be assessed in the light of actual sales experience.

I would also like to dispel another often heard criticism of the Administration—that it is unwilling to provide support relief to American industries.

Under Section 201 of our trade law, the record demonstrates otherwise. Eleven Section 201 cases have been filed since the Administration took office. Of those 11 cases, the International Trade Commission found no injury in 6. Of the five remaining cases, the President granted import relief in two—to heavyweight motorcycles and specialty steel. In the case of carbon steel, the President took alternative action to resolve the problem. Only in two cases—copper and footwear—did the President reject import relief. In the copper case, many more copper fabricators' jobs would have been lost than miners' jobs saved. In the footwear decision, the industry failed to show that relief would have improved their international competitiveness. This seems to me to be an impeccable record in administering Section 201, rather than one subject to criticism.

As part of our general review of trade policy, we will continue to consider legislation that would help us promote free and fair trade. In line with this, the Administration is reviewing proposals for changes in, and additions to, U.S. trade laws. The proposals which will get increasing attention during the year include: new trade negotiating authority, revisions to our laws protecting intellectual property, export promotion initiatives, and various amendments to our antidumping and countervailing duty laws. The Administration has also proposed significant reforms in the anti-trust laws that will enhance the international competitiveness of U.S. firms. The Administration will very likely support a number of such changes. At the same time, we will not allow desirable changes to be held hostage to counterproductive, protectionist measures. I look forward to working with the committee in a constructive way on these delicate issues.

A New Round of Multilateral Trade Negotiations

It is imperative that we launch a new round of multilateral trade negotiations in the coming months. In our view, the initiation of a new GATT round is the best way for the 90 member countries of the General Agreement on Tariffs and Trade to achieve fairer trade, improve access for exports, provide more effective dispute resolution, and strengthen the fabric of the international trading system. All trading countries have an important stake in developing a comprehensive agenda to reform the GATT, make it relevant to the problems of today's trading environment, and ensure its capacity to deal with new problems as they arise.

During the past four decades, the GATT has served the world well as a framework for international trade negotiations and the conduct of international commerce. Under GATT auspices, successive rounds of multilateral trade negotiations have led to substantial trade liberalization and an enormous increase in global trade.

In recent years, however, this discipline has been crumbling under the combined pressures of global recession, debt crises, fluctuating energy prices, and volatile exchange rate movements. While a positive development, the nontariff barrier codes agreed to in the Tokyo Round (covering government procurement, customs valuation, standards, licensing, and subsidies) were only

a first step. The Tokyo Round and previous trade negotiations failed to develop workable rules or meaningful discipline over such critical issues as dispute settlement, safeguards, agriculture, market access, and subsidies.

The fundamental reason we need to launch a new round of multilateral trade negotiations in the coming months is to develop workable rules and restore discipline in all these areas.

Over the past 18 months, the U.S. Trade Representative has begun an intensive series of consultations with our private sector advisers to identify U.S. negotiating objectives and priorities. While there still remains a great deal of work to be done, these consultations have identified the following key objectives.

Dispute Settlement. One of the major functions of the GATT is to resolve disputes between its member countries. The existing dispute settlement process has resolved or helped to resolve a large number of disputes. However, some conspicuous failures, particularly in recent years, have undermined public confidence in the system. Any dispute settlement mechanism cannot substitute for a sound framework of rules, nor can it repair a faltering international consensus. However, a good dispute settlement process is a necessary element in the trading system. As part of the new negotiations, we will seek specific improvements in dispute settlement procedures to ensure that countries have every opportunity to resolve their differences in a timely manner through consultation, mediation, or arbitration. In those cases where the two countries choose a panel to help resolve the dispute, we want to ensure that nongovernmental panelists can be chosen, that strict time limits are set for each phase of the panel process, and that the panel reports contain clear and concise recommendations for action. To my mind, this is one of the top priorities for the United States in the new round.

Safeguards. The term safeguards refers to the emergency actions taken by governments to protect domestic industries from an influx of imports, thereby giving them time to adjust to competition. This issue has been identified as a matter for priority treatment in the new round, in part because it is a concern of developing countries and in part because of widespread concern that most current safeguard practices have little to do with the disciplines of the GATT. In fact, the GATT secretariat

staff has identified some 94 safeguard-type actions taken outside the relevant GATT provisions. In the new negotiations, we seek to develop a comprehensive agreement over the use of all safeguard actions, including voluntary restraint agreements and orderly marketing arrangements. Our major objectives are to ensure that such measures are transparent, remain temporary, and contribute to—not retard—adjustment, without shifting the burden of that adjustment on to other trading countries.

Agriculture. It is time that we put an end to the chaos in trade in agriculture. Trying to treat agriculture with a different set of rules from trade in industrial goods has produced nothing but turmoil, inequities, and massive distress for farmers in this country and around the world. Specifically, we have to eliminate export subsidies over time and tear down the multiple barriers to agricultural import markets in both developed and developing countries.

Tokyo Round Nontariff Barrier Codes. Not surprisingly, the first effort to negotiate meaningful international disciplines over nontariff barriers was not totally satisfactory. What we need to do now is build on our experience with the codes over the past 6 years, expand participation, update certain provisions, and strengthen and improve their operation. We want to give particular attention to the government procurement, aircraft, and subsidies codes.

Market Access. While the primary focus of the new negotiations will be on developing new rules and disciplines over trade policies and practices, we anticipate there will also be some classical swapping of concessions to reduce tariff and nontariff barriers to trade. We have asked our private sector advisers to provide us with a listing of specific barriers that they want to see reduced or eliminated. Once we receive their input, we will develop a strategy to meet as many of their requests as possible. We will not pay again for concessions supposedly received in previous rounds, and we do not intend to distort the overall balance of concessions we have with our trading partners.

Intellectual Property Rights. Piracy, misappropriation, and infringement of others' intellectual property is causing severe trade distortions and is a growing trade problem. It is a critical issue for the future of world trade as the technologies and innovations these

rights promote will help determine tomorrow's trade patterns. The GATT is already undertaken work with respect to trademark counterfeiting. We will encourage rapid completion of the GATT work on counterfeiting in the new round. Deficiencies in protection in the areas of patents and copyrights and protection for the new and evolving technologies such as biotechnology and computer software must also be addressed. Some have criticized our approach to this issue because of concerns about the competence of existing international conventions and the current efforts of the World Intellectual Property Organization. We are not interested in duplicating the very important work of these groups. We do believe that the GATT can make an important contribution by developing the most effective and enforceable mechanism for disciplining government policies.

Investment. Government investment policies can have a dampening and distorting impact on world trade. The adverse effects of these measures are comparable to those created by tariffs and nontariff barriers such as quantitative restrictions. When governments unnecessarily restrict the ability of a firm to establish itself, they deny consumers the benefits of services and goods that could otherwise be produced. Like free trade, foreign investment, when responding to actual market conditions rather than distortive government policies, can make the economic pie larger. For developing countries facing long-term debt constraints, increased flows of foreign direct investment are essential. GATT procedures for addressing disciplines and principles such as that of non-discrimination are relevant and important to disciplining the growth of the distorting investment policies. The GATT's effectiveness in liberalizing world trade requires the discussion of this issue with a view to developing international discipline in this area as a part of a new round.

Services. We also are seeking agreement under auspices of the GATT on a framework of principles and procedures that would make trade in services as free as possible. Services is the fastest growing segment of our economy and is likely to continue to be so in the future. We need to act now to develop meaningful rules to discipline government actions that restrict or distort the movement of services internationally. Let me say a few words about the preparatory process for the negotiations

now underway in Geneva. At the annual meeting of the GATT contracting parties in November, the member governments agreed to establish a preparatory committee to organize new negotiations. The preparatory committee is charged with determining the objectives, subject matter, organizational details, and participation in the negotiations. The committee has met twice already and has set out an intensive schedule of meetings through mid-July. At that time, the committee is to make recommendations on the subject matter and organizational details, perhaps in the form of a ministerial declaration, and forward them to a ministerial-level meeting of GATT members for action. It was agreed that the ministerial meeting will take place in September.

We are pleased that the 90 members of the GATT have taken this important step toward strengthening the trading system. Although just a first, largely procedural step, it is an essential part of the process and will pave the way for ministers in 1986 to take a formal decision on negotiations.

While the United States worked very hard to ensure this outcome, the decision by the GATT to establish a preparatory committee should not be seen as an achievement just for the United States. It is a victory for the GATT system itself, because reducing trade barriers and strengthening disciplines in the GATT will benefit all countries. The 90 members of the GATT have joined together by consensus in a step that recognizes the need to repair and restore the multilateral trading system.

Now the very difficult work of identifying specific U.S. interests and objectives lies before us. The Administration will be intensifying consultations with our private sector advisers and with Congress as we move through the preparatory process over the next 6 months. To be successful, the new round must strengthen and improve trading rules so that they work more efficiently and effectively for the benefit of all Americans and our trading partners.

Before leaving this issue, I would like to reiterate a point I have made before—the United States will not be held hostage to the multilateral negotiating process. That process is but one way for the United States and other nations to achieve the crucial goal of increased economic growth through expanded world trade. There are other

ways as well. The Administration is prepared to negotiate on a plurilateral or bilateral basis with like-minded nations. This path would become all the more important and urgent if the movement toward a new trade round is stalled, but we do not see it as a competitive exercise in any case.

An example is the recently concluded free trade area with Israel. As you know, we are now in the process of discussing a similar arrangement with one of our most important trading partners, Canada. Canadian Prime Minister Mulroney has proposed that we consider bilateral trade negotiations on the "broadest possible package of mutually beneficial reductions in barriers to trade in goods and services."

President Reagan has welcomed the Canadian proposal, and he believes it offers an important opportunity for both nations. If we can successfully conclude such a negotiation, it could dramatically enhance the growth opportunities of both countries as they enter the next century.

We are, of course, now engaged in consultation with this committee and other interested Members of the Congress and with our private sector advisory committees. Some members have already suggested that we delay free trade negotiations until our present bilateral disputes are behind us. But with the volume of trade that flows between the United States and Canada, we will always have bilateral disputes. We should not permit those transitory frustrations to blur the importance of improving long-term trade relationships and opportunities. After all, a free trade arrangement with Canada would probably not be fully implemented until about the year 2000. That having been said, negotiations will only be worthwhile if both parties approach them in good faith. The prospect of negotiations cannot excuse otherwise unacceptable behavior on the trade front.

The Macroeconomic Climate and the Trade Deficit

Finally, and perhaps most importantly, the Administration has taken a number of steps to create an economic climate more favorable to U.S. trade. Chief among these are attempts to achieve increased and more balanced growth at home and abroad.

Even if all the world's trade barriers, unfair or fair, were eliminated, the United States would still have a large

trade deficit. An inordinately strong dollar has reduced American export competitiveness over the past several years and has severely tested our import-sensitive industries. This, of course, has provoked the political turmoil of recent months which has been felt by both the Congress and the Administration.

We now have a \$148.5 billion trade deficit. While all of us should be concerned about a deficit of that magnitude, I believe the linkage that some would make between the level of the deficit and the conduct of U.S. trade policy is fundamentally misplaced. Reducing the trade deficit requires macroeconomic policy adjustments here and abroad.

Let me begin by drawing up a simple balance sheet for the U.S. economy in 1985 based on preliminary numbers. Out of their 1985 income, American companies and families saved an estimated \$700 billion. At 17.5% of GNP, gross private saving last year was about in line with what the private sector has usually saved in recent years. This \$700 billion was an amount fully sufficient to finance total gross private investment in the U.S. economy of an estimated \$670 billion last year. There was even an extra \$30 billion in savings left over in the private sector for purposes other than domestic investment. The government sector of our economy, however, needed not \$30 billion but \$140 billion to finance spending in excess of its revenues. This \$140 billion is the sum of a \$60 billion surplus in State and local budgets and a \$200 billion deficit in the Federal budget.

The difference between the \$140 billion that government needed to borrow last year and the \$30 billion excess in private saving over investment was made up by a net capital inflow from abroad of \$110 billion.

This accounting exercise is simple but powerful, suggesting three possible paths to reduce the trade deficit. In the first case, a reduction in domestic investment might reduce foreign capital inflows and the trade deficit despite large Federal budget deficits. But this is a "solution" no one should want because it eases the trade deficit at the expense of domestic economic growth.

A second possibility is to increase private saving in the United States to be better able to afford both strong investment and large budget deficits. But if and when Americans save more, it would be preferable to have those savings contribute to a stronger economy rather than toward financing even larger Federal budget deficits.

The third and only realistic approach to reducing foreign borrowing and its contribution to the U.S. trade deficit is to lower our Federal spending and budget deficits substantially. In fact, our trade deficit could be dramatically reduced if the Federal budget deficit were sliced significantly. As recently as 1980 and 1981, for example, the United States had small surpluses in the current account while Federal budget deficits were slightly in excess of 2% of GNP as compared to the current level of roughly 5% of GNP.

The large inflows of foreign capital which we have experienced in recent years are also related to the relatively poorer performance of foreign economies compared to those in the United States. European economic growth has been mediocre at best. The EC's production is barely 7% above the level reached in 1979 while that of the United States is 13% higher. The poor outlook for European growth relative to the United States encouraged capital outflows from Europe to our shores after the 1982 recession.

Japan is another case. That country has recently relied inordinately on increases in its export accounts to stimulate growth. In the last 3 years, more than one-third of the growth of the Japanese economy has been as a result of the expansion of net exports rather than increases in domestic demand. Japan's current account surplus has risen from 0.5% of GNP in 1981 to nearly 4% last year. And the United States has been the principal recipient of increased Japanese exports. We want the Japanese to reduce their reliance on trade surpluses for economic growth by increased domestic economic opportunities.

Further convergence of economic performance is the logical complement to our efforts at reducing Federal budget deficits. Taken together these actions would increase demand for our exports and help assure that our economy would continue on a steady growth path even as Federal budget and trade deficits shrink.

Finally, management of the debt problems of a number of less developed countries (LDCs) can play a significant role in complementing U.S. action to reduce its trade deficit. Initially, many LDCs reacted to large foreign debt obligations and reduced foreign credit availability by increasing protectionist and distortive trade policies. These compounded other market distortive domestic policies which were already in place

when the debt crisis arose. The result has been injury to the long-term growth performance of these countries and continued reticence of private lenders and investors to increase their participation in the economies of high-debt LDCs.

Many of the debtor nations have adopted measures to constrict domestic demand and initiate economic adjustment. Progress on the macroeconomic side must now be consolidated, with greater emphasis placed on structural measures to sustain growth. Some relaxation in trade restrictions has occurred. Policies to fully implement trade and investment liberalization and reform as a part of those programs will encourage growth and international trade.

Recognizing the macroeconomic contribution to our current trade deficit and the need for greater international coordination in correcting the global trade and payments imbalance, the Administration has taken a number of corrective actions in recent months.

First, the President's budget for FY 1987 meets the deficit reduction target set out in Gramm-Rudman-Hollings. In doing so, it can contribute to the reduction of the U.S. trade deficit. I urge your support for the President's budget and final completion of work this year on tax reform along the lines of the President's proposal.

Internationally, the Administration has strengthened macroeconomic policy coordination with other major economic powers through the September G-5 agreement. The exchange rate of the dollar *vis-a-vis* other major currencies has been moderating since March 1985. The September agreement basically fosters the adjustments to domestic macroeconomic policies which would reinforce the strengthening of foreign currencies and lay the groundwork for reduction of the U.S. trade deficit. Actions taken to stimulate the expansion of domestic demand in Japan and economic growth in Europe are now being complemented by much reduced oil-import prices. Our part of that agreement is to substantially lower our Federal budget deficits. If the macroeconomic pieces can all be brought into place with the added benefit of lower oil prices and interest rates, the outlook becomes good indeed for lowering the U.S. trade deficit in the context of an expanding U.S. and world economy.

Declining oil prices have also had a major impact on high-debt LDCs, helping countries like Brazil, hurting coun-

The CSCE Process and East-West Diplomacy

by Michael H. Armacost

*Statement before the Commission on Security and Cooperation in Europe on March 25, 1986. Ambassador Armacost is Under Secretary for Political Affairs.*¹

I welcome this opportunity today to meet with the Commission on Security and Cooperation in Europe² to discuss the Administration's approach to CSCE [Conference on Security and Cooperation in Europe]—the "Helsinki" process.

The hearings held by the Commission on Security and Cooperation in Europe are important. They focus attention on the contribution that improved respect for human rights in the Soviet Union and Eastern Europe would make to overall East-West relations. We welcome the commission's sustained work over the past decade—and the efforts of concerned private American groups—to promote the goals of the Helsinki Final Act. Through your hearings, resolutions, participation on U.S. delegations, and research and publications, the commission and its staff have worked vigorously and served the interests of the United States well. We look forward to continuing this close and productive relationship as we prepare for CSCE meetings in Bern next month and in Vienna in November.

In your letter of invitation, you asked that I put the CDE [Conference on Confidence- and Security-Building Measures and Disarmament in Europe] negotiations in Stockholm and other elements of the CSCE process into perspective and provide an assessment of the prospects for the Vienna review meeting and beyond. Let me begin with an overview that describes our assessment of the process, outlines our approach, and then looks ahead, mainly to the Bern and Vienna meetings. [Head of the U.S. delegation to the CDE] Ambassador Robert Barry will address more specifically the prospects of the CDE.

Assessing the CSCE Process

The Final Act of the Conference on Security and Cooperation in Europe represents a framework within which the 35 participating states can work to

resolve the humanitarian, economic, and security issues that divide Europe. The Final Act underscores that each of these areas is of equal importance to genuine security and cooperation. The Western objective for the past decade has been to preserve and strengthen this process through thorough review of implementation of the Final Act and by agreement on balanced and constructive steps forward.

At the 10th anniversary commemoration of the Final Act, attended by 35 foreign ministers last summer in Helsinki, Secretary Shultz assessed the CSCE process. Although the reality of Europe's division remained, he noted, we have seen limited progress. The Final Act has had some practical effect. For example, journalists travel more easily between CSCE countries. Significant numbers of citizens in some East European countries have been reunited with their families in the West. And the review conferences in Belgrade and Madrid as well as other CSCE meetings have kept alive the aspirations embodied in the Final Act.

In summing up our assessment, however, Secretary Shultz concluded that:

... 10 years after the signing of the Final Act, no one can deny the gap between hope and performance. Despite the real value of the Final Act as a standard of conduct, the most important promises of a decade ago have not been kept.

There is no need to recite the basis for this conclusion. The record of compliance of the Warsaw Pact nations with their CSCE undertakings is seriously flawed.

- The number of Soviet Jews permitted to emigrate fell from 51,000 in 1979 to somewhat over 1,000 last year. And we have seen similar reductions in the number of Armenian and ethnic German emigrants.

- While recent Soviet decisions to permit 33 families to be reunited in the West are welcome, we cannot forget that there are many others who remain separated from their families.

- The Soviet Union continues to imprison its citizens who speak out on human rights.

es like Mexico. Secretary [of the Treasury] Baker's plan for LDC debt adjustment has emphasized strengthened economic growth policies in those countries and greater public and private lending and investing to facilitate their recovery.

Some have expressed dismay in not seeing a rapid improvement in the U.S. trade deficit following the moderation of the dollar's value. There is an important consideration to bear in mind on this point. Following a currency depreciation, so-called J-curve effects result in a nation's trade balance temporarily worsening before substantially improving. The reasons are well known. The currency depreciation quickly raises the price of imports while export prices are unaffected, thus increasing the dollar value of the deficit. Over the course of a year to a year and a half, consumers and business begin to react to price changes. In our case, demand for imports will moderate while foreign demand for our exports will strengthen. At the same time these real volume changes overcome the original price effects of the depreciation, and our trade balance will improve. Because of these effects, I would not expect to see improvement in the trade balance until later in the year, probably too late to significantly change the 1986 totals from 1985.

We in the U.S. Trade Representative's office have had splendid cooperation from other government agencies in our trade policy endeavors and from the relevant congressional committees as well. The United States now has what I believe to be a coherent, comprehensive trade policy and trade strategy.

Nevertheless, our trade problems, and the political strains which accompany them, are by no means behind us. President Reagan and I look forward to working with you in our common desire to ensure that American and foreign interests play by the same rules in international trade and reap the benefits of a free and fair trade policy.

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. ■

- Andrei Sakharov remains isolated in Gorkiy, although his wife has been permitted to travel abroad for medical treatment.

- Several religious groups are persecuted in Romania, religious leaders are imprisoned, and churches are demolished.

- In Poland, Bogdan Lis, Adam Michnik, and Wladyslaw Frasyniuk have been sentenced to prison terms for championing free trade unions.

- In Czechoslovakia, the regime severely restricts the Catholic Church and has been especially active in suppressing religious dissent within the Charter '77 movement.

- In Bulgaria, the government has attempted to deprive almost 10% of its people—the Turkish minority—of its ethnic heritage.

- And despite a generally favorable human rights record, in Hungary there is continued harassment of dissidents.

This mixed record has led some to express understandable skepticism over the value of continued involvement in the CSCE process. We share those frustrations. We believe, however, that we must keep faith with those who struggle to realize the goals of Helsinki. That is why, on the 10th anniversary of the Final Act last summer, President Reagan reaffirmed the U.S. commitment to the Helsinki principles and our dedication to giving them meaning in the daily lives of all citizens whose governments signed the Final Act.

Let me discuss the three basic considerations that lead us to view the CSCE process as a valuable instrument of Western diplomacy, despite the disappointments of its first decade.

Supporting the Western Agenda

First, it is clear that the Helsinki Final Act serves as a vehicle to marshal support for a fundamentally Western agenda. The Soviet Union sought to legalize the division of Europe, but the Final Act looks toward its peaceful unification. The East wanted to highlight the central role of the state, but the Final Act stresses individual rights and freedom. The Final Act asserted that respect for human rights was a fundamental element of genuine security and cooperation; it confirmed that a government's abuse of its own citizens was a legitimate subject for international discussion. Far from giving the Soviet Union a lever on Western Europe, the CSCE

process confirmed the continuing engagement of the United States in Europe.

The CSCE process has, thus, served to foster and reinforce alliance unity. In turn, alliance unity—insisting on compliance with CSCE undertakings and balance between security and human rights goals—has been essential to the limited progress we have made in CSCE.

And I should add that the NATO alliance has not stood alone in pushing for both balance and for progress in human rights. Our neutral friends have found that in CSCE they can play a special role. Their neutral credentials remain untarnished. But from the beginning in CSCE they have pushed for Soviet adherence to the commitments undertaken in Madrid and Helsinki.

International Conduct and Human Rights Standards

The second area where the Final Act plays a significant role in our East-West diplomacy relates to the standards it set for the conduct of individual governments toward each other and toward their own citizens. In Helsinki, the United States, Canada, and 33 European states agreed to observe 10 basic principles in their relations with one another, as well as with other states. We can cite no evidence that this has significantly altered Soviet behavior. But these principles have given a solid framework for Western arguments concerning that behavior.

A number of the principles—respect for sovereignty, non-use of force, nonintervention in internal affairs, equal rights and self-determination of peoples—have increased the impact of Western condemnation of the Soviet invasion of Afghanistan in 1979 and of Soviet pressure on Poland in the early 1980s. The CSCE process helped focus the world's outrage at the unlawful Soviet occupation of Afghanistan, particularly during the opening weeks of the Madrid review conference. Similarly, the strong Western response in CSCE to the imposition of martial law in Poland drew international attention to Soviet actions that contradicted its Helsinki obligations.

It is in the area of human rights standards that CSCE has played a particularly significant role. The Final Act is based on the view that the interests of individual human beings are a fundamental part of security and stability in Europe. Greater security and a more

stable peace depend on greater freedom for the people of Europe.

At Helsinki in 1975, the Soviet Union and other East European countries willingly subscribed to principles affirming basic human rights and to provisions calling for freer flow of ideas, information, and people. These provisions were strengthened in the 1983 Madrid Concluding Document. These two documents added legitimacy to international discussion of the way a government treats its citizens. Coupled with a process of followup meetings, the Final Act gives the West a vehicle for keeping the pressure on Eastern governments for improvements in human rights performance.

One can only speculate on the motivations of the Soviet Union and other East European governments in signing the Final Act. If they thought their commitments would be ignored—they were wrong.

For years the Soviets sought to deflect human rights criticism by hiding behind "noninterference in internal affairs." The hollowness of this defense, however, has been exposed at successive CSCE meetings during which the Soviets have been forced to confront the facts of their poor record. At the CSCE Human Rights Experts Meeting in Ottawa, the Soviets changed tactics and took the offensive, charging Western abuses of social and economic rights. This change of tactic implicitly conceded the legitimacy of raising human rights issues involving another country. And it testified to the growing force of international concern over human rights, a trend that the Final Act has nourished.

The Final Act has helped bring greater international attention to the cause of human rights. By signing the Final Act, the Soviet Union created the expectation that it would comply, making its failures to do so all the more troubling, not only in the United States but in Europe as well. In the United States, the Final Act gave rise to the CSCE Commission and provided a focus for the network of private organizations which have pressed for improved respect for human rights. The existence of agreed standards has also encouraged other Western governments to speak up against human rights abuses. And it has provided a focal point for efforts by European parliaments and private groups.

From the 1977 Belgrade review conference to the recent Budapest Cultural Forum, expressions of Western concern

er Soviet abuses have become increasingly frequent and specific. During General Secretary Gorbachev's visit to Paris, for example, President Mitterrand reported to the French people that he had insisted that movement in "Basket Three" [Cooperation in Humanitarian and Other Fields] of the Final Act take place at the same pace as in the other parts of CSCE. And French journalists asked Gorbachev to task for Soviet leaders to live up to the standards enshrined in the Final Act.

The Soviets, moreover, have shown themselves sensitive to such criticism, particularly when it adversely affects their image. Moscow wants to cultivate its image in Western Europe.

The CSCE experts meeting in Ottawa last year, where I had the privilege to deliver the opening statement for the United States, illustrates well the diplomatic value of the CSCE process. Soviet intransigence and refusal to commit itself to any improvements in its human rights practices blocked agreement on meaningful, practical steps forward. Nevertheless, the meeting was worthwhile and advanced our objectives.

- It gave us nearly 3 weeks to demonstrate Soviet adherence to the commitments in the Final Act. The West, both allies and our neutral friends, put the Soviets and other East Europeans on the dock for human rights abuses. The East was effectively isolated.
- The West rejected initial Eastern claims that criticism constituted interference in the internal affairs of another state.
- The West held firm in rejecting Soviet efforts to distort Principle Seven of the Final Act dealing with human rights. Instead, the Western states drafted a set of specific proposals that constituted a common human rights agenda for the future.

In sum, Ottawa gave the West an opportunity to sound a united call for improved respect for human rights in Eastern Europe.

We regret that the Ottawa meeting, like the CSCE process as a whole, has done more to enhance the prospect of short-term improvement for individuals in the Soviet Union and Eastern Europe. But such meetings and the international attention they focus on human rights issues do advance the cause. The fact that attention is paid to their plight provides comfort, if not hope, to the citizens of the Soviet Union and Western Europe. And most of those in

Eastern Europe active in the struggle for human rights support the CSCE process. They welcome our emphasis on the commitments in the Final Act and our effort to bring about improved Eastern compliance.

It is undeniable that the CSCE process, more than any other forum, has served to focus the world's attention on massive Soviet human rights violations. And in doing so, the CSCE process has served to expose the nature of Soviet power and promote the cause of freedom around the world.

The meeting on human contacts in Bern that begins in April will focus attention on such important CSCE issues as freedom to travel, freedom to emigrate, and family reunification. As Michael Novak, the head of our Bern delegation, testified before you last week, it is our hope that this meeting will mark an advance toward lowering the barriers that divide the peoples and families of the East and West. We hope the spirit of cooperation on humanitarian affairs which emerged from President Reagan's Geneva meeting with General Secretary Gorbachev will be given a new reality through concrete deeds. Steps forward on such issues would make an important contribution to the Vienna followup meeting later this year.

European Security Issues

Security is the third area in which the CSCE process plays an important role in our overall East-West policy. Far from fulfilling Soviet aims to diminish our role in European security affairs, CSCE provided a forum which engaged the United States and Canada, together with European governments, in a discussion of the basic questions of European security.

At the Madrid followup meeting, the West secured a mandate for the Conference on Confidence- and Security-Building Measures and Disarmament in Europe that serves our interests. The mandate recognized explicitly that the CDE was an integral part of the CSCE process, expanded the zone defined in the Final Act to cover the Soviet Union west of the Urals, and stipulated that the measures adopted should have military significance and be verifiable.

At the CDE conference, we have an opportunity to find concrete ways to increase confidence and security in Europe. NATO is pushing for adoption of specific confidence- and security-building

measures that address some of the proximate causes of war. They would make European military activities more predictable and more stable. Through skillful negotiation over the past 2 years, the West has prevented the Soviets from turning Stockholm into a forum for empty, propagandistic declarations that support their vision of a pan-European security order excluding the United States.

The growing consensus in Stockholm is based on the Western concept of security. It features practical measures which would increase our knowledge of potentially threatening military activities. And these measures would be verifiable by every state participating in the conference.

With the setting of a September 19, 1986, adjournment date and the recent move to drafting, the conference has now moved into a more intensive phase. President Reagan and General Secretary Gorbachev at their meeting last November made a political commitment to work with others for a successful conclusion in Stockholm. The U.S. delegation has been instructed to pursue concrete results at the negotiating table.

An agreement in Stockholm that met our objectives would serve the West's security interests by providing a set of concrete rules governing military activities in Europe. Through the exchange of information about forces in Europe and an annual calendar of planned activities, we would be able to increase mutual understanding about intentions behind those activities. This would provide greater openness and improved mutual understanding about military intentions and practices—contributing to enhanced stability and security in Europe.

If successful, the Stockholm conference can help achieve the primary goal of the CSCE process—lowering the barriers that artificially divide Europe between East and West.

These various strands of the CSCE process are tied together by the concept of balance. This concept is founded on recognition, inherent in the Final Act itself, of the interdependence among the three parts of the CSCE process—humanitarian, security, and economic. Military-security aspects cannot be dealt with productively if they are isolated from humanitarian and human rights considerations. Thus, for example, we have countered vigorously Eastern attempts to establish a military-security forum as an autonomous entity, overshadowing our efforts to improve human rights and human contacts.

U.S. Commitment and the Challenge Ahead

We are committed to balanced progress across the board. We insist on moving ahead in all areas because we believe all 10 principles are equally important. At the same time, there is no ready formula for the application of balance. It is not a mechanical concept. It is unrealistic to posit a fixed linkage between security and human rights. The trade-offs cannot be put in such simple terms.

And yet, it is also unrealistic to believe that real and enduring improvement can take place in East-West relations without progress on humanitarian and human rights issues.

To quote French Foreign Minister Dumas: "Can a state which is not at peace with its own citizens really gain the confidence of its neighbors?" Concrete steps in this area would go far toward restoring the political confidence and political support for constructive progress in CSCE.

Balance is the challenge for the Vienna followup meeting that begins November 4. The delegations at Vienna will have to weigh what has been achieved on human rights and human contacts, on cultural and economic cooperation, and on security. They will have to look at the results of the Ottawa Human Rights Experts Meeting, the Budapest Cultural Forum, and the upcoming Bern Human Contacts Meeting. The question of the future of CDE will be part of this overall assessment. Even if the CDE is successful, we must be careful to ensure that the security component is not allowed to dominate other aspects of the CSCE process.

In addition to maintaining balance, the West faces two other basic tasks at Vienna.

- The first is to maintain Western unity. The Soviet Union never tires of seeking ways to exploit the CSCE process to drive wedges between us and our allies. If we are to make progress on issues of importance to us, we must present a united front.

- Second, we must take stock fully and candidly of the extent to which commitments have been kept and the extent to which governments have fallen short. Vienna must establish a clear record. Governments must be made to account for their commitments.

Given the Eastern record on humanitarian and human rights issues, the Vienna followup meeting is likely to be a difficult conference. Progress on hu-

manitarian and human rights issues in the months ahead would certainly enhance the prospects for a constructive outcome, which we would welcome.

We are at an early stage in our own planning for the Vienna meeting. We look forward to working closely with the commission in the months ahead on the issues we will confront in Vienna. As in Madrid, we will lean heavily on your skills, expertise, and judgment.

The Helsinki Final Act 10 years ago set an agenda for progress toward greater security and a more stable peace in Europe. It evoked a vision of a united Europe in which barriers were removed and freedoms were enjoyed throughout the continent, a Europe in which dialogue rather than conflict resolved differences and cooperation benefited individuals in both the West and the East.

That is the vision that will inform our approach to Vienna and beyond. The disappointments of the past decade indicate there are no easy strategies for achieving the ambitious goals set forth in the Final Act. Patience, skillful diplomacy, Western unity, and the courage of our convictions will be required.

In closing, let me recall President Reagan's statement on the close of the last review conference 3 years ago:

U.S. Assistance in Support of Anglo-Irish Agreement on Northern Ireland

by *Rozanne L. Ridgway*

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on March 5, 1986. Ambassador Ridgway is Assistant Secretary for European and Canadian Affairs.¹

It is a pleasure to be here to discuss the Administration's proposal in support of the British and Irish Governments' agreement on Northern Ireland.

Americans have long been deeply concerned about the tragic situation in Northern Ireland. In recent years we have seen the people of that region suffering from a seemingly unbreakable chain of violence and economic depriva-

In concluding the Madrid meeting, we reaffirm our commitment to the Helsinki process. We will not flag in our continued determination to work with all governments and peoples whose goal is the strengthening of peace in freedom. As Madrid has shown, dialogue, when based on realistic expectations and conducted with patience, can produce results. These results are often gradual and hard won, but they are the necessary building blocks for a more secure and stable world. . . . Giving substance to the promises of Madrid and Helsinki will remain one of our prime objectives.

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.

²The U.S. Commission on Security and Cooperation in Europe was established by the Congress in 1976. It is composed of nine Senators, nine Congressmen, and one representative each from the Departments of State, Defense, and Commerce. The commission monitors the acts of the CSCE signatory states, with a particular emphasis on their compliance with the humanitarian provision of the Helsinki Final Act and the Madrid concluding document. It also seeks to encourage the development of activities that expand East-West economic cooperation and a greater interchange of people and ideas between East and West. ■

tion, in great measure due to decades of mistrust, fear, and even outright hatred between members of the Nationalist and Unionist traditions.

Over the years some have said that the United States should have become directly involved in helping to end this cycle of despair. The Reagan Administration has taken the same position as previous administrations: that it is not for the United States to chart a course for the people of Northern Ireland. The U.S. Government position has not reflected any lack of concern about Northern Ireland, but rather our belief that those most directly involved should decide questions which would affect the future of the people in Northern Ireland—not the United States.

Several years ago, the British and Irish Governments courageously embarked upon a difficult but vitally important process, aimed at reducing some of the bitter divisions in Northern Ireland so that the aspiration of both sides for a future free from violence, and economic and political despair, could be realized. Over several years, the British and Irish Governments have held discussions about Northern Ireland. We were not involved in any of these discussions, but as the year went by, we were increasingly pleased to hear that these two friends of the United States were making significant progress in reaching an accommodation of views and concerns which would fairly represent the best interests of all the people in Northern Ireland. The British and Irish Governments' Agreement of November 15, 1985, is a credit to the courage and determination of both governments to overcome the heavy and negative legacies of history in that region. While the road ahead to genuine, longlasting peace in Northern Ireland remains fragile and difficult, this agreement deserves full recognition and support as a meaningful step toward strengthening shared interests of all in Northern Ireland for a better future there. President Reagan and the congressional leadership hailed the agreement as providing a "framework for peace" and "an important step toward reconciliation." They also indicated their consensus for the idea of providing tangible U.S. assistance to demonstrate the seriousness of our sentiments and concrete support for improvement of social and economic conditions which have fed the violence. As their principal new vehicle to provide for economic reconstruction of Northern Ireland and affected areas of the Republic of Ireland, the British and Irish propose to establish an international fund to which the United States and other countries might contribute. We understand that others, such as the European Community (EC) and individual EC countries, as well as countries of significant cultural and historical ties to Ireland and the United Kingdom, will join this effort. In recent discussions, British and Irish officials have indicated that the principal objective of the proposed fund would be to stimulate economic revitalization in order to promote employment and thereby attack an important cause of the historic instability in Northern Ireland. The two governments have agreed that approxi-

mately 75% of the fund would be directed to Northern Ireland, while the remainder would be applied to those areas of the Republic of Ireland most affected by the troubles.

In devising our proposed tangible contribution to reconciliation in Northern Ireland, we have given a high priority to a cash contribution to the "international fund" to give clear, tangible support to this new joint undertaking of the two governments. We hope that this U.S. commitment will inspire other friends of Ireland and the United Kingdom to make similar contributions to the fund.

At the same time, the Administration considered that an approach which would combine a direct U.S. Government contribution to the fund with other existing U.S. Government-financed mechanisms could have the most immediate and effective overall impact on the Northern Ireland economy. Just as the process of reconciliation, of healing the social wounds caused by years of distrust and lack of communication, cannot be healed by the stroke of a pen, so, too, the economic stagnation of the Northern Ireland economy cannot be remedied by quick infusions of cash alone. Northern Ireland's need for economic revitalization and long-term economic stability requires that a process be set in motion to elicit and to stimu-

late activity and commitment by the private sector. Existing U.S. Government-financed mechanisms can contribute to meeting this need through investment, trade promotion, and guaranty programs oriented toward the private sector. Therefore these kinds of contributions comprise over half of the proposed U.S. program. Some of these mechanisms would take several months to become operational, others would be operational immediately following conclusion of the legislative process. These investment, trade, and guaranty programs provide inherently prompt and independent stimulus to the Northern Ireland economy. They are also not necessarily dependent on activities or contributions of others, as is our proposed cash contribution to the fund, whose final size and diversity will ultimately affect its effectiveness.

My colleague, Mr. [Charles W.] Greenleaf [AID Assistant Administrator of Asia and the Near East], will be discussing the specific objectives and characteristics of these programs in a few minutes. I would like to note, in concluding, a concern which faces us all, you as elected Members of Congress, ourselves as Administration officials, and all of us as taxpayers. As we debate how to best support this effort by the British and Irish Governments to promote reconciliation in Northern Ireland,

Northern Ireland and Ireland Assistance Legislation

MESSAGE TO THE CONGRESS, MAR. 4, 1986¹

I transmit herewith for the consideration of the Congress proposed legislation, entitled the "Northern Ireland and Ireland Assistance Act of 1986," to provide support of the United States to the Anglo-Irish Agreement on Northern Ireland.

This legislative proposal calls for a 5-year program of \$250 million that would be taken from a number of existing economic programs including Housing Guarantees and the Private Sector Revolving Fund, which are administered by the Agency for International Development Corporation, the investment insurance program of the Overseas Private Investment Corporation, and the Trade and Development Program.

In addition, the authorization of \$20 million for the Economic Support Fund for 1987 is proposed, which will be within the total amount for that fund currently requested in the 1987 Budget. This would provide a cash

contribution to an international economic development fund for Northern Ireland and the Republic of Ireland under the auspices of the Anglo-Irish Intergovernmental Council. A supplemental appropriation request for 1986 for an initial contribution to this Anglo-Irish fund is concurrently being transmitted to the Congress.

I urge the Congress to act without delay on this important legislation. I am confident our efforts, together with those of the Governments of the United Kingdom and Ireland, will help to promote economic and social development in Ireland, thereby constructing a durable framework that would provide a promise of peace for the people of Northern Ireland.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 10, 1986. ■

our concern must be how to accomplish as much as we can for this part of the world, from which the forefathers of over 40 million Americans came, within the context of present severe U.S. budget stringencies. Our common responsibilities require that we maximize the results from each dollar spent. I think that the program the Administration is proposing meets this objective by its emphasis on incentives, by its challenges to the private sector and by the probable multiplication factor for the amounts of U.S. Government financing included. Our proposed program provides a very effective and comprehensive response to the needs of the people of Northern Ireland and affected areas of the Republic of Ireland, and to the joint efforts of the British and Irish Governments to promote reconciliation in part through a more stable economic environment in the area.

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. ■

St. Patrick's Day, 1986

PRESIDENT'S STATEMENT, MAR. 17, 1986¹

St. Patrick's Day is a time for joy and celebration, a day we recognize the many achievements, sung and unsung, of the Irish men and women who have made this a better and happier world. Today we remember especially the immigrants who came to these shores to make a new beginning. Some of them were so poor they left their homeland with little more than the clothes on their backs. But they brought with them something more valuable—their hopes and dreams, their love of liberty, and their unconquerable spirit.

St. Patrick's Day is also a time for reflecting on life today on the Emerald Isle, the ancestral home of over 40 million Americans. In the last two decades, the northern part of the island has been wracked by senseless violence. Political and religious differences, exacerbated by unfavorable economic conditions, have resulted in the wanton murder of hundreds of men, women, and children and the terrorizing of an entire population.

But on this St. Patrick's Day, we can all be grateful that a ray of hope has begun to shine. In a courageous move, the Prime Ministers of Ireland and the United Kingdom decided the time had come to give new impetus to the search for peace in Northern Ireland. Out of their discussions emerged a new approach in which the British and Irish Governments jointly committed themselves to reconciliation between Northern Ireland's two communities.



This Anglo-Irish accord, signed by Prime Ministers Thatcher and FitzGerald on November 15th last year and quickly ratified by their Parliaments, has received an enthusiastic bipartisan reception in the U.S. Congress. We are now working with Congress to find way in which the United States can help.

In determining the nature of any U.S. Government aid, we must bear in mind that the agenda and timetable for progress in that troubled area are not for us to set. Those directly concerned, the people of both Irish traditions, will chart the course which will, we pray, lead to reconciliation in that troubled land.

Concerned Americans can do two important things to help make reconciliation a reality.

First, the key to progress in Northern Ireland and in the Republic is a strong, growing economy—and if Americans remember Ireland as we plan our travel and consider investments, we can make a contribution to Irish economic growth.

Second, Americans should not give either financial or moral support to Irish terrorists, any Irish terrorists. Such support is misguided. We cannot permit individuals, for their own evil ends, to snuff out hope by the use of violence.

On this St. Patrick's Day, let all Americans and people of good will everywhere honor the Irish by helping them build a peaceful and prosperous future.

The people of America and Ireland have long held each other in high esteem. We hold a special place in each other's hearts. And on this very special St. Patrick's Day, we extend to all our greetings and good will.

¹Text from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

While in the United States on a private visit, Prime Minister Garret FitzGerald of the Republic of Ireland paid a courtesy call on President Reagan on March 17, 1986.

(White House photo by Bill Fitz-Patrick)

NATO Nuclear Planning Group Meets in West Germany

The Nuclear Planning Group of the North Atlantic Treaty Organization (NATO) met in Wuerzburg, Federal Republic of Germany, March 20-21, 1986. The United States was represented by Secretary of Defense Caspar W. Weinberger. Following is the final communique issued on March 21.

NATO Nuclear Planning Group (NPG) met in ministerial session in Wuerzburg, Federal Republic of Germany, on 20th and 21st March, 1986.

We discussed a wide range of security issues, including briefings by the United States on the status of nuclear forces and related issues. We received with appreciation information on the nuclear forces of the United Kingdom and welcomed the contribution they make to the overall credibility of the Alliance's deterrent capabilities. We expressed our continued support for the efforts of the United States and the United Kingdom to maintain the effectiveness of their nuclear deterrent forces.

We expressed our satisfaction with the progress of the consultation on the negotiations in Geneva. We welcomed the commitment by the United States and the Soviet Union to achieve early progress at the Nuclear and Space Talks, in particular where there is common ground, including the principle of 50-percent reduction in the strategic nuclear arms of the United States and the Soviet Union appropriately applied, and the idea of a separate INF (intermediate-range nuclear forces) agreement.

At the same time, we strongly endorsed the commitment made at the Geneva summit to agree on the need for measures for effective verification as part of any arms control agreements. We expressed strong support for the United States stance concerning intermediate-range, strategic, and defense space systems. We also reviewed the progress on INF systems and confirmed our full support for the United States proposal. This proposal, developed in close consultation with the Allies, calls for the elimination of United States and Soviet longer-range INF (LRINF) missiles, accompanied by other appropriate provisions concerning rights and constraints on shorter-range INF (SRINF) missiles.

The United States secretary of defense provided an updated account of evidence of continuing Soviet violations of arms control agreements, including that relating to the violations disclosed in the United States Secretary's December 1985 report to Congress, in particular the deployment of the SS-25 intercontinental ballistic missile. We expressed our continuing concern and renewed our call on the Soviet leadership to take the steps necessary to ensure full

compliance with its commitments. We noted in this connection that a double standard of compliance with arms control agreements would be unacceptable and would undermine the security of the Alliance. In this context, we reaffirmed the essential requirement for full compliance with all arms control agreements.

We reviewed Alliance policy and planning related to NATO's nuclear forces and reaffirmed our commitment to maintain a credible deterrent posture in view of the continued qualitative and quantitative advances in Soviet forces which far exceed their defense requirements. We remain deeply concerned about continuing Soviet efforts to upgrade and expand their nuclear capabilities across the board, including the deployment of SS-23 shorter-range INF missiles, flight-testing of an improved version of the SS-20, and the continued development of long-range cruise missile systems.

In contrast, it is NATO's policy to maintain only the minimum number of nuclear weapons necessary for deterrence. In addition to the 1,000 nuclear weapons withdrawn from NATO following the 1979 dual-track decision, NATO decided at Montebello in 1983 to reduce further its nuclear stockpile in Europe by 1,400 warheads while taking appropriate measures to improve the responsiveness, effectiveness, and survivability of

the remaining warheads and their delivery systems. Furthermore, we recalled that, for each LRINF missile deployed, one warhead is being removed from Europe. Altogether, these measures will bring the number of nuclear warheads in the Allied stockpile in Europe to the lowest point in 20 years. At this meeting, SACEUR [Supreme Allied Commander Europe] reported on the status of the implementation of the Montebello decision. We noted the reductions and improvement measures which are currently being undertaken by the nations concerned. We shall continue to review the progress of further implementations.

We noted the progress made on longer-range INF deployments by the NATO nations concerned, including the completion on schedule of Pershing II deployment at the end of last year and the continuing deployment of ground-launched cruise missiles as planned. We reiterated our willingness to reverse, halt, or modify the LRINF deployment—including the removal or dismantling of missiles already deployed—upon achievement of a balanced, equitable, and verifiable agreement calling for such action.

We accepted with pleasure an invitation from the Rt. Hon. George Younger, M.P., the United Kingdom Secretary of State for Defence, to hold our next meeting in the United Kingdom in autumn 1986.

Greece expressed its views in a statement included in the minutes. Denmark reserved its position on the INF part. ■

Response to Allegations on Case of Soviet Seaman Medvid

by Rozanne L. Ridgway

Statement before the Subcommittee on Immigration and Refugee Policy of the Senate Judiciary Committee on March 6, 1986. Ambassador Ridgway is Assistant Secretary for European and Canadian Affairs.¹

The case of Soviet Seaman Miroslav Medvid has generated considerable interest in the Congress, in the press, and among the American people, as rightly it should. This is because it touches on the very fundamental question of life and liberty for a man who, on the basis of his extraordinary behavior the evening of October 24, we had every reason to believe was seeking political asylum in this country. I can assure you that when officials in Washington were informed about the original error which led to Seaman Medvid being returned to

his Soviet ship, we took extraordinary measures to ensure that he was removed from the ship to our custody and given every opportunity to indicate whether he wished to remain here.

Among the many rumors and allegations which have developed around this case, prominent attention has been given to two mutually inconsistent conspiracy theories. The first alleges that the Administration conspired with the Soviets to return Seaman Medvid to the Soviets in order to avoid an incident prior to the November summit. The second theory holds that we were duped by the Soviets and that the man we actually interviewed was a "substitute." Both allegations are completely false. From the start our primary concern was the welfare of Seaman Medvid; considerations about Geneva or the possible impact of this case on U.S.-Soviet relations

played no role in our handling of this case. To assert otherwise is not only mischievous but flatly wrong. There is also no doubt that the individual we interviewed on October 28 and 29 was the same individual interviewed by the INS [Immigration and Naturalization Service] on October 24.

I do not intend to give a lengthy statement or repeat testimony already given. I refer you to the testimony given by my deputy, William M. Woessner, on November 5, 1985, and February 5, 1986, before this subcommittee, my own testimony on November 7, 1985, before the House Subcommittee on Europe and the Middle East, and to an addendum I am submitting for the record with my testimony. However, I do want to set the record straight concerning sensational allegations that the Soviets pulled a switch. Those who make them ignore or do not appear to have all the facts. Two INS officers interviewed Seaman Medvid on shore on October 24 and took his photograph.

One of those INS officers was with the INS party which boarded the *M.V. Konev* on October 25, and he identified the man he saw in the sickbay as the same man he interviewed on shore the night before. Present at this October 25 encounter with Seaman Medvid, which lasted several hours, was another INS officer who subsequently identified Seaman Medvid on October 26 in the presence of the Department of State representative. The INS officer present during the October 25 and 26 meetings identified Medvid not only by his physical appearance but by a mark on his heel which he had observed on both occasions. The same Department of State representative who saw Seaman Medvid on October 26 also interviewed Seaman Medvid on the Coast Guard cutter *Salvia* on October 28 and at the naval shore facility on October 29. Alleged height and weight discrepancies from the preliminary physical examination by the Navy doctor aboard the *M.V. Konev* on October 26 ignore the fact that the man we interviewed on October 28 and

29 fit the INS description of October 2 matched the photograph taken by INS on October 24, matched the photo in Seaman Medvid's Soviet passport, and was the same man seen in the sickbay on October 25. Purported photographic "evidence" of a switch turns out to be poor quality photos taken surreptitiously by a military officer which in fact closely resemble the individual originally photographed by INS. Allegations that Medvid did not speak Russian are false they are apparently based on statements by individuals who do not speak Russian. A reported handwriting analysis, which we have never seen, was apparently based on a comparison of printing done in the Roman alphabet, which Seaman Medvid did not know well, and a Cyrillic signature. To repeat these allegations are without foundation. There is no doubt that the individual interviewed was Seaman Medvid.

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. ■

Libya Fires on U.S. Vessels in International Waters

WHITE HOUSE STATEMENT,
MAR. 24, 1986¹

U.S. naval aircraft and ships carrying out a peaceful freedom of navigation and overflight exercise in international waters and airspace in the Gulf of Sidra were fired on Monday by missile forces of Libya.

This morning at 7:52 a.m. EST, Libyan forces, without provocation, fired two long-range SA-15 surface-to-air missiles from Surt on the northern coast of Libya at U.S. aircraft operating in international waters in the Gulf of Sidra. U.S. forces had been operating in that area since Sunday afternoon.

Two additional SA-5s and an SA-2 were launched from Surt at 12:45 p.m. An additional SA-5 was fired at 1:14 p.m. At this point, Libyan forces had fired a total of six surface-to-air missiles at U.S. forces. At approximately 2:00 p.m., a U.S. aircraft fired two Harpoon antiship missiles at a Libyan missile patrol boat which was located near the 32°30'N line and was a threat to U.S. naval forces. The Libyan fast attack craft was hit. The ship is dead in the water, burning, and appears to be sinking. There are no apparent survivors.



(© Associated Press)

This Libyan missile patrol boat—a Soviet-built Nanuchka-2 class vessel—burns in the Gulf of Sidra.

At approximately 3:00 p.m., U.S. forces operating south of the 32°30'N responded to the missile attacks by launching two HARMs [high-speed anti-aircraft missiles] at the SA-5 site at the SA-5 complex. U.S. forces are attempting to engage our aircraft. We are assessing the damage now. We have no reports of any U.S. casualties or loss of U.S. aircraft or ships. This attack was entirely unprovoked and beyond the bounds of normal international conduct. U.S. forces were involved only upon making the legal point, beyond the internationally recognized 12-mile limit, the Gulf of Sidra belongs to no one and that all nations are free to move through international waters and airspace. We deny Libya's claim, as do almost all other nations, that we condemn Libya's actions. They should not again for all to see the aggressive and unlawful nature of Col. Gaddafi's regime.

It should be noted that because of the numerous Libyan missile launches and indications that they intended to continue air and missile attacks on U.S. forces, we now consider all approaching Libyan forces to have hostile intent. We have taken appropriate measures to defend ourselves in this instance. We did not, of course, proceed in this area with our eyes closed. We reserve the right to take additional measures as events warrant.

Text from Weekly Compilation of Confidential Documents of Mar. 31, 1986. ■

U.S. Proposes Arms Sales to Saudi Arabia

DEPARTMENT STATEMENT,
MAR. 11, 1986¹

On March 11, the Administration sent Congress informal notification for sale to Saudi Arabia of additional air-to-air, air-to-sea, and ground-to-air missiles. All these systems, or similar systems, are already in the Saudi inventory.

These arms are needed for Saudi defense, can be absorbed within the Saudi military, and do not represent a threat to Israel. We have validated the military requirements for these missiles and had intended to go forward with them this year.

Four new considerations prompted us to move immediately.

First, Iran has succeeded in crossing the Shatt al Arab River and establishing a beachhead on the border with Kuwait. With their latest strike into Kurdistan, the Iranians may contemplate a general offensive along the entire front. Should this occur, the threat to Kuwait would significantly increase. These developments threaten our interests and deeply worry the peninsula Arabs. They are seeking reassurance for their security. Saudi Arabia is the key to reassurance since it is the essential element in gulf collective defense.

Second, our willingness to support Saudi self-defense has served as a deterrent to Iran. Acting now will send a strong signal to Iran. It will also reduce the chances that we would have to take emergency action later to protect our own interests.

Third, the current unstable situation in South Yemen, exacerbated by Soviet interference, raises the potential of a renewed threat on Saudi Arabia's southern border.

Fourth, we have had several direct and very high-level appeals from the Saudis to move these notifications forward now. It is essential to the overall U.S.-Saudi bilateral relationship, and to our credibility with the rest of the gulf Arabs, that we meet this request.

These arms notifications, while modest, support vital U.S. strategic interests. We are committed to main-

taining the free flow of oil from the gulf. We strongly support the security and stability of the moderate gulf states. We oppose radical forces in the area and the expansion of Soviet influence into the region. The sales of missiles to Saudi Arabia will advance these interests.

The Saudis have taken the lead, under the Gulf Cooperation Council (GCC) umbrella, in protecting the shipping and oil installations of the upper gulf. Their downing of an intruding Iranian fighter plane in 1984 was an effective use of our equipment and has deterred further attacks on the gulf states.

The further strengthening of Saudi air defense capabilities makes a major contribution to Saudi security and to our regional security objectives. It also reduces the probability of a need for any direct U.S. military involvement at some point in the future.

This sale will not threaten Israel's qualitative edge nor change the balance of power in the Middle East. Moreover, it serves neither our interests nor Israel's for us to refuse such sales and allow others to replace us as the principal supplier of arms to the Arab gulf states. Unlike ourselves, others do not impose safeguards on their military sales to ensure that their armament does not pose a threat to Israel. The recent British Tornado sale lost the United States over \$12,000 million in sales and support and thousands of U.S. jobs without advancing either our interests or Israel's security.

The proposed notification would consist of:

• 671 AIM-9P4 air-to-air missiles	\$60 million
• 995 AIM-9L air-to-air missiles	\$98 million
• 200 Stinger man-portable ground-to-air missile systems and 600 reloads	\$89 million
• 100 Harpoon air-to-sea missiles	\$107 million
Total	\$354 million

¹Made available to news correspondents by State Department deputy spokesman Charles Redman. ■

U.S.-West Germany to Cooperate on SDI Research

DEFENSE DEPARTMENT
STATEMENT,
MAR. 28, 1986

Secretary of Defense Caspar Weinberger and Federal Minister for Economics Martin Bangemann of the Federal Republic of Germany today signed a memorandum of understanding concerning the participation of German firms, research institutions, and other entities in Strategic Defense Initiative research as well as a joint understanding of principles. The signature follows Secretary Weinberger's March 1985 invitation to allies to participate in SDI research and the December 1985 decision of the Government of the Federal Republic regarding German participation in SDI research and bilateral discussions on U.S.-German technology cooperation issues.

The SDI agreement is designed to provide a comprehensive basis for the participation of German industry, research institutions, and other entities in SDI research, to the mutual benefit of both sides. That participation will be on the basis of technical merit, consistent with the firm political and legal commitment by both the United States and Germany to the principles of competitive procurement. We expect that participation in SDI research by German firms and other entities will contribute significantly to the SDI research effort, helping to increase the program's effectiveness, reduce its overall costs, and accelerate its schedule.

The joint understanding of principles lays out general principles and guidelines regarding industrial, scientific, technological, and security cooperation between the United States and Germany. It reflects the belief of both governments that this mutually beneficial cooperation should be encouraged and be secured by an effective regime for safeguarding strategically sensitive technologies. ■

Nuclear Cooperation With EURATOM

LETTER TO THE CONGRESS,
FEB. 28, 1986¹

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, if EURATOM agreed to negotiations concerning our cooperation agreements, which it did.

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 prejudice seriously the achievement of United States non-proliferation objectives or otherwise jeopardize the common defense and security, and after notification to the Congress. President Carter made such a determination six years ago and signed Executive Order 12193, permitting continued nuclear cooperation with EURATOM until March 10, 1981. Subsequent determinations have permitted continued nuclear cooperation through March 10, 1986.

In addition to numerous informal contacts, the United States has engaged in nine rounds of talks with EURATOM regarding the renegotiation of the U.S.-EURATOM agreements for cooperation. These were conducted in November 1978, September 1979, April 1980, January 1982, November 1983, March 1984 and May, September and November 1985. The European Community is now considering U.S. proposals relating to our cooperation agreements, and further progress in the talks is anticipated this year.

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 disruption of nuclear cooperation would not only eliminate any chance of progress in our talks with EURATOM related to our agreements, it 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 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, 1986.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas O'Neill, Jr., Speaker of the House of Representatives, and George Bush, President of the Senate (text from Weekly Compilation Presidential Documents of Mar. 3, 1986). ■

Rights and Freedoms International Waters

STATEMENT, MAR. 26, 1986¹

The United States is committed to the exercise and preservation of navigation, overflight rights and freedoms on the high seas and the world. That is the purpose of the freedom of navigation program. In fulfillment of the objectives of that program, U.S. ships and aircraft exercise rights and freedoms under international law off the coasts of numerous countries.

In this regard, the United States acts in accordance with President Reagan's March 10, 1983, ocean policy statement, which stated U.S. willingness to recognize the rights of other countries in the waters off their coasts, as reflected in the 1982 UN Convention on the Law of the Sea, so long as those countries respected the rights of the United States and other countries in the waters under international law.

U.S. ships and aircraft have exercised rights and freedoms off the coasts of countries whose laws do not conform to international law as reflected in the Law of the Sea Convention. Examples of the types of objectionable claims against which the United States has exercised rights and freedoms are un-recognized historic waters claims, territorial sea claims greater than 12 nautical miles, and territorial sea claims impose impermissible restrictions on the innocent passage of any type of vessels, such as requiring prior notification or permission. The United States, of course, exercises navigation and overflight rights and freedoms as a matter of routine off the coasts of countries whose maritime claims do conform to international law. Since the policy implementation in 1979, the U.S.

Government has exercised its rights against the objectionable claims of over 100 countries, including the Soviet Union, at a rate of some 30-40 per year.

made available to news correspondents by State Department deputy spokesman James Redman. ■

Afghanistan Day, 1986

PROCLAMATION 5450, MAR. 21, 1986¹

The people of Afghanistan celebrate March 21 as the beginning of their new year. In ordinary times, it is an occasion of joy, renewal, and hope for a better future. March 21, 1986, however, does not mark the passage of an ordinary year, nor does it bring cause to celebrate. For the heroic Afghan people it marks the beginning of yet another year in their struggle for national liberation against the ruthless Soviet military force that seeks to conquer them.

Over six years ago, on December 27, 1979, the Soviet army invaded Afghanistan, a small, friendly, nonaligned, and deeply religious neighbor. For six long years, the Soviets have sought to obliterate Afghan culture and remold that ancient nation into a replica of their own system, causing millions of Afghan refugees to flee the country. To achieve their goals, the Soviets installed the quiescent regime of Babrak Karmal, in which Soviet advisors now man the key positions. They have transported thousands of young Afghans to the Soviet Union for reeducation in summer camps, universities, and specialized institutions, and they have set up a secret police apparatus matched in brutality only by their own KGB.

These tactics hardly begin to describe the continuing horror of the Soviet attempt to subjugate Afghanistan, a violation of international law repeatedly condemned by the United Nations. Despite calculated destruction of crops, irrigation systems, and livestock, indiscriminate air and artillery bombardments of civilian areas, brutal reprisals against noncombatants, and other unspeakable atrocities, the Afghan people remain determined to defend their liberty. The resistance has in fact become more effective than ever.

The Soviet failure to quell the Afghan people is not surprising. The Afghans have a long history of resisting invasion and of defending their homes, their faith, and their culture. Since December 1979, resistance fighters have acquitted themselves well in many engagements against larger and better armed Soviet forces. The Afghan freedom fighters have shown they can render all of their country unsafe for the invader. After six years of

hard, bloody fighting, the Soviets are far from achieving their military goals.

Recently the Afghan resistance has taken major steps toward achieving unity and making its presence felt on the international scene, strengthening its ability to publicize the Afghan cause. We welcome these developments. With the support of the community of civilized nations, the Afghan resistance has also increased its efforts to aid civilians remaining inside Afghanistan. This will improve the Afghan people's ability to carry on the fight and counter the deliberate Soviet attempt to drive the civilian population away from resistance-controlled areas.

Throughout the period of their brutal occupation, the Soviets have tried—but failed—to divide the international supporter of the cause of Afghan freedom. They cannot be divided. The overwhelming votes in the United Nations General Assembly, year after year, are but one expression of the ongoing commitment of the world community to this cause. For our part we reaffirm our commitment to support this just struggle until the Soviets withdraw; until the people of Afghanistan regain their liberties, their independence, and the right to self-determination; and until the refugees can return in safety to their native land. Only such a settlement can command the support of the Afghan people; a settlement that does not command their support will not end this war.

Today, we pay tribute to the brave men, women, and children of Afghanistan and remind them that their sacrifice is not and will not be forgotten.

The Congress, by Senate Joint Resolution 272, has authorized and requested the President to issue a proclamation designating March 21, 1986, as "Afghanistan Day."

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim March 21, 1986, as Afghanistan Day.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-first day of March, in the year of our Lord nineteen hundred and eighty-six, and of the Independence of the United States of America the two hundred and tenth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

U.S. Response to Libyan Attack

Following are a letter from Ambassador Vernon A. Walters, U.S. Permanent Representative to the United Nations, to the President of the UN Security Council Ambassador Ole Biering (Denmark) of March 25, 1986, and Ambassador Walters' statement in the Security Council on March 26.

U.S. LETTER TO SECURITY COUNCIL, MAR. 25, 1986

In accordance with Article 51 of the Charter of the United Nations, I wish, on behalf of my government, to report that United States forces have exercised their right of self-defense by responding to hostile Libyan military attacks in international waters in the Gulf of Sidra.

U.S. forces exercised great restraint. It was only after several missiles had been launched by Libya that the U.S. reacted. In the ensuing action, two Libyan naval vessels were disabled in an area where the U.S. fleet was operating. Key components of the missile complex at Sirte from which SA-5 missiles had been fired were also damaged.

The United States Government protests the unjustified attacks against American naval units which were operating in and/or above international waters in the exercise of the freedom of navigation under international law and in accordance with a standard "notification of intent" filed with the International Civil Aviation Organization (ICAO). That notification covered operations to begin at 0000 GMT, March 23 and to conclude at 2359, April 1. Those operations in no way threatened the security of Libya. Similar operations have been conducted many times over the last few years.

The Government of the United States of America views this unjustified attack with grave concern. Any further attacks against United States forces operating in and over international waters off Libya will also be resisted with force if necessary.

In view of the gravity of Libya's action, and the threat that this poses to the maintenance of international peace and security, I ask that you circulate the text of this letter as a document of the Security Council.

Sincerely,

VERNON A. WALTERS

AMBASSADOR WALTERS' STATEMENT, MAR. 26, 1986¹

We are here today because the Government of Libya has flouted international law and the Charter of the United Nations by using lethal force to assert

its claim in the Gulf of Sidra. U.S. forces, engaged in a peaceful freedom of navigation exercise in international waters, have been subjected to an unprovoked and unjustified attack by Libyan forces. The Government of Libya notified the Secretary General on March 24, 1986, that it intended to disregard the role of this Council "to resort to its own strengths." One day later, Libyan forces launched six surface-to-air missiles against U.S. vessels and aircraft exercising, after proper notification to Libya and all other concerned parties, our rights to navigate in international waters and fly over them. I should add that advance notice had been posted in accordance with international practice and that the exercise was publicly and widely recorded.

On Monday, March 24, in daylight hours, U.S. Naval vessels proceeded south of 32°30'. They were, of course, in international waters. At 1252 Greenwich Mean Time (GMT), Libyan facilities launched two SA-5 missiles aimed at U.S. tactical naval aircraft conducting routine operations over international waters. No U.S. aircraft were hit. We did not respond.

Two additional SA-5 missiles and an SA-2 missile were launched at 1745 GMT. We still did not respond. Another SA-5 was launched at 1845 GMT. At this point, Libyan forces had fired a total of six SA missiles at U.S. forces operating properly in international waters. The United States responded to this unjustified attack by a proportionate exercise of its right of self-defense.

We reject Libya's efforts to subvert—by force—the international legal right of freedom of navigation and the responsibility of this Council under the charter. It is simply intolerable to allow states to subvert international law by threatening and using force against those peacefully exercising their legal rights. The Libyan claim to control navigation through international waters, as well as flight through international airspace, is inconsistent with traditional freedoms recognized in contemporary state practice. It has no basis in international law, and everyone in this chamber knows it.

The United States of America has been committed to ensuring the freedom of the seas ever since our birth as a nation. Freedom of the seas is essential to maintaining international security and the flow of commerce. All nations share

a fundamental interest in maintaining and defending the principles of freedom of navigation and overflight. As a matter of longstanding policy, my government conducts naval and air exercises in waters and airspace in every part of the globe. So, too, do several members of this Council. As part of our regular program of operations around the world, we have been in the area of the Gulf of Sidra 16 times since 1981. We have been below the line claimed a boundary by Libya seven times before this current operation.

Libya's claim to control navigation and overflight in a vast area of the Mediterranean Sea has no basis in customary practice or international law. The Government of Libya knows full well that its indefensible claim in the Gulf of Sidra and attacks on those exercising their rights to navigate in, and over, the international waters of the gulf have caused this conflict. These flagrant Libyan attacks against naval units of the United States, operating in international waters of the Gulf of Sidra were entirely unjustified and unprovoked. In self-defense, under Article 51 of the Charter of the United Nations, U.S. forces responded to these attacks. I want to make clear that any further attacks also will be resisted with force if required.

Let us not lose sight of the critical issue before the Council today. The United States believes that in view of the grave challenge to freedom of navigation in international waters posed by the Libyan actions, this body should reaffirm the internationally accepted freedoms of navigation and overflight and condemn those nations that resort to force to violate these norms. By entering the Gulf of Sidra, the United States was defending freedom of navigation for all nations. Members of the Council should affirm that freedom by forthrightly condemning those seeking to deny it.

In conclusion the first shots were fired by the Libyans against aircraft operating in international air space over the high seas. The U.S. response to that hostile act was measured, appropriate to the circumstances, and in conformity with Article 51 of the UN Charter.

The Secretary of Defense described a hostile act, and described it very accurately: "When someone fires something at you that can kill you." Accordingly we took appropriate action to defend ourselves.

¹USUN press release 25. ■

Assistance for Nicaraguan Democratic Resistance

MESSAGE TO THE CONGRESS,
FEBRUARY 25, 1986¹

When the Congress approved humanitarian assistance for the Nicaraguan democratic resistance last year, it assured the survival of the fighting for democracy in Nicaragua. However, this assistance has not been sufficient to bring about changes in the policies of the communist Government of Nicaragua that would make possible a peaceful resolution of conflict in Central America and end Nicaragua's aggression against our allies in the hemisphere.

Termination

Negotiations based on the Contadora Document of Objectives of September 9, 1983, have failed to produce an agreement, and further trade and economic measures have failed to resolve the conflict. At the same time, the legislation for humanitarian assistance is about to expire. If no further action is taken, it is clear that the Nicaraguan communists will steadily intensify their efforts to crush all opposition to their tyranny, consolidating their ability to use Nicaragua, in concert with their Soviet-bloc patrons, as a base for further intimidating the democratic governments of Central America and spreading subversion and terrorism in our hemisphere. In these circumstances, the laws providing for humanitarian assistance to the Nicaraguan democratic resistance permit me to request authority to provide additional assistance, and specify expedited procedures for action by the Congress on my request. I am transmitting herewith a formal request for such additional assistance. As required by law, I have consulted with the Congress in formulating this request.

Negotiations and Other Measures Have Failed

Reports that I transmitted to the Congress in November 1985 and February 1986, I have urged the continued efforts by the United States to promote a negotiated settlement in Central America and in Nicaragua based on the Contadora Document of Objectives. Our constant efforts to achieve a peaceful solution have failed to resolve the conflict. Since Nicaragua has continued to reject meaningful negotiations. Communist attempts to subvert and subvert Contadora, apparently from the beginning of the negotiating process, have left a clear trail of lost opportunities for peaceful reconciliation. In most



(White House photo by Mary Anne Fackelman)

On March 3, 1986, President Reagan, with Secretary Weinberger (lower left), met with leaders of the United Nicaraguan Opposition (UNO); left to right are Arturo Cruz, the President, Adolfo Calero, and Alphonso Robelo.

recent months, Nicaragua has repeatedly frustrated negotiations aimed at producing a final, comprehensive Contadora treaty.

Recent Contadora meetings to discuss a comprehensive, verifiable regional agreement have been inconclusive largely due to Nicaraguan intransigence on key issues. Following two rounds of talks in October, on November 11, 1985, Nicaragua made public a letter from President Ortega to the Contadora Group and Support Group governments setting forth objections to the September 12, 1985, draft agreement tabled by the Contadora Group governments. Nicaragua argued that it could not assume the obligations of a Contadora agreement unless it reached a prior accommodation with the United States.

On December 3, President Ortega formally requested a suspension in Contadora negotiations until May 1986, that is until after the governments to be elected in Costa Rica, Honduras, and Guatemala will have been installed. Costa Rica, Honduras, and Guatemala, however, joined 25 other OAS [Organization of American States] member states in voting for a resolution at the OAS General Assembly in Cartagena that urged continuation of the Contadora negotiations. Of all OAS members, only one member—Nicaragua—voted against that resolution. Subsequently, only Nicaragua refused to resume Contadora talks—a major reason why the United Nations General Assembly failed to achieve consensus on a resolution of support for the Contadora process.

On January 12, the Foreign Ministers of the Contadora Group and Support Group, meeting at Caraballeda, Venezuela, issued a joint statement intended to revitalize the process. The Foreign Ministers of the five Central American states, including Nicaragua, signed the "Declaration of Guatemala" on January 15, endorsing the Caraballeda message. Afterwards, the Government of Nicaragua issued a press communique which, although claiming "total adherence" to the Caraballeda message, characterized the various actions suggested in the Caraballeda message as prerequisites to resumption of Contadora negotiations. This communique also reaffirmed the Nicaraguan position of November 11 objecting to the Contadora draft agreement.

On February 5, President Ortega repeated this position in his speech to the Third Cuban Communist Party Congress in Havana noting that "the peace document that the Contadora Group submitted in September 1985 is unacceptable to Nicaragua."

On February 10, Secretary of State Shultz met with the Foreign Ministers of the Contadora Group and Support Group. The Secretary welcomed the good offices of the two Contadora groups to promote national reconciliation as expressed in the Caraballeda message, and offered to resume bilateral talks with Nicaragua simultaneously with the beginning of Sandinista dialogue with the democratic resistance. Secretary Shultz also informed the Foreign Ministers that the

United States was prepared to take further steps in response to changes in Nicaraguan behavior on the four key issues of concern—support of subversion, the Cuban/Soviet presence, the military buildup, and internal repression. He pointed out that a dialogue and cease-fire would mean that cessation of the application of force and the process of national reconciliation would go forward at the same time. My Special Envoy, Ambassador Harry Shlaudeman, began consultation with the Contadora and Support Group governments the week of February 16 on this initiative.

Meanwhile, the Sandinistas have rejected a February 6 proposal from opposition political parties in Nicaragua for suspension of hostilities, an effective general amnesty law for reconciliation of all Nicaraguans, a repeal of the state of emergency, an agreement for the establishment and observance of a new electoral process, effective fulfillment of Nicaragua's commitments for democratization, and international assistance in the implementation of these demands. Also, another Contadora negotiating session held February 14–15 was inconclusive because of continued Nicaraguan refusal to address the remaining issues to be resolved in the current Contadora draft agreement.

Description of Request

The request transmitted herewith asks your approval for the transfer of \$100,000,000 from funds already appropriated for the Department of Defense so that those funds would also be available for assistance to the Nicaraguan democratic resistance. I am requesting this transfer authority, in lieu of a supplemental appropriation, because I regard this request as a matter of high priority for the national security of the United States. Including a proposal for additional funds in this request would have diverted attention from the basic national security issues here involved. However, the resulting reduction in the funds available for the Department of Defense, if not remedied, will inevitably impair ongoing efforts to restore and maintain the readiness of the armed forces. This impairment in defense readiness will be addressed separately.

The \$100,000,000 to be made available for assistance to the Nicaraguan democratic resistance would include funds that have been appropriated to remain available for obligation beyond September 30, 1986. Obligations will be made on an incremental basis, with 25 percent available when the request is approved and an additional 15 percent to become available at 90-day intervals as reports are provided to the Congress on actions to achieve a resolution of the conflict in Central America. However, no obligations may be incurred after September 30, 1987.

Of the \$100,000,000, \$30,000,000 will be for a program of humanitarian assistance administered by the present Nicaraguan Humanitarian Assistance Office, including \$3,000,000 exclusively for strengthening the

observance and advancement of human rights. This emphasis on human rights reflects a determination that human rights must be respected. As in our support for democracy elsewhere, human rights training and assistance can be expected to achieve significant positive results.

Should a peaceful settlement of the conflict in Central America be achieved during the period these funds remain available, the remaining funds could then be used for assistance to Central American countries, including Nicaragua, for relief, rehabilitation, and reconstruction.

Approval of this request will permit me to use any department or agency in the Executive Branch, including agencies involved in intelligence activities, in carrying out programs and activities to assist the Nicaraguan democratic resistance. The statutory requirements for congressional approval of the use of such agencies, as well as statutes requiring prior authorization for the use of appropriated funds will be satisfied by the approval of my request.

Finally, the request contains a series of undertakings by me, which I am asking the Congress to accept. These undertakings, which were developed in consultations with the Congress, are intended to assure that a clear and explicit understanding exists between the Executive and Legislative Branches as to the purposes of the requested assistance to the Nicaraguan democratic resistance and United States objectives in Central America.

In particular, I am undertaking in this request:

- That United States policy toward Nicaragua will be based on Nicaragua's responsiveness to our well-known concerns about the Government of Nicaragua's close military and security ties to Cuba and the Soviet Union, its military buildup, its unlawful support for subversion and terrorism, its internal repression, and its refusal to negotiate in good faith with its neighbors or its own people;

- That, in addition to support for the democratic resistance, the United States will rely on economic, political, and diplomatic measures to address these concerns. In this regard, I am publicly affirming two offers that I have previously made through diplomatic channels in an effort to obtain a peaceful resolution of the conflict. First, we will engage in formal bilateral discussions with the Nicaraguan Government, to commence *simultaneously* with a church-mediated national dialogue in Nicaragua, as has been proposed by the United Nicaraguan Opposition. Second, we will take other positive actions in response to Nicaraguan steps toward meeting our concerns.

In determining how to implement these offers, I will consult with the Congress and will be guided by the observable behavior of the Government of Nicaragua. We will not be satisfied with expressions of intent. But we will respond to changes of behavior in areas such as freedom of the press and religion,

reductions of foreign arms and military personnel, respect for a cease-fire, and cessation of support for insurgents and terrorists.

My request affirms that our actions are consistent with our right to defend ourselves and assist our allies, and are directed toward achieving peace based on the Contadora Document of Objectives and a democratic reconciliation in Nicaragua, all without the use of force by the United States. I do not intend to introduce the armed forces of the United States into combat against the Government of Nicaragua, and I affirm that will not regard approval of my request for assistance as authorizing any such action.

The final undertaking in this request responds to the desire of the Congress to be kept informed about efforts to achieve resolution of the conflict in Central America. I am undertaking to report every ninety days on progress toward a negotiated settlement, as well as on the disbursement of assistance funds and on human rights issues. The continued availability of assistance funds will be contingent upon the receipt by the Congress of these periodic reports.

The Need For This Assistance

Since the beginning of my first Administration, there has been no foreign policy issue more directly affecting United States national interests than the conflict in Central America, for this conflict challenges not only our strategic position but the very principle upon which this Nation is founded. We can be justifiably proud of progress in the region to alleviate and ultimately eliminate the causes of that conflict. With strong support from the United States, freedom and democracy, the fundamental pillars of peace have made dramatic gains. Guatemala, Honduras, and El Salvador have held free and open elections. Costa Rica continues its tradition as a vigorous democratic example. United States economic, political, and military support have strengthened the moderate center in Central America and reversed the tragic polarization on the left and right that threatened to engulf the region in endless violence. As a result, the only president in Central America who wears a military uniform today is Daniel Ortega of Nicaragua. I presides over a repressive regime, armed to the teeth by the Soviets and Cubans, which is the most immediate threat to the progress of its neighbors.

Few now question that the rulers of Nicaragua are deeply committed communists determined to consolidate their totalitarian communist state. Their long, documented record of brutal repression leaves no room for doubt. Nor can there be any dispute that they seek to export their ideology through terrorism and subversion to neighboring countries. Their neighbors' success in offering democracy as a viable alternative for the people of Central America is a major threat to the system they advocate. The Sandinistas have been constrained principally because they have not yet crushed opposition to the

time at home. The struggle of the Nicaraguan democratic resistance for democracy in their own homeland has provided a shield for democratic progress in other Central American countries. But the Sandinistas, with massive Soviet and Cuban military assistance, have clearly made the annihilation of these freedom fighters their number one priority. If they achieve that goal, there will be no remaining obstacle to their efforts to destabilize neighboring states.

Despite this threat to peace, we do not expect that conflagration is inevitable in Central America. The path to peace is clear. The origin of the conflict in Nicaragua is the revolt of the Nicaraguan people themselves against tyranny. A church-mediated dialogue, previous negotiations between the Sandinistas, and the external and internal opposition, including the democratic resistance, is the way to begin. The United States strongly supports such negotiations, and we welcome the efforts of the Latin American nations of the Contadora Group and Support Group to promote national reconciliation talks to resolve the Nicaraguan conflict. We will steadfastly support the Contadora process in its efforts to find a solution in Central America that will be the basis for lasting peace. We will also continue to look for flexibility in the Nicaraguan position and are prepared to respond with appropriate measures to encourage them to come to terms with their own people in a democratic framework. At the same time, we can entertain no illusions that the Sandinistas will enter negotiations on steps to allow legitimate democratic dissent unless democratic forces in Nicaragua can credibly and forcefully assert their right to a voice in Nicaragua's future. The Sandinistas' record of repression of democratic opposition groups leaves little doubt that they will willingly follow such a course. They will never embrace open, democratic norms unless confronted with undeniable demands from steadily growing numbers of Nicaraguans prepared to fight for liberty and for their right to participate in their country's political life.

Our experience with the Sandinistas over the past half year points unmistakably to the need to accompany diplomatic policy with substantial pressure focused on the same objectives. Without power, diplomacy lacks leverage. The Sandinistas will not take meaningful steps toward national reconciliation until they realize that opposition to the consolidation of a Marxist-Leninist regime is strong to be repressed. Approval of this request will enable the United States to be in a position to provide assistance that permits the resistance to conduct sustained operations in Nicaragua and expand their area of operations. The resistance will be able to incorporate more of the thousands of volunteers waiting to join their forces but who cannot be accepted for lack of supplies. They will be able to establish a stronger presence among a larger segment of the Nicaraguan population, thus increasing the pressure on the Sandinistas to enter into dialogue with all opposition elements, and to negotiate seriously in the Contadora process.

The cause of the United States in Nicaragua, as in the rest of Central America, is the cause of freedom and ultimately, our own national security.

The Soviet Union and its satellites understand the great stakes in Nicaragua. The Soviets have already made their decision to support the Sandinistas. Cuba's Castro has already made his decision to support the Sandinistas. Libya's Qadhafi has already made his decision to support the Sandinistas saying, we support them, "... because they are fighting America at its doorstep. Nicaragua means a great thing; it means fighting America near its borders."

Congress must act decisively to prevent an outcome deeply injurious to the security of our Nation.

If the enemies of democracy thousands of miles away understand the strategic importance of Nicaragua, understand that Nicaragua offers the possibility of destabilizing all Central America, of sending a tidal wave of refugees streaming toward our southern border, and of tying down the United States and weakening our ability to meet our commitments overseas, then we Americans must understand that Nicaragua is a foreign policy question of supreme importance which goes to the heart of our country's freedom and future. With its vote, Congress will make its decision.

Those fighting for freedom in Nicaragua deserve and desperately need our help. The humanitarian assistance approved by the Congress in 1985 has proven insufficient. Cuban and Soviet military aid in the form of training and sophisticated hardware have taken their toll. If the Nicaraguan democratic resistance is to continue its struggle, and if peace, democracy, and security in this hemisphere are to be preserved, the United States must provide what is necessary to carry on the fight. If we fail to help friends in need now, then the price we will pay later will be much higher.

Your approval of the request I am transmitting to you will provide the necessary help. I urge the prompt enactment of a joint resolution expressing that approval.

RONALD REAGAN

REQUEST FOR ADDITIONAL AUTHORITY AND ASSISTANCE FOR THE NICARAGUAN DEMOCRATIC RESISTANCE

Pursuant to the provisions of section 722(p) of the International Security and Development Cooperation Act of 1985 (P.L. 99-83) and section 106(a) of chapter V of the Supplemental Appropriations Act, 1985 (P.L. 99-88), I hereby request that the Congress approve additional authority and assistance for the Nicaraguan democratic resistance as follows:

(1) That the sum of \$100,000,000 appropriated by the Department of Defense Appropriations Act, 1986, as contained in P.L. 99-190, shall be available for transfer by the President to appropriations available for assistance

to the Nicaraguan democratic resistance and shall be available for that purpose, subject to the terms and conditions of this request.

(2) That the funds transferred under paragraph (1) will include funds that have been made available for obligation beyond September 30, 1986, as provided by law: *Provided*, That not more than 25 percent shall be available for obligation upon the enactment of a joint resolution approving this request, and an additional 15 percent shall become available upon submission of each report to the Congress required by paragraph (6)(E) of this request, and no obligations may be incurred after September 30, 1987.

(3) That, of the funds transferred under paragraph (1), \$30,000,000 shall be available during the period of availability of those funds for continuation of a program of humanitarian assistance to be administered by the Nicaraguan Humanitarian Assistance Office established by Executive Order 12530, of which at least \$3,000,000 will be used exclusively for strengthening programs and activities of the United Nicaraguan Opposition for the observance and advancement of human rights.

(4) That, notwithstanding the proviso contained in paragraph (2) of this request, in the event of a peaceful settlement of the conflict in Central America during the period that the funds transferred under paragraph (1) are available for obligation, any remaining balance of such funds shall then also be available for purposes of relief, rehabilitation, and reconstruction in Central American countries, including Nicaragua, in accordance with the authority of chapter 4 of part II of the Foreign Assistance Act of 1961.

(5) That the approval by the Congress of this request be deemed to satisfy the requirements, terms, and conditions of section 105(a) of the Intelligence Authorization Act for Fiscal Year 1986 (P.L. 99-169) as well as statutory requirements for the authorization of appropriations (including section 10 of P.L. 91-672, section 502 of the National Security Act of 1947, and section 8109 of the Department of Defense Appropriations Act, 1986), subject to—

(A) all applicable provisions of law and established procedures relating to the oversight by the Congress of operations of departments and agencies; and

(B) the further terms and conditions specified in this request.

(6) That the approval by the Congress of this request be deemed to constitute the acceptance of the following undertakings:

(A) United States policy toward Nicaragua shall be based upon Nicaragua's responsiveness to continuing concerns by the United States and Nicaragua's neighbors about—

(i) Nicaragua's close military and security ties to Cuba, the Soviet Union, and its Warsaw Pact allies, including the presence in Nicaragua of military and security personnel from those countries;

(ii) Nicaragua's buildup of military forces in numbers disproportionate to those of its neighbors and equipped with sophisticated weapons systems and facilities designed to accommodate even more advanced equipment;

(iii) Nicaragua's unlawful support for armed subversion and terrorism directed against the democratically elected governments of other countries;

(iv) Nicaragua's internal repression and lack of opportunity for the exercise of civil and political rights that would allow the people of Nicaragua to have a meaningful voice in determining the policies of their government; and

(v) Nicaragua's refusal to negotiate in good faith for a peaceful resolution of the conflict in Central America based upon the comprehensive implementation of the September 1983 Contadora Document of Objectives and, in particular, its refusal to enter into a church-mediated national dialogue as proposed by the Nicaraguan democratic resistance on March 1, 1985.

(B) The United States will address these concerns through economic, political, and diplomatic measures, as well as through support for the Nicaraguan democratic resistance. In order to assure every opportunity for a peaceful resolution of the conflict, the United States—

(i) will engage in simultaneous bilateral discussions with the Government of Nicaragua with a view toward facilitating progress in achieving a peaceful resolution of the conflict if the Government of Nicaragua engages in a church-mediated national dialogue, as proposed by the United Nicaraguan Opposition; and

(ii) will take other positive actions in response to steps by the Government of Nicaragua toward meeting the concerns described in subparagraph (A).

(C) The duration of bilateral discussions with the Government of Nicaragua and the implementation of additional measures under subparagraph (B) shall be determined, after consultation with the Congress, by reference to Nicaragua's actions in response to the concerns described in subparagraph (A). Particular regard will be paid to whether—

(i) freedom of the press, religion, and assembly are being respected in Nicaragua;

(ii) additional arms and foreign military personnel are no longer being introduced into Nicaragua;

(iii) a cease-fire with the Nicaraguan democratic resistance is being respected; and

(iv) Nicaragua is withholding support for insurgency and terrorism in other countries.

(D) The actions by the United States in response to the concerns described in subparagraph (A), authorized by the approval of this request, are consistent with the right of the United States to defend itself and to assist its allies in accordance with international law and treaties in force. Such actions are directed to achieving a comprehensive and verifiable agreement among the countries of Central America, based upon the 1983 Contadora Document of Objectives and internal reconciliation within Nicaragua, based upon democratic principles, without the use of force by the United States. The approval of this request shall not be construed as authorizing any member or unit of the armed forces of the United States to engage in combat against the Government of Nicaragua.

(E) The President will transmit a report to the Congress within 90 days after the date of approval of this request, and every 90 days thereafter, on actions taken to achieve a resolution of the conflict in Central America in a manner that meets the concerns described in subparagraph (A). Each such report shall include—

(i) a detailed statement of any progress made in reaching a negotiated settlement, including the willingness of the Nicaraguan democratic resistance and the Government of Nicaragua to negotiate a settlement;

(ii) a detailed accounting of the disbursements made to provide assistance with the funds made available pursuant to paragraph (1); and

(iii) a discussion of alleged human rights violations by the Nicaraguan democratic resistance and the Government of Nicaragua, including a statement of the steps taken by the Nicaraguan democratic resistance to remove from their ranks any individuals who have engaged in human rights abuses.

MESSAGE TO THE CONGRESS, MAR. 19, 1986²

Since I transmitted my message to the Congress on February 25 requesting additional assistance for the Nicaraguan democratic resistance, I have heard from many thoughtful Members of Congress, as well as from Latin American leaders and the leaders of the Nicaraguan democratic resistance. Many have raised the question of how the additional authority I have requested could be implemented so as to help persuade the Government of Nicaragua to engage in a serious effort to resolve the conflict in Central America through peaceful means.

I am determined to make every effort to protect our vital interests and achieve peace without further loss of life. That is why on February 10 I proposed simultaneous talks by the Government of Nicaragua—with their opposition and with the United States. That is why on February 25 I affirmed my commitment to direct the additional assistance have requested toward a comprehensive and verifiable agreement among the countries of Central America, based on the Contadora Document of Objectives. And that is why on March 7 I appointed Ambassador Philip Habib as my special envoy for Central America.

On Sunday night, I described to the American people the threat to our security that confronts us in Central America. As I said then, we are still willing to pursue vigorously a diplomatic effort to achieve a lasting peace. Approval of my request for additional assistance to the Nicaraguan democratic resistance does not mean that a military solution is inevitable. It is, however, essential that the Congress act now to approve this assistance if diplomacy is to have a chance. Accordingly, I am providing in this message a further explanation of how I will implement the authority I have requested.



(White House photo by Bill Fitzpatrick)

President Reagan and his special envoy to Central America Ambassador Philip C. Habib.

Peace Proposal Offered to Nicaragua

**WHITE HOUSE STATEMENT,
MAR. 5, 1986¹**

President Duarte's proposal to Daniel Ortega yesterday has created a new opportunity for peace in Central America. We applaud President Duarte's willingness to renew a dialogue with the Nicaraguan-backed guerrillas in El Salvador if the Nicaraguan communists are also willing to begin a dialogue with the democratic resistance in Nicaragua.

President Duarte's offer creates an opportunity to begin simultaneously three parallel sets of talks aimed at peace and national reconciliation throughout Central America. If the Nicaraguan Government responds favorably, we could soon see: 1) a dialogue leading to internal reconciliation and democracy in Nicaragua; 2) talks for bringing an end to the conflict in El Sal-

vador; and 3) the simultaneous resumption of talks between the United States and the Nicaraguan Government.

These three sets of talks offer the best hope of ending the strife and the bloodshed in Central America and creating new possibilities for peace and democratic progress throughout the region. We call upon Mr. Ortega to accept President Duarte's proposal and agree to negotiate with the democratic resistance now. We hope that the eight Contadora and support group nations will enthusiastically support President Duarte's proposal. These three sets of simultaneous talks would provide a great impetus to the Contadora group's efforts to mediate a comprehensive, negotiated settlement of the conflict in Central America.

¹ Text from Weekly Compilation of Presidential Documents of Mar. 10, 1986. ■

(2) I have reported my determination to the Congress; and

(3) Fifteen days have elapsed following my report to the Congress, during which the Congress may take such legislative or other action as it deems appropriate.

Should the conditions described in subparagraph (a) or (b) of paragraph (1) later be achieved, assistance to the Nicaraguan democratic resistance will again be limited to the categories, described above, available during the initial 90 days following approval of my request, for so long as the Government of Nicaragua acts in good faith to maintain those conditions.

In order to keep the Congress fully and currently informed of developments relating to diplomatic efforts to achieve a peaceful resolution of the conflict during the 90 days following approval of my request, I will appoint a special bipartisan commission to report on negotiations, whose reports will be made available to the Congress. This commission shall be composed of individuals, none of whom shall be a Member or employee of the Congress or an officer or employee of the United States, recommended by the Speaker and Minority Leader of the House of Representatives and the Majority and Minority Leaders of the Senate, with a fifth member of the commission to be recommended by the four other commissioners.

This approach represents a sincere effort to achieve peace through negotiations. In order to further this effort, I will make \$2,000,000 of the funds I have requested for assistance to the Nicaraguan democratic resistance available to the Central American

democracies (Costa Rica, El Salvador, Guatemala, and Honduras) to facilitate their participation in regional meetings and negotiations. In addition, I will encourage those countries and the Contadora and Support Group nations to make regular and public reports on the status of negotiations, the likelihood of achieving a comprehensive agreement, progress toward national reconciliation, and the obstacles thereto.

Moreover, the United States will assist all indigenous groups which are committed to work together for democratic national reconciliation in Nicaragua based on the six-party proposal. We will require only that they respect international standards of conduct, refraining from violations of human rights or other criminal acts, and that they work together toward this common goal.

In this regard, the democratic resistance has been broadening its representative base. The United Nicaraguan Opposition (UNO) now includes the largest of the Indian/Creole resistance groups (KISAN), and has forged cooperative relationships with other democratic resistance elements. The UNO has also engaged in constructive discussions with the Southern Opposition Bloc (BOS). And UNO has further strengthened unity by ensuring that all its military forces are responsive to its civilian leadership. We wholeheartedly support these developments and will encourage the democratic opposition to take further steps that will increase its unity and its appeal to the Nicaraguan people. Toward this end, I will reserve not less than \$10,000,000 of the funds I have requested for assistance to resistance forces otherwise eligible and not currently included

If the Congress approves my request I will send my special envoy on an urgent mission to the capitals of the Contadora and Support Group nations. He will ask them to join with us in urging the Government of Nicaragua to initiate a national dialogue with representatives of all elements of the democratic opposition, designed to achieve goals set out in the widely heralded proposal announced by six opposition Nicaraguan political parties on February 7, 1985. Their proposal, which has been endorsed by the Nicaraguan democratic resistance, calls for an immediate cease-fire, an effective general amnesty, abolition of the state of emergency, agreement on a new electoral process and general elections, effective fulfillment of international commitments for democratization, and observance of implementation by relevant international groups and individuals.

President Duarte's additional proposal for simultaneous dialogue with the Salvadoran guerrillas, a proposal endorsed by the Contadora Presidents of Costa Rica, Honduras, and Guatemala, reinforces the importance of an international dialogue in Nicaragua to address the objectives of the six-party proposal of February 7.

In order to give the Government of Nicaragua every reasonable opportunity to respond favorably, and to provide an incentive for a positive response, I will limit the assistance to be provided to the Nicaraguan democratic resistance for 90 days following approval of my request to the following:

- (1) humanitarian assistance, as defined in section 722(g) of P.L. 99-83, including support for programs and activities to strengthen respect for human rights;
- (2) logistics advice and assistance;
- (3) equipment and supplies necessary for defense against air attack;
- (4) support for democratic political and diplomatic activities; and
- (5) training in radio communications, collection and utilization of intelligence, logistics, and small-unit skills and tactics.

Following this 90-day period, additional assistance will be provided to the Nicaraguan democratic resistance only if—

(1) I have determined, after consultation with the Congress,

(a) that the Central American countries have not concluded a comprehensive agreement based on the Contadora Document Objectives;

(b) the Government of Nicaragua is engaged in a serious dialogue with representatives of all elements of the democratic opposition, accompanied by a cease-fire and an effective end to the existing constraints on freedom of speech, assembly, religion; and

(c) there is no reasonable prospect of bringing these developments through further diplomatic measures, multilateral or bilateral, without additional assistance to the Nicaraguan democratic resistance;

within UNO, one-half of which shall be for BOS and one-half shall be for the Indian resistance force Misurasata.

However, no group shall receive assistance from the United States if it retains in its ranks any individual who engages in—

(1) gross violations of human rights (including summary executions, torture, kidnapping, forced recruitment, or other such violations of the integrity of the person); or

(2) drug smuggling, or significant misuse of public or private funds.

There are two other issues, relating to funding, that I ask you to consider.

First, there has been inaccurate public speculation about what additional funds for assistance to the Nicaraguan democratic resistance might be available beyond the \$100 million for fiscal years 1986 and 1987 that I have requested be transferred from amounts already appropriated to the Department of Defense. I want to state unequivocally that I will not augment this \$100 million through the use of CIA or any other funds that have not been approved by the Congress for this purpose.

Second, when I proposed to the Congress a Central America Democracy, Peace, and Development Initiative to implement the recommendations of the National Bipartisan Commission on Central America, I included Nicaragua among the countries that could benefit from this initiative. The Congress accepted my recommendation in enacting a new chapter of the Foreign Assistance Act of 1961. The Congress also authorized in that Act, as the Bipartisan Commission recommended and I requested, the appropriation of the full \$1,200,000,000 in nonmilitary assistance for Central America for fiscal years 1988 and 1989. However, the current

authorization for fiscal year 1987 falls short of this goal. This, combined with appropriations shortfalls from previous years, is an obstacle to timely progress. I will ask the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Office of Management and Budget to develop a plan to overcome the funding shortfalls that have occurred. In addition, I urge the Congress to provide the full amounts of economic assistance I have requested in my budget for fiscal year 1987 so that the necessary long-term commitment urged by the Bipartisan Commission will be fulfilled, and so that the promises of peace and freedom will be realized throughout Central America.

Upon the enactment of a joint resolution approving my request, I shall issue an Executive order to provide for the implementation of the undertakings I have expressed in this message and in my message of February 25. The Secretary of State, or his designee, will be responsible, under my direction, for policy guidance and coordination of United States Government activities under that Executive order.

In conclusion, I must stress that our diplomacy cannot succeed without the demonstrated resolve of the United States to protect its own interests and those of the brave men and women who are fighting for democracy in Central America. The time for decision is now. Your vote on my request will be a fateful one. I need and urge your support on this vital issue.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 3.

²Text from Weekly Compilation of Presidential Documents of Mar. 24, 1986. ■

Honduras Receives U.S. Assistance to Repel Sandinista Attacks

DEPARTMENT STATEMENT.
MAR. 25 1986¹

On March 22, within 48 hours of the House rejection of aid to the Nicaraguan resistance, Sandinista military units crossed into Honduras in what appears to be a large-scale effort to locate and destroy resistance logistic spaces, training centers, and medical facilities which they believed to be in the area.

Contrary to some reports, this does not seem to be a "hot pursuit" operation by the Sandinistas since no resistance units were withdrawing from Nicaragua at the time of the Sandinista attack. Early in the morning of March 23, a large Sandinista military force

reportedly conducted four assaults in the vicinity of a Nicaraguan refugee center located more than 15 kilometers north of the Nicaraguan-Honduran border. These attacks were reportedly repulsed by new resistance student volunteers which were armed that very morning.

By late in the evening on March 23, several Sandinista special counterinsurgency battalions were heavily engaged in Honduras. These units normally have 15-20 Cuban advisers integrated down to the company level. At that point on March 23, one of these battalions attempted to withdraw back into Nicaragua, but their route of exfiltration was evidently blocked by a large resistance column which had moved

back to the border region from Nicaragua. This battle apparently continued throughout the day on March 23 with as many as 1,500 Sandinistas in two task forces participating in the action deep inside Honduras. Throughout the battle on March 23 and 24, the Sandinistas supplied their units inside Honduras with heavy artillery fire, volleys of rocket fire from Soviet-made BM-21 multiple rocket launchers, and MI-8 gunships.

Last night, in response to the arm attack into sovereign Honduran territory, President Azcona formally requested urgent U.S. military assistance, to include assisting in lifting Honduran troops as necessary and other materiel assistance in order to repel and future Sandinista attacks. In response to this request, President Reagan has notified pertinent Members of Congress that he intends to exercise authority under Section 506(a) of the Foreign Assistance Act, in order to provide Honduras with up to \$20 million emergency assistance in the form of materiel, services, and training. The military aid which has been requested includes air defense weapons, conventional ordinance, emergency spare parts and armament for helicopters, and essential training. The use of the President's 506(a) authority responds to the unforeseen emergency which exists in Honduras and will be provided from Department of Defense resources since these emergency requirements cannot be promptly met by other means.

The Secretary of Defense has dispatched Gen. John Galvin, Commander in Chief, U.S. Southern Command, to Honduras to assess the situation and provide up-to-date intelligence and advice to the Honduran Government. Gen. Galvin has been instructed that U.S. military resources are used to provide Honduran troop-lift support to the Honduran Government units that every effort must be made to avoid placing members of the U.S. Armed Forces in situations where imminent involvement in hostilities would be indicated by the circumstances.

As of this morning, there are reports that there are significant numbers of Sandinista casualties, and several Sandinista prisoners have been captured. According to resistance sources, the Sandinista prisoners have indicated that their mission was to

ack what they believed to be a
istance training center, nearly 20
ometers inside Honduras, proceed to
t the Honduran territory after de-
oying resistance supplies and medical
ilities. Both the resistance and Hon-
ran intelligence sources indicate that
forcing attacks by up to four San-
ista battalions can be expected within
next 24 hours. The resistance radio
roadcasted that large numbers of
araguan civilian refugees are in the
a and that they are in desperate
d of food, water, and medical sup-
s.

The President, having notified Con-
ss in accordance with the law, is
ing a formal determination today
horizing the release of the emer-
ey assistance to which I made refer-
e.

Read to news correspondents by State
artment deputy spokesman Charles
man. ■

Captured Weapons Displayed at the State Department

**PRESIDENT'S REMARKS
(EXCERPTS),
MAR. 13, 1986¹**

These captured weapons . . . are proof of
Sandinista crimes against their neigh-
bors and against the people of
Nicaragua . . . These rifles, land mines,
grenade launchers, and other weapons
did not just miraculously appear in the
hands of communists in El Salvador or
the M-19 terrorists in Colombia . . .

. . . Nicaraguan communists are
using their country as a staging area for
aggression against their neighbors,
while totally subjugating their own peo-
ple. Their campaign of internal repres-
sion and external aggression is being
aided and abetted by the Soviet Union,
Cuba, East Germany, Bulgaria, Iran,
Vietnam, Libya, and other radical
states, movements, and organizations.

The fledgling democracies of Central
America cannot be expected to stand

alone against this kind of concerted,
international communist effort. And let's
make no mistake—this nation, too, is
threatened.

If we do not act now to counter this
subversive aggression by helping the
brave men and women of the
Nicaraguan democratic resistance,
Americans will, in the not too distant
future, look to the south and see a
string of anti-American communist dic-
tatorships. And if that happens, it'll do
no good to ask who's to blame. It will
be an irreparable disaster. And that's
why I'm asking the Congress to set
aside partisan politics and act now to
protect our national security by helping
those who want a democratic outcome in
Nicaragua . . .

¹Text from Weekly Compilation of
Presidential Documents of Mar. 17, 1986. ■



(State photo by Walter Booze)

President Reagan addresses guests assembled in the Diplomatic Lobby of the State Department to view a joint Defense Department-State Department display of documents and Nicaraguan-supplied weapons seized in El Salvador. Seated at the right: (front row, left to right) are Napoleon Romero, former high-ranking Salvadoran guerrilla; Alvaro Baldizon, former chief investigator of Nicaragua's Ministry of the Interior; and Teofilo Archibald, Miskito-Creole leader in the United Nicaraguan Opposition (UNO); (back row, left to right) Secretary Shultz; Vice President Bush; and Secretary Weinberger.

March 1986

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

March 1
Vietnam gives the U.S. 49 MIA POW case reports and repeats its promise to repatriate more human remains.

March 5-6
U.S.-Soviet officials meet in Bern to discuss ways to prevent the spread of chemical weapons. Deputy Assistant Secretary Hawes represents the U.S.

March 5
In Rome, Ambassador Nitze addresses the Foreign Affairs Committee of the Italian Chamber of Deputies on the U.S.-Soviet Geneva arms control negotiations.

March 6-20
Deputy Assistant Secretary Wisner travels to Lisbon and southern Africa for talks with government leaders in Zambia, Zimbabwe, Botswana, South Africa, and Mozambique.

March 6
U.S. tables a draft resolution before the UN Human Rights Commission in Geneva that strongly urges the Government of Chile to implement recommendations made by a special UN observer in an effort to end persistent and serious human rights violations.

U.S.-Soviet officials meet in Geneva to discuss issues concerning southern Africa. Assistant Secretary Crocker heads the U.S. delegation.

The second annual U.S.-Japan subcabinet level consultations on foreign policy and foreign aid is held in Washington, D.C. Under Secretary Armacost heads the U.S. delegation.

March 7
President Reagan announces his appointment of Philip C. Habib as U.S. special envoy to Central America to achieve diplomatic solutions to conflicts in the region, especially Nicaragua.

The U.S. orders the Soviet, Ukrainian, and Byelorussian missions to the UN to reduce their personnel over a 2-year period from the current level of 275 to a staffing level of 170 by April 1, 1988. The U.S. is concerned that the unreasonably large size of the Soviet UN missions poses a threat to national security citing continued activities unrelated to UN business, including espionage.

March 9-11
Assistant Secretary Murphy visits Egypt to meet with President Mubarak and other Egyptian officials to discuss matters of bilateral concern.

March 10
The UN Commission on Human Rights adopts two resolutions calling for the immediate withdrawal of foreign troops from Afghanistan and Cambodia. The resolution on Afghanistan is adopted by a vote of 31 (U.S.) to 6, with 5 abstentions. The vote on the Cambodia resolution is 30 (U.S.) to 9, with 2 abstentions.

March 11
The following newly appointed ambassadors present their credentials to President Reagan: Cesar Guillermo Atala Nazzari (Peru); Paaavo Llmari Rantanen (Finland); Dominador Kaiser Bazan Jimenez (Panama); Fernando Illanes de la Riva (Bolivia); Francisco Posada de la Pena (Colombia); and Leandre B. Basole (Burkina Faso).

March 18
Under Secretary Armacost delivers documents seized by U.S. Customs officials to Jovito Salonga, chairman of the Philippine commission investigating the wealth of former President Marcos.

March 19-21
The U.S.-Israeli Joint Political-Military Group meets in Israel to examine the threat to mutual interests posed by an increase of Soviet involvement in the Middle East.

March 20-21
U.S. consults with France, West Germany, and the U.K. to discuss the GATT Agreement on Trade in Civil Aircraft.

March 20
U.S. condemns Iraq for use of chemical weapons in its 6-year war with Iran.

March 21-24
U.S. and Pakistan delegations meet in Islamabad to discuss the post-1987 assistance program. An agreed statement, subject to U.S. congressional approval, is released following the meeting. Under Secretary Schneider heads the U.S. delegation.

March 21
President Reagan meets with UN Secretary General Perez de Cuellar to discuss the U.S. commitment to goals and principles of the UN Charter.

March 27
The Senate approves President Reagan's request for \$100 million to aid the contras fighting the Sandinista Government of Nicaragua. The vote is 53 to 47. On March 20, the House voted 222 to 210 against a similar request.

Secretary Weinberger and Federal Minister of Economics Bangemann of the Federal Republic of Germany sign a memorandum of understanding concerning the participation of German firms, research institutions, and other entities in the SDI research. They also sign a joint understanding of principles regarding industrial, scientific, technological, and security cooperations.

March 31
AID Administrator McPherson announces that an additional \$10 million will go to the U.S. food aid program for Haiti. ■

Current Actions

MULTILATERAL

Arctic

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Buenos Aires July 7, 1981.¹

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Canberra Oct. 27, 1983.¹

Accessions of approval: U.S.S.R., Feb. 24, 1986.

Astronauts

Agreement on the rescue of astronauts, the return of astronauts, and the return of objects launched into outer space. Done at London, Washington, London, and Moscow Apr. 22, 1968. Entered into force Dec. 3, 1968. TIAS 6723.

Accessions deposited: Australia, Mar. 18, 1986.

Commodities—Common Fund

Convention establishing the Common Fund for Commodities, with schedules. Done at Geneva Apr. 27, 1980.¹

Accession deposited: Uruguay, Feb. 13, 1986.

Cultural Property

Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. Done at Paris Nov. 14, 1970. Entered into force Apr. 24, 1972; for the U.S. Dec. 2, 1983. Accessions deposited: Portugal, Dec. 9, 1985; Spain, Jan. 10, 1986.

Environment

Memorandum of understanding concerning a cooperative study of the surface effect ship. Signed at Ottawa, Bonn, London, Washington, Washington, and Paris. Entered into force Feb. 7, 1986.

Accessions deposited: Canada, Nov. 26, 1985; France, Feb. 7, 1986; Federal Republic of Germany, Dec. 6, 1985; Japan, Dec. 19, 1985; U.K., Dec. 10, 1985; U.S., Dec. 23, 1985.

Environmental Modification

Convention on the prohibition of military or other hostile use of environmental modification techniques, with annex. Done at London May 18, 1977. Entered into force Dec. 5, 1978; for the U.S. Jan. 17, 1980.

Accessions deposited: Pakistan, Feb. 27, 1986.

Genocide

Convention on the prevention and punishment of the crime of genocide. Adopted at Geneva Dec. 9, 1948. Entered into force Jan. 12, 1949. TIAS 847. 278 UNTS 277.

Accession deposited: U.S., Feb. 19, 1986.³

Human Rights

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976. 999 UNTS 3.²

International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976. 999 UNTS 171.²

Accessions deposited: Niger, Mar. 7, 1986.

Judicial Procedure

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.²

Extended to: Province of Prince Edward Island, Feb. 12, 1986, by Canada.³

Jute

International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984.

Ratification deposited: Egypt, Feb. 5, 1986.

Maritime Matters

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.²

Accession deposited: Israel, Jan. 16, 1986.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Oct. 12, 1971.¹

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Nov. 15, 1979.¹

Acceptances deposited: Chile, Jan. 21, 1986.

Patents—Microorganisms

Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977.

Entered into force Aug. 19, 1980. TIAS 9768.

Ratification deposited: Italy, Dec. 23, 1985.

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: Federal Republic of Germany, Mar. 12, 1986.

Property—Intellectual

Convention establishing the World Intellectual Property Organization. Done at Stockholm July 14, 1967. Entered into force Apr. 26, 1970; for the U.S. Aug. 25, 1970. TIAS 6932.

Accession deposited: Sierra Leone, Feb. 18, 1986.

Property—Industrial—Classification

Nice agreement concerning the international classification of goods and services for the purposes of the registration of marks of June 15, 1957, as revised. Done at Geneva May 13, 1977. Entered into force Feb. 6,

1979; for the U.S., Feb. 29, 1984.

Notification of ratification: Switzerland, Jan. 22, 1986.

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, 1968. TIAS 6577.

Notification of succession deposited: Tuvalu, Mar. 7, 1986.

Space

Convention on registration of objects launched into outer space. Done at New York Jan. 14, 1975. Entered into force Sept. 15, 1976. TIAS 8480.

Accession deposited: Australia, Mar. 11, 1986.

Ratification deposited: Pakistan, Feb. 27, 1986.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984.

Entered into force provisionally Jan. 1, 1985; definitively Apr. 4, 1985.⁴

Ratification deposited: Mexico, Mar. 14, 1986.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.

Accessions deposited: Jordan, Feb. 19, 1986; Malawi, Mar. 17, 1986.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.

Accessions deposited: Austria, Mar. 6, 1986; India, Feb. 19, 1986.

Ratifications deposited: Belgium, Luxembourg, Feb. 21, 1986.

UNIDO

Constitution of the UN Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979. Entered into force June 21, 1985.

Accessions deposited: Belize, Feb. 27, 1986; Namibia (Council for), Feb. 21, 1986.

Wheat

1983 Protocol for further extension of the wheat trade convention, 1971 (TIAS 7144). Done at Washington Apr. 4, 1983. Entered into force July 1, 1983; definitively for the U.S. Dec. 3, 1985.

Ratification deposited: Brazil, Mar. 10, 1986.

BILATERAL

Bangladesh

Treaty concerning the reciprocal encouragement and protection of investment, with annex, protocol and exchange of notes. Signed at Washington Mar. 12, 1986. Entered into force 30 days after the date of exchange of ratifications.

Barbados

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with exchange of notes. Signed at Bridgetown Dec. 31, 1984. Ratified by the President: Jan. 14, 1986 (with reservation).
Ratifications exchanged: Feb. 28, 1986.
Entered into force: Feb. 28, 1986.

Canada

Agreement extending the agreement of Mar. 11, 1981 (TIAS 10111), regarding the North American Aerospace Defense Command (NORAD). Effected by exchange of notes at Washington Mar. 19, 1986. Entered into force Mar. 19, 1986; effective May 12, 1986.

Chile

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington Feb. 6, 1986. Entered into force Mar. 17, 1986.

China

Agreement amending agreement of Aug. 19, 1983, as amended, relating to trade in cotton, wool, and manmade textiles and textile products. Effected by exchange of notes at Washington Feb. 5 and 12, 1986. Entered into force Feb. 12, 1986.

Colombia

Agreement amending agreement of July 1 and Aug. 11, 1982 (TIAS 10543), as amended, relating to trade in cotton, wool, manmade fiber textiles and textile products. Effected by exchange of letters Feb. 7 and 18, 1986. Entered into force Feb. 18, 1986.

Ecuador

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington Jan. 14, 1986. Entered into force Mar. 10, 1986.

Egypt

Supplementary protocol to the treaty concerning the reciprocal encouragement and protection of investments of Sept. 29, 1982. Signed at Cairo Mar. 11, 1986. Enters into force upon entry into force of treaty.

El Salvador

Agreement for the sale of agricultural commodities. Signed at San Salvador Dec. 20, 1985. Entered into force Feb. 18, 1986.

Finland

Agreement concerning trade in certain steel products, with understanding and related letters. Effected by exchange of letters at Washington Jan. 18, 1985. Entered into force Jan. 18, 1985; effective Oct. 1, 1984.

France

Memorandum of understanding relating to the development of technology-based ventures between small U.S. and French companies. Signed at Washington and Paris Feb. 21 and 25, 1986. Entered into force Feb. 25, 1986.

Federal Republic of Germany

Memorandum of understanding concerning the exchange of Air Force officers. Signed at Bonn and Washington Jan. 15 and Feb. 20, 1986. Entered into force Feb. 20, 1986.

Guatemala

Agreement governing cooperation in mapping, charting, and geodesy. Signed at Washington and Guatemala Feb. 14 and 27, 1986. Entered into force Feb. 27, 1986.

Haiti

Treaty concerning the reciprocal encouragement and protection of investment, with annex and protocol. Signed at Washington Dec. 13, 1983.
Transmitted to the Senate for advice and consent: Mar. 25, 1986 (Treaty Doc. 99-16).

Hong Kong

Agreement amending agreement of June 23, 1982 (TIAS 10420), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Hong Kong Feb. 12 and 17, 1986. Entered into force Feb. 17, 1986; effective Jan. 1, 1986.

Hungary

Agreement extending the air transport agreement of May 30, 1972, as amended and extended (TIAS 7577, 8096, 10704). Effected by exchange of notes at Budapest Jan. 30 and Feb. 11, 1986. Entered into force Feb. 11, 1986; effective Jan. 1, 1986.

Iceland

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 Reykjavik Jan. 7 and Feb. 12, 1986. Entered into force Feb. 12, 1986.

Ivory Coast

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Abidjan Jan. 31, 1986. Entered into force Mar. 10, 1986.

Japan

Agreement concerning trade in certain steel products, with arrangement, agreed minutes and related letter. Effected by exchange of letters at Washington May 14, 1985. Entered into force May 14, 1985; effective Oct. 1, 1984.

Agreement extending the agreement of May 2, 1975, as extended (TIAS 8088), concerning an international observer scheme for whaling operations from land stations in the North Pacific Ocean. Effected by exchange of notes at Tokyo Mar. 18, 1986. Entered into force Mar. 18, 1986.

Korea

Agreement amending agreement of Dec. 1, 1982, (TIAS 10611) as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington Jan. 13 and 21, 1986. Entered into force Jan. 21, 1986.

Maldives

Agreement amending and extending agreement of Sept. 7 and 19, 1984, relating to trade in wool sweaters, with annex. Effected by exchange of letters at Male Jan. 6 and 1, 1986. Entered into force Jan. 14, 1986; effective Sept. 29, 1985.

Morocco

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Rabat Dec. 23, 1985. Entered into force Jan. 21, 1986.

Treaty concerning the encouragement and reciprocal protection of investments, with protocol. Signed at Washington July 22, 1985.
Transmitted to the Senate for advice and consent: Mar. 25, 1986 (Treaty Doc. 99-18).

Nigeria

Agreement concerning the provision of training related to defense articles under the U.S. IMET program. Effected by exchange of notes at Lagos Nov. 19, 1985, and Feb. 26, 1986. Entered into force Feb. 26, 1986.

Oman

Memorandum of understanding relating to storage facilities for U.S. prepositioned petroleum products, with annexes. Signed at Shaw Air Force Base and Muscat July 31 and Sept. 18, 1985. Entered into force Sept. 18, 1985.

Pakistan

Agreement amending agreement of Mar. 9 and 11, 1982, (TIAS 10408) as amended, relating to trade in cotton textiles and textile products. Effected by exchange of letters at Washington Feb. 4 and 6, 1986. Entered into force Feb. 6, 1986.

Panama

Cooperative arrangement for the production of topographic maps of Panama, with annexes. Signed at Washington at Panama Jan. 29, 1986. Entered into force Jan. 29, 1986.

ty concerning the treatment and protec-
of investments, with annex and agreed
ates. Signed at Washington Oct. 27, 1982.
mitted to the Senate for advice and
ent: Mar. 25, 1986 (Treaty Doc. 99-14).

ements amending agreement of Jan. 3,
, relating to trade in cotton, wool, and
made fiber textiles and textile products.
ted by exchanges of letters at Washing-
July 17 and Sept. 26, 1985; and Oct. 24,
and Jan. 23, 1986. Entered into force
26, 1985; and Jan. 23, 1986.

Philippines
ement concerning the provision of docu-
s to Government of the Republic of the
ppines. Effected by exchange of notes at
ington Mar. 15, 1986. Entered into force
15, 1986.

Sao Tome and Principe
ement concerning the provision of train-
lated to defense articles under the U.S.
program. Effected by exchange of
at Libreville and Sao Tome Apr. 2,
and Feb. 26, 1986. Entered into force
26, 1986.

General
y concerning the reciprocal encourage-
and protection of investment, with
and protocol. Signed at Washington
5, 1983.
mitted to the Senate for advice and
nt: Mar. 25, 1986 (Treaty Doc. 99-15).

Belles
ment concerning the provision of train-
lated to defense articles under the U.S.
program. Effected by exchange of
at Victoria Nov. 14, 1985, and Feb. 21,
Entered into force Feb. 21, 1986.

Singapore
ment amending and extending agree-
of Aug. 21, 1981, as amended, relating
le in cotton, wool, and manmade fiber
s and textile products. Effected by
nge of notes at Singapore Feb. 20 and
36. Entered into force Feb. 21, 1986;
ve Jan. 1, 1986.

Africa
ment concerning trade in certain steel
ts, with arrangement and related let-
ffected by exchange of letters at Pre-
nd Washington Jan. 10 and 18, 1985.
d into force Jan. 18, 1985; effective
1984.

Spain
Agreement concerning trade in certain steel
products, with arrangement and related let-
ter. Effected by exchange of letters at
Madrid and Washington Dec. 18, 1984, and
Jan. 18, 1985. Entered into force Jan. 18,
1985; effective Oct. 1, 1984.

Tunisia
Convention for the avoidance of double taxa-
tion and the prevention of fiscal evasion with
respect to taxes on income, with exchange of
notes. Signed at Washington June 17, 1985.
Transmitted to the Senate for advice and
consent: Mar. 13, 1986 (Treaty Doc. 99-13).

Thailand
Treaty on mutual assistance in criminal mat-
ters, with attachments. Signed at Bangkok
Mar. 19, 1986. Enters into force upon the
exchange of instruments of ratification.

Turkey
Treaty concerning the reciprocal encourage-
ment and protection of investments, with pro-
tocol. Signed at Washington Dec. 3, 1985.
Transmitted to the Senate for advice and
consent: Mar. 25, 1986 (Treaty Doc. 99-19).

United Kingdom
Memorandum of understanding on the partici-
pation of the U.K. in the ocean drilling pro-
gram as a regular member, with annex.
Signed at Washington Jan. 13, 1986. Entered
into force Jan. 13, 1986.

Zaire
Treaty concerning the reciprocal encourage-
ment and protection of investment, with
annex and protocol. Signed at Washington
Aug. 3, 1984.
Transmitted to the Senate for advice and
consent: Mar. 25, 1986 (Treaty Doc. 99-17).

¹Not in force.
²Not in force for the U.S.
³With declaration(s) and reservation(s).
⁴In force provisionally for the U.S. ■

Department of State

Press releases may be obtained from the
Office of Press Relations, Department of
State, Washington, D.C. 20520.

No.	Date	Subject
	35	3/3 Shultz: address before the Veterans of Foreign Wars.
*36	3/3	U.S. position on an HDTV standard for the studio and international exchange of programs.
	37	3/4 Shultz: statement before the Subcommittee on Foreign Operations, House Appropriations Committee.
*38	3/12	Paul D. Wolfowitz sworn in as Ambassador to Indonesia (biographic data).
*39	3/12	Gaston Sigur, Jr., sworn in as Assistant Secretary for East Asian and Pacific Affairs (biographic data).
*40	3/13	Shultz: remarks at reception for diplomats, Mar. 7.
	41	3/13 Shultz: statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee.
*42	3/14	Program for the official visit of Canadian Prime Minister Mulroney, Mar. 17-20.
*43	3/14	Shultz: news briefing on the appointment of Ronald Lehman as SALT negotiator.
*44	3/17	Shultz: arrival remarks, Stockholm.
*45	3/17	Shultz: remarks at Soviet Embassy, Stockholm, Mar. 15.
*46	3/17	Shultz: remarks after meeting with Swedish Prime Minister Carlsson, Mar. 15.
*47	3/18	Shultz: remarks at the graduation of diplomatic security agent class, Mar. 14.
*48	3/18	Shultz: luncheon remarks before the Executive Council on Foreign Diplomats, Mar. 17.
*49	3/18	Shultz: luncheon toast in honor of Prime Minister Mulroney.
*50	3/19	Shultz: interview on "CBS Morning News."
	51	3/19 Shultz: statement before the Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, Senate Appropriations Committee.
*52	3/20	Shultz: statement on Afghanistan's New Year.
	53	3/21 Shultz: address before the Stanford University Alumni Association's first international conference, Paris.
*54	3/24	Shultz: question-and-answer session after meeting with President Mitterrand, Paris, Mar. 21.

- *55 3/24 Shultz: remarks before the Turkish Businessmen's Association, Istanbul, Mar. 23.
- *56 3/25 Shultz: luncheon toast, Ankara, Mar. 24.
- 57 3/26 Shultz: dinner toast, Ankara, Mar. 24.
- *58 3/26 Leonard H. Marks appointed head of the U.S. delegation to the World Administrative Radio Conference for the Planning of the HF Bands Allocated to the Broadcasting Service (biographic data).
- *59 3/26 Shultz: remarks after meeting with Prime Minister Chirac, Paris, Mar. 21.
- *60 3/26 Shultz: arrival statement, Ankara, Mar. 24.
- 61 3/27 Shultz: statement on the death of Ambassador Loy Henderson, Mar. 25.
- 62 3/28 Shultz: news conference, Ankara, Mar. 25.
- *63 3/28 Shultz: remarks at U.S. Embassy, Athens, Mar. 26.
- 64 3/28 Shultz: luncheon toast, Athens, Mar. 26.
- *65 3/31 Shultz: arrival remarks, Athens, Mar. 25.
- *66 3/31 Shultz: interview on NBC-TV's "Today Show."
- *67 4/1 Shultz: luncheon remarks in honor of Prime Minister Peres.
- *68 3/31 Shultz: news conference, Rome, Mar. 29.

*Not printed in the BULLETIN. ■

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

- Strengthening American Security, TV address to the nation, Feb. 26, 1986 (Current Policy #798).
- Freedom, Regional Security, and Global Peace, message to the Congress, Mar. 14, 1986 (Special Report #143).
- Central America and U.S. Security, TV address to the nation, Mar. 16, 1986 (Current Policy #805).

Secretary Shultz

- Enhancing Diplomatic Security, Senate Foreign Relations Committee, Feb. 4, 1986 (Current Policy #788).
- Foreign Policy Challenges, House Foreign Affairs Committee, Feb. 5, 1986 (Current Policy #790).

- International Affairs: FY 1987 Budget, Senate Budget Committee, Feb. 19, 1986 (Current Policy #795).
 - Nicaragua: Will Democracy Prevail? Senate Foreign Relations Committee, Feb. 27, 1986 (Current Policy #797).
 - Nicaragua and the Future of Central America, Veterans of Foreign Wars, Mar. 3, 1986 (Current Policy #801).
 - The Shape, Scope, and Consequences of the Age of Information, Stanford University Alumni Asso.'s first international conference, Paris, Mar. 21, 1986 (Current Policy #811).
- Africa**
- U.S. Wants an End to Apartheid, Deputy Assistant Secretary Robertson, International Conference Against Apartheid, Ebenezer Baptist Church, Atlanta, Jan. 19, 1986 (Current Policy #787).
 - Promoting Positive Change in Southern Africa, Under Secretary Armacost, Carleton College, Northfield, Minn., Jan. 24, 1986 (Current Policy #789).
 - The U.S. and Angola, Assistant Secretary Crocker, Senate Foreign Relations Committee, Feb. 18, 1986 (Current Policy #796).
 - A Review of Recent Events in South Africa, Assistant Secretary Crocker, Subcommittees on Africa and on International Economic Policy and Trade, House Foreign Affairs Committee, Mar. 12, 1986 (Current Policy #806).
 - The Horn of Africa: U.S. Policy (GIST, Feb. 1986).
 - U.S.-Supported Human Rights Program in South Africa (GIST, Feb. 1986).

Arms Control

- The Stockholm Conference and East-West Relations, Ambassador Barry, Royal Institute for International Affairs, London, Feb. 4, 1986 (Current Policy #793).
- U.S. Strategic Force Structures: The Challenge Ahead, Ambassador Nitze, American Institute of Aeronautics and Astronautics Strategic Systems Conference, Monterey, Feb. 4, 1986 (Current Policy #794).
- Negotiations on Nuclear and Space Arms, Ambassador Nitze, Foreign Service Institute symposium, Arlington, Mar. 13, 1986 (Current Policy #807).
- The Promise of SDI, Ambassador Nitze, American Defense Preparedness Asso., Mar. 18, 1986 (Current Policy #810).

Department and Foreign Service

- Diplomacy, the Foreign Service, and the Department of State, Under Secretary Spiers, Committee on Foreign Affairs, Boston, Feb. 26, 1986 (Current Policy #800).

Economics

- Commodity Markets and Commodity Agreements, Under Secretary Wallis, National Coffee Asso., Boca Raton, Feb. 11, 1986 (Current Policy #791).

- Structural Adjustment and the Trading System: Europe's Role, Under Secretary Wallis, Chamber of Commerce, London, Mar. 7, 1986 (Current Policy #804).
- Protectionism (GIST, Feb. 1986).
- Multinational Corporations (GIST, Mar. 1986).
- Textile Import Control Program (GIST, Mar. 1986).

Environment

- International Cooperation to Protect the Ozone Layer, Deputy Assistant Secretary Benedick, U.S. Workshop on Protecting Ozone Layer, Mar. 6, 1986, and Assistant Secretary Negroponte, Senate Foreign Relations Committee, Mar. 18, 1986 (Current Policy #808).

Europe

- Implementation of Helsinki Final Act, 19th Semiannual Report, April 1-October 1, 1986 (Special Report #134).
- Bern Experts Meeting on Human Contacts (GIST, Mar. 1986).

Food

- World Food Security (GIST, Mar. 1986).

Middle East

- Review of Developments in the Middle East, Assistant Secretary Murphy, Subcommittee on Europe and the Middle East, House Foreign Affairs Committee, Jan. 28, 1986 (Current Policy #786).

Narcotics

- The Drug Problem: Americans Arrested Abroad (GIST, Mar. 1986).

South Asia

- Soviet Influence on Afghan Youth, Feb. 1986 (Special Report #139).

United Nations

- Ethiopia: The UN's Role, Assistant Secretary Keyes, Senate Foreign Relations Committee, Mar. 6, 1986 (Current Policy #803).
- 40th Anniversary of the United Nations, Mar. 1986 (Bulletin Reprint).

Western Hemisphere

- Drug Wars: The New Alliances Against Traffickers and Terrorists, Assistant Secretary Abrams, Council on Foreign Relations, New York City, Feb. 10, 1986 (Current Policy #792).
- CBI and the U.S. National Interest, Assistant Secretary Abrams, Subcommittee on Oversight, House Ways and Means Committee, Feb. 25, 1986 (Current Policy #799).
- Permanent Dictatorship in Nicaragua?, Assistant Secretary Abrams, Subcommittee on Western Hemisphere Affairs, House Foreign Affairs Committee, Mar. 5, 1986 (Current Policy #802).
- U.S. Assistance to Haiti, Feb. 1986 (Special Report #141).
- Documents on the Nicaraguan Resistance: Leaders, Military Personnel, and Program, Feb. 1986 (Special Report #142).
- U.S.-Argentina Relations (GIST, Mar. 1986). ■

Current Documents, 1983 Released

The Department of State on April 7, 1986, released *American Foreign Policy: Current Documents, 1983*. The book is the most recent volume in an ongoing Department of State series.

Like earlier volumes in the series, this book presents official public expressions of policy that best set forth the goals and objectives of U.S. foreign policy. Included are the texts of major official messages, addresses, statements, interviews, press conferences and briefings, reports, congressional testimony, and communications by the White House, the Department of State, and other Federal agencies or officials involved in the foreign policy process. This volume contains 1,477 pages arranged chronologically within 15 geographic and topical chapters and includes a list of documents, editorial notations, maps, a list of names and abbreviations, and an index.

The volume covers the third year of the Reagan Administration. It presents major statements by President Reagan, the Secretary of State, and other government leaders setting forth the most important general principles of American foreign policy in 1983. Policy elements are included on national security policy (including the announcement and promotion of the Strategic Defense Initiative), arms control, foreign economic policy (including the Williamsburg economic summit), terrorism, the role of the United States in the United Nations, the approach to human rights and the world, the concern with refugees, and the law of the sea. The volume also presents expressions of U.S. policy on Lebanon, Central America, U.S. military involvement in Canada, the Soviet Union's destruction of the Korean Air Lines plane, and other regional and bilateral aspects of American foreign relations in 1983.

The *American Foreign Policy* elementary series began in 1950. Following the publication of three volumes covering the 1941-55 years, annual volumes entitled *American Foreign Policy: Current Documents* were issued for the years 1956-67. After an interruption, the series was resumed with the publication in August 1983 of *American Foreign Policy: Basic Documents, 1956-1980*. The annual volumes were

revived with the publication of *American Foreign Policy: Current Documents, 1981* and *American Foreign Policy: Current Documents, 1982*. It is the Department's intention to publish the annual volumes for 1984 and 1985 this year.

Press release 71. ■

Background Notes

This series provides brief, factual summaries of the people, history, government, economy, and foreign relations of about 170 countries (excluding the United States) and of selected international organizations. Recent revisions are:

Algeria (Oct. 1985)
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Gabon (Sept. 1985)
Mexico (Dec. 1985)
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Uruguay (Dec. 1985)
Western Samoa (Dec. 1985)
Yugoslavia (Oct. 1985)
Index (Dec. 1985)

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Employees of Diplomatic Missions

This quarterly publication lists the names and addresses of employees of foreign diplomatic representatives in Washington, D.C., who are not included in the Diplomatic List. Annual subscription—\$9.50 domestic; \$11.90 foreign. Single copy—\$4.50 domestic; \$5.65 foreign.

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6/2111

**Department
of State**
bulletin

Official Monthly Record of United States Foreign Policy / Volume 86 / Number 2111

June 1986

Libya/1

Vice President/27

Economics/27

Europe/60

Department of State bulletin

Volume 86/Number 2111/June 1986

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

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

The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through March 31, 1987.

NOTE: Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

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Department of State BULLETIN (ISSN 0041-7618) is published monthly (plus annual index) by the Department of State, 2201 C Street NW, Washington, D.C. 20520. Second-class postage paid at Washington, D.C., and additional mailing offices. POSTMASTER: Send address changes to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

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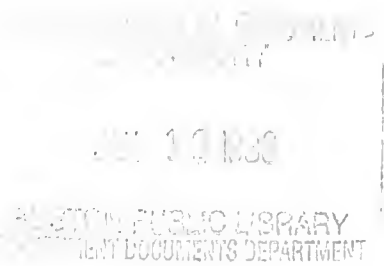
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President Reagan addresses the nation on television, April 11, 1986, on the U.S. air strike against Libya.

J.S. Exercises Right of Self-Defense Against Libyan Terrorism

WHITE HOUSE STATEMENT,
APRIL 14, 1986¹

U.S. military forces this evening have executed a series of carefully planned strikes against terrorist-related targets in Libya. These strikes have been completed, and our aircraft are returning.

Libya bears direct responsibility for the bombing in West Berlin on April 5 that resulted in the death of Army Sergeant Kenneth Ford and injury to a number of American servicemen and others. In light of this reprehensible act of violence and clear evidence that Libya is planning future attacks, the United States has chosen to exercise its right of self-defense. It is our hope that this action will preempt and discourage Libyan attacks against innocent civilians in the future.

U.S. forces struck targets that were part of Qadhafi's terrorist infrastructure—the command and control systems, intelligence, communications, logistics, and training facilities. These are sites which allow Qadhafi to perpetrate terrorist acts.

In addition to the strikes at terrorist centers, the President also authorized limited defense suppression missions in order to defend our own forces engaged in this mission. Every effort was made to avoid civilian casualties and limit collateral damage and to avoid casualties to those American servicemen who are participating.

PRESIDENT'S ADDRESS
TO THE NATION,
APRIL 14, 1986¹

My fellow Americans, at 7:00 this evening, eastern time, air and naval forces of the United States launched a series of strikes against the headquarters, terrorist facilities, and military assets that support Muammar Qadhafi's subversive activities. The attacks were concentrated and carefully targeted to

minimize casualties among the Libyan people, with whom we have no quarrel.

From initial reports, our forces have succeeded in their mission. Several weeks ago in New Orleans, I warned Colonel Qadhafi we would hold his regime accountable for any new terrorist attacks launched against American citizens. More recently, I made it clear we would respond as soon as we determined conclusively who was responsible for such attacks.

On April 5 in West Berlin, a terrorist bomb exploded in a nightclub frequented by American servicemen. Sgt. Kenneth Ford and a young Turkish woman were killed, and 230 others were wounded, among them some 50 American military personnel.

This monstrous brutality is but the latest act in Colonel Qadhafi's reign of terror. The evidence is now conclusive that the terrorist bombing of LaBelle discotheque was planned and executed under the direct orders of the Libyan regime. On March 25, more than a week before the attack, orders were sent from Tripoli to the Libyan People's Bureau in East Berlin to conduct a terrorist attack against Americans to cause maximum and indiscriminate casualties. Libya's agents then planted the bomb. On April 4, the People's Bureau alerted Tripoli that the attack would be carried out the following morning. The next day, they reported back to Tripoli on the great success of their mission.

Our evidence is direct; it is precise; it is irrefutable. We have solid evidence about other attacks Qadhafi has planned against the U.S. installations and diplomats and even American tourists.

Thanks to close cooperation with our friends, some of these have been prevented. With the help of French authorities, we recently aborted one such attack—a planned massacre, using grenades and small arms, of civilians waiting in line for visas at an American Embassy.

Colonel Qadhafi is not only an enemy of the United States. His record of subversion and aggression against the neighboring states in Africa is well documented and well known. He has ordered the murder of fellow Libyans in countless countries. He has sanctioned acts of terror in Africa, Europe, and the Middle East, as well as the Western Hemisphere.

Today, we have done what we had to do. If necessary, we shall do it again. It gives me no pleasure to say that, and I wish it were otherwise.

Before Qadhafi seized power in 1969, the people of Libya had been friends of the United States. And I'm sure that today most Libyans are ashamed and disgusted that this man has made their country a synonym for barbarism around the world. The Libyan people are decent people caught in the grip of a tyrant.

To our friends and allies in Europe who cooperated in today's mission, I would only say you have the permanent gratitude of the American people. Europeans who remember history understand better than most that there is no security, no safety in the appeasement of evil. It must be the core of Western policy that there be no sanctuary for terror, and to sustain such a policy, free men and free nations must unite and work together.

Sometimes it is said that by imposing sanctions against Colonel Qadhafi or by striking at his terrorist installations, we only magnify the man's importance—that the proper way to deal with him is to ignore him. I do not agree. Long before I came into this office, Colonel Qadhafi had engaged in acts of international terror—acts that put him outside the company of civilized men. For years, however, he suffered no economic or political or military sanction, and the atrocities mounted in number, as did the innocent dead and wounded. And for us to ignore by inaction the slaughter of American civilians and

American soldiers, whether in night-clubs or airline terminals, is simply not in the American tradition. When our citizens are abused or attacked anywhere in the world on the direct orders of a hostile regime, we will respond so long as I'm in this Oval Office. Self-defense is not only our right, it is our duty. It is the purpose behind the mission undertaken tonight—a mission fully consistent with Article 51 of the UN Charter.

We believe that this preemptive action against terrorist installations will not only diminish Colonel Qadhafi's capacity to export terror, it will provide him with incentives and reasons to alter

his criminal behavior. I have no illusion that tonight's action will ring down the curtain on Qadhafi's reign of terror. But this mission, violent though it was, can bring closer a safer and more secure world for decent men and women. We will persevere.

This afternoon, we consulted with the leaders of Congress regarding what we were about to do and why. Tonight, I salute the skill and professionalism of the men and women of our armed forces who carried out this mission. It's an honor to be your Commander in Chief.

We Americans are slow to anger. We always seek peaceful avenues before resorting to the use of force—and we

did. We tried quiet diplomacy, public condemnation, economic sanctions, and demonstrations of military force. None succeeded. Despite our repeated warnings, Qadhafi continued his reckless policy of intimidation, his relentless pursuit of terror. He counted on America to be passive. He counted wrong.

I warned that there should be no place on earth where terrorists can rear and train and practice their deadly skills. I meant it. I said that we would act with others, if possible, and alone, necessary, to ensure that terrorists have no sanctuary anywhere. Tonight, we have.



On April 9, President Reagan participates with top advisers in an Oval Office briefing by Admiral William J. Crowe, Chairman of the Joint Chiefs of Staff, on plans for the Libyan operation. Clockwise from the President are: Secretary of State Shultz; Treasury Secretary Baker; Deputy Defense Secretary Taft; Admiral Crowe; Donald Fortier, Deputy Assistant to the President for National Security Affairs; CIA Director Casey; Chief of Staff Regan; and Attorney General Meese.



On April 14, hours before the Libyan maneuvers, President Reagan holds an Oval Office conference with national security adviser John Poindexter (right), Defense Secretary Weinberger, and Chief of Staff Regan (left).



President Reagan addresses a point raised by Congressman Dante Fascell (far left) at the conclusion of an April 14 afternoon meeting with House and Senate leaders in the Old Executive Office Building regarding plans for the Libyan operation. Senators Richard Lugar (center left), Robert Dole (center), and Robert Byrd (seated) look on.

JOINT NEWS CONFERENCE
BY SECRETARY SHULTZ
AND SECRETARY WEINBERGER,
APR. 14, 1986²

Secretary Shultz. The President has just described an act of self-defense on the part of the United States. The action was proportionate to the sustained, clear, continuing, and widespread use of terror against Americans and others by Qadhafi's Libya.

As the President said, we must remember—and of course Europeans particularly remember—that tolerance or appeasement of aggression has historically brought more aggression.

In Qadhafi's case, what we have seen over a period of years, and escalating in recent months, is a continuing increase in the use of terror. So this is not a question of something that we have done being countered by something he has done, and so on. It has been an escalation by Qadhafi that has called forward this act of self-defense on the part of the United States.

So under these circumstances, the President decided that it was time to act, and he did. Secretary Weinberger will describe precisely what the action was.

Secretary Weinberger. At about 7:00 p.m. eastern time, elements—medium units—of the Third Air Force attacked targets in the western Libyan zone and at the same time A-6s from the *America* and the *Coral Sea* attacked targets in the eastern Libyan zone as listed here [indicating chart].

The targets of the western zone were the military airport near Tripoli; the Aziziyah barracks, which are a command-to-control headquarters of the Libyan terrorist activities; and Sidi Bilal which is a training area, including a maritime diver training unit for terrorists, in the west.

In the east, the Jamahiriya barracks, which is an alternate command post from the Aziziyah barracks, was also attacked and the Benina Air Base from which defensive, suppressive activities and air defense would be mounted was attacked.

We used a combination of 500-pound and 2,000-pound laser-guided weapons and precision-guided delayed gravity

bombs. All of the Navy planes have returned without casualty. All of the F-111s, with one exception, have been accounted for and are returning. There is one that is not accounted for at this time. They will recover to their home bases somewhere in the neighborhood of about 2:00 a.m. eastern time.

The bomb damage assessment at the moment is limited, and we've not had full reports, but we do know that at Benina Air Base the base was closed. They were unable to launch any aircraft. They had no lights, no radar, no communication as a result of the attack.

We will have very full reports of the attack as the F-111s return to their bases in the early morning, and we will have more precise bomb damage assessments at that time.

The attack was carried out precisely as planned, and it was, as the President said, evidence of very great skill, both navigational as well as the organization of the attack which was a difficult one from the professional point of view and done with great effectiveness; we should have the full reports of the bomb damage assessment at that time. All the targets were terrorist-related and the criteria for selecting the targets was that they had a full terrorist connection; that we would minimize any collateral damage from civilian or other facilities nearby; that we would have full consideration for the safety of the pilots as a major consideration; and that they would be good night targets in the sense that they had good outlines that could be reflected on the radar and not mistaken for other targets.

Q. Was there an effort to get Qadhafi personally?

Secretary Weinberger. No, there was not.

Q. There were reports that some of his family had been injured.

Secretary Weinberger. We don't know anything about those reports. They're from the Libyan radio.

Q. How many do you think were killed?

Secretary Weinberger. We have no idea that we killed anybody.

Q. Do you believe that that F-111 was knocked down?

Secretary Weinberger. We don't have any indication of the fact at all. It's simply not accounted for at this time.

Q. [Inaudible] get shot down. What other explanation could there be for not—

Secretary Weinberger. There are any one of a number of explanations. It could have radio trouble. It could be going to another base because of the radio trouble. It could have had an internal problem, an internal explosion. But there's no indication that it went down or it was the victim of any enemy fire or anything of the kind.

Q. There was also a report that you hit part of the French Embassy in Libya. Do you know anything about that report?

Secretary Weinberger. That would be, I think, virtually impossible.

Q. Did Mrs. Thatcher approve the F-111s taking off from British soil?

Secretary Weinberger. Yes, permission was granted.

Q. Could you tell us when the decision was made to proceed with this operation?

Secretary Weinberger. Over a considerable period of time, as the evidence mounted and as the discussions were held.

Q. Could you give us the number of aircraft involved?

Secretary Weinberger. Yes. There were about 18 F-111s initially that were planned for; there were about 15 A-6s and 7s and supporting aircraft; in addition to that, in the form of tankers, the E2-Cs, the fighter cover, and various other missions that were flown at the same time—a very considerable number. I don't have the exact total.

This is the route [indicating map] that was followed by the F-111s from the bases in England, at Mendenhall and Lakenheath and Upper Heyford, and the tankers followed along down there and they went through that. There was a total of about 2,800 nautical miles.

Q. Can you say if there was any permanent damage intended or likely to be inflicted by this, or is this really just a temporary—

Secretary Weinberger. Not on this scale. There was certainly no slight suggestion that it was any gesture of any kind. It was intended to do exactly as Secretary Shultz and the President said.

Q. Was the Soviet Union informed?

Secretary Weinberger. They were informed. George, do you want to have a little time?

Secretary Shultz. The Soviet Union was told that we had conclusive evidence of Libyan involvement in terrorist activity, including the Berlin bombing.

At the time of the military operation, that is, as it was taking place, the Soviet Charge here—the senior Soviet in Washington—was called in and told of the operation. He was told why, he was told of our evidence, and he was told that this action was directed against Libyan terrorism and was in no way directed against the Soviet Union.

Q. Do you think this settles the score with Libya? To what extent do you think this settles the score with Libya?

Secretary Shultz. It's not a question of settling scores. It's a question of acting against terrorism; of saying to terrorists that the acts they perpetrate will cost them. If you raise the cost, you do something that should eventually act as a deterrent. That is the primary objective, to defend ourselves both in the immediate sense and prospectively.

Q. What steps have been taken now in the wake of this attack in order to increase the security around U.S. Embassies abroad, especially in the Middle East?

Secretary Shultz. All of our Embassies are on alert, of course. We have reports and indications, quite substantial evidence, of Libyan efforts to attack—varying degrees of certainty on the evidence—up to 30 of our Embassies. When I say that Qadhafi's planning is widespread, the evidence is quite clear that it is.

Q. The recent planning?

Secretary Shultz. Yes, absolutely.
Secretary Weinberger. I would add that the military installations around the world are also on full alert for terrorist attacks of any kind from any quarter.

Q. If we have such good evidence, and if we have such good intelligence about this, particularly what the spokesman and the President said might, why were we unable to stop that Berlin attack if we knew one had been ordered the day before?

Secretary Shultz. We knew that they had ordered an attack in Berlin. Berlin's a big place. And we were in the process of trying to track down, and I think—in Berlin and in other places, through the intelligence we collected, through the cooperation with other countries and their intelligence, we have been able to abort and stop a number of terrorist acts. In this case, we were not able to identify the particular disco and the people cleaned out in time.

Secretary Weinberger. We were within 15 minutes, according to General Rogers [Gen. Bernard W. Rogers, Commander in Chief, U.S. European Command], of getting notifications with respect to this particular installation as to the fact that it was potentially a dangerous area.

Q. In light of the Syrian Government's pledge to back the Libyan Government in this crisis, are we now on the alert for any Syrian-sponsored acts of terrorism directed against the United States?

Secretary Shultz. We are on the alert for any acts of terrorism against the United States, and, of course we have a collaborative pattern with other countries. We're as concerned about terrorism against others as we are about ourselves.

Q. You indicated that we now have evidence that the Libyans were planning some terrorist attacks against up to 30 U.S. Embassy or diplomatic facilities.

Secretary Shultz. That's right.

Q. Do we have any evidence of Syrian planning to attack or to launch terrorist attacks on Americans or American facilities?

Secretary Shultz. I have nothing but I'm prepared to talk about on that score at all. On the other hand, Syria made the statement that you quoted; what that will turn out to mean remains to be seen.

Q. Why do we stand alone among the allies, with the exception of Margaret Thatcher, apparently? Why did the European Community caution us against retaliating? What more evidence [inaudible]?

Secretary Shultz. With respect to our allies, we have a variety of opinions, and I would have to say, having talked with a great many of them recently, opinions vary within those governments. I think in general what we see is a shift in the direction of seeing very clearly what Qadhafi is, what he is doing, and gradually more and more coming to the conclusion that something needs to be done about it.

Today the European Community Foreign Ministers met. They were not apprised of what we were going to do, although some of those governments were aware of our plans—obviously, the British—and they stepped up, in effect, their attitude of condemnation of Libya. They singled Libya out by name.

So there is movement. But, as you say, they do not yet share our conviction that action of this kind is necessary.

Q. Was there a Soviet response from the charge here or from any other quarter?

Secretary Shultz. Other countries will have to speak for themselves, including the Soviet Union.

Q. Looking at the routes followed by the aircraft, is that due to evasive action or is that to avoid flying over the soil of allies that might—

Secretary Weinberger. Obviously, if we had permission to fly a direct route, we would have not subjected the pilots to quite such a long flight. But given the available routes that we had, we left England and we reached Libya. But it would have been, obviously from an operational point of view, less risk to the pilots and a quicker time than it took to go the 2,800 nautical miles to get in there. When a route of that kind is chosen, you also try to do as much as you can by changes of altitude, and so on, to have the maximum evasiveness.

Q. 2,800 miles is an awfully long flight.

Secretary Weinberger. It is a very long flight.

Q. How could—if you had had permission to overfly—for overflights on that other—on other countries' soil? How short [inaudible]—

Secretary Weinberger. We'd probably saved maybe close to 1,200 nautical miles.

Q. [Inaudible].

Secretary Weinberger. 1,200 down and 1,200 back.

Q. What's the range of an F-111?

Secretary Weinberger. It's refueled. Its range is virtually unlimited as long as you can refuel it, and they were refueled many times.

Q. Was permission sought, for example, from France and denied?

Secretary Weinberger. I think that's a fair description.

Q. Other countries as well?

Secretary Weinberger. No. That was what was the—that would have been the direct route.

Q. The President cited, for example, that the French assisted in uncovering—

Secretary Weinberger. That was an earlier case. They did, indeed.

Q. What if this does not deter Qadhafi and terrorism continues? What then?

Secretary Weinberger. That gets us into the hypotheticals, and, as you know, I try not to deal with those. The President, I think, made it very clear that he didn't feel that this would necessarily, automatically spell the end of terrorism. But I think it will send an unmistakable signal, and I think it will go very far toward deterring future acts. As the President said, we're prepared to take other action if it does not.

Q. You are the one who said that this was not a ratcheting up, or words to that effect, but a response in self-defense. But what if Qadhafi strikes back? Do we not then have to ratchet up our military response?

Secretary Shultz. We will take the action that is wise as we see the situation unfold. What is clear tonight is that the United States will take military action under certain circumstances. That's established. That's very important. Now, the situation will unfold, and we'll see where we go from there.



President Reagan walks along the colonnade to the Oval Office on April 15, the morning after the Libyan incident.

Q. How much operational damage, though, did this do to Qadhafi and his terrorist operation? I mean, how long does this put him out of business? What I guess I'm asking is, is it operational damage or a psychological blow that you're hoping to strike?

Secretary Shultz. Of course, we don't have any real damage assessment as yet, and we will get that, and we know more precisely what happened. But we seek to reduce his capability for carrying on terrorist acts and, I'm sure to some degree that was done. We also have registered the point with him and with other Libyans that they will pay a price; that there is a cost to engaging in terrorism around the world. So they know that.

Q. Did Mrs. Thatcher give unqualified support, or did she set limits on what she was prepared to allow these planes to—

Secretary Weinberger. No. Mrs. Thatcher had, obviously, many questions and concerns, and they were expressed. A response was made to them and permission was given to do what was desired.

Q. There are additional reports that the French Embassy has been hit in Tripoli.

Secretary Weinberger. That I don't think is—could be accurate reports, because of the nature of the targets and the nature of the ordnance used.

**“THE TODAY SHOW”
INTERVIEW WITH
SECRETARY SHULTZ,
APR. 15, 1986³**

Q. Let me talk about what we just heard in that report from Steve Delaney. Was there any strategic value to that residential neighborhood?

A. The attacks were conducted against two military airports, against two barracks areas where Qadhafi's immediate guard was stationed, and against a terrorist training facility. And insofar as exactly what has happened, we are still in the process of assessing damage, and I can't comment in any detail about it. But the entire operation was designed to hit terrorists and terrorist support targets.

(White House photo by Bill Fitz-Patrick)

Q. Let me, if I might, spend some time talking about that F-111. Is it still unaccounted for this morning as we speak?

A. That is the information that I have. It is unaccounted for.

Q. Are you now inclined to believe that it's lost?

A. I think it's up to the Pentagon to comment on that, and what they've said so far is that it is unaccounted for.

Q. If it has not surfaced by now—12 hours after the attack—what other options are there?

A. I will ask the Pentagon to make those statements about their aircraft.

Q. What can you tell us about the level of damage inflicted by the attack in the areas you targeted?

A. I don't have a lot of information on the extent of damage as we are contacting our own intelligence. Obviously there are reports on television and from the local area, and we hear those.

Q. The targets were military, as you noted, as the President noted. What—

A. Military terrorists. Terrorists and terrorist support infrastructure.

Q. Okay, why didn't we go after Qadhafi himself?

A. We are not trying to go after Qadhafi as such, although we think he is a ruler that is better out of his country. We tried to hit directly on the terrorist support targets, on the terrorist training camps, and on the guard around Qadhafi.

Q. In that effort it would seem that America, in this case, very much did it alone. Are you this morning disappointed, frustrated, upset that we didn't get more of a show of support from our allies?

A. Of course, part of the force took off from the U.K. with permission from the British. I was gratified to see the very strong supporting statement made by Sir Geoffrey Howe, the Foreign Minister of the U.K. It was also interesting, although the European Foreign Ministers yesterday cautioned restraint, they nevertheless have seemed to step up their concern about what's going on in Libya. So people are

gradually seeing the true nature of this menace that Qadhafi and his terrorist tactics are to the free world.

Q. But specifically the lack of cooperation we got from the French. They added to the mileage of the trip and this comes on the heels, after a week of tough talk by the new Foreign Minister, Jacques Chirac. Are you disappointed?

A. We certainly would have preferred to have that overflight right, but as far as the French view of the matter is concerned, obviously it is for the French to say.

Q. Do you understand or empathize with those Europeans who are reluctant to be as aggressive in their stance towards Qadhafi?

A. No one likes to be aggressive. We certainly don't. And you have to take a balance, and in this case it seemed to us and seemed to the President that the weight on the balance was very clear. Here you have Qadhafi, not only responsible for the bombing of the disco in Berlin, where over 200 people were injured and two killed, but a man who has been proceeding through a long series of terrorist activities, including such broad matters as mining the Red Sea. So this man is a menace, and at some point you have to say, enough. He has to start paying some price for these terrorist outrages.

Q. I don't think anyone questions that. The action was one of self-defense. As a byproduct of that action, what do you think Muammer Qadhafi's image is this morning? Has it been enhanced, or has it been tarnished?

A. It has been shown that he and the people around him will pay a price for their terrorist activities, and that we hope will give him some pause and give others some pause as they undertake these terrorist actions around the world, of which we see all too many.

Q. Senator Dole said that once you've struck down this road, there's no turning back. And a lot of folks this morning are voicing concern that we've now chosen to proceed down a road of escalation that has no end. Is that true?

A. Of course the fact of the matter is that Qadhafi's activities and terrorism in general has been increasing. That is a road that the terrorists have been going down. They've been going down it while we have raised objections, while we have gone around and conducted diplomatic efforts to do something about it. We have put on economic sanctions; we've done a whole variety of things to stop this escalating trend. And the trend was punctuated by the terrorist murders, in effect, in the disco in Berlin. So this is not a matter of escalation on our part; it is a matter of trying to put a stop to the escalation that's been taking place.

Q. I guess what I'm asking is, okay, this was a justified response, this was a proportionate response. With increasing attacks, will we continue to strike back in proportion or will we escalate?

A. As the President said, if we must, we'll do it again. I just rely on what the President said in his speech last night.

Q. Qadhafi has always said that if you have evidence against me, publish it.

A. Yes.

Q. Will the public ever get to see this evidence that last night the President characterized as precise and irrefutable?

A. We have shown that evidence to Members of Congress, and I believe that they are satisfied that the President is completely justified in his statements.

Q. So as a final note, what's your greatest concern this morning? What potential aftershock most concerns Secretary Shultz?

A. Of course, what we want to see is an end to this terrorist activity, and we hope that this move will on the one hand shock people into seeing how serious it is and on the other bring about its diminution and a rallying of people. To that end, we have, of course, filed at the United Nations today early this morning our report on this self-defensive measure against terrorism, and we'll be carrying that ball in the United Nations today.

**LETTER TO THE CONGRESS,
APR. 16, 1986⁴**

Commencing at about 7:00 p.m. (EST) on April 14, air and naval forces of the United States conducted simultaneous bombing strikes on headquarters, terrorist facilities and military installations that support Libyan subversive activities. These strikes were completed by approximately 7:30 p.m. (EST).

The United States Air Force element, which launched from bases in the United Kingdom, struck targets at Tripoli Military Air Field, Tarabulus (Aziziyah) Barracks and Sidi Bilal Terrorist Training Camp. The United States Navy element, which launched from the USS *Coral Sea* and the USS *America*, struck targets at Benina Military Air Field and Benghazi Military Barracks. One F-111 with its two crew members is missing. These targets were carefully chosen, both for their direct linkage to Libyan support of terrorist activities and for the purpose of minimizing collateral damage and injury to innocent civilians.

These strikes were conducted in the exercise of our right of self-defense under Article 51 of the United Nations Charter. This necessary and appropriate action was a preemptive strike, directed against the Libyan terrorist infrastructure and designed to deter acts of terrorism by Libya, such as the Libyan-ordered bombing of a discotheque in West Berlin on April 5. Libya's cowardly and murderous act resulted in the death of two innocent people—an American soldier and a young Turkish woman—and the wounding of 50 United States Armed Forces personnel and 180 other innocent persons. This was the latest in a long series of terrorist attacks against United States installations, diplomats and citizens carried out or attempted with the support and direction of Muammar Qadhafi.

Should Libyan-sponsored terrorist attacks against the United States citizens not cease, we will take appropriate measures necessary to protect United States citizens in the exercise of our right of self-defense.

In accordance with my desire that Congress be informed on this matter, and consistent with the War Powers Resolution, I am providing this report on the employment of the United States Armed Forces. These self-defense measures were undertaken pursuant to my authority under the Constitution, including my authority as Commander in Chief of United States Armed Forces.

Sincerely,

RONALD REAGAN

**"WORLDNET" INTERVIEW
WITH SECRETARY SHULTZ,
APR. 16, 1986⁵**

Q. Mr. Shevardnadze has cancelled his meeting with you as a result of the American action in Libya. Does this cancellation cause you concern, and in particular, do you feel it seriously jeopardizes the prospect for a summit between Mr. Gorbachev and President Reagan?

A. The United States took action against terrorism perpetrated by Qadhafi's Libya, and it was clear that the murder in the Berlin disco was caused by him and many other terrorist acts that we know about planned by him. So the action was an important action of self-defense.

We had told the Soviet Union very clearly that we had conclusive evidence of Qadhafi's involvement in that Berlin disco bombing, and we're, of course, disappointed that they didn't join us in this battle against terrorism.

As far as the talks with the Soviet Union are concerned, at the Foreign Ministry level or other levels, the problems are there. The need for discus-

sion and the need for efforts at negotiations are there, and the United States prepared to proceed. What the conclusions of the Soviet Union will be remain to be seen, but, as far as we're concerned, we're prepared to proceed.

Q. You used American planes based in Britain. Was this a military or political necessity and how did you persuade Mrs. Thatcher to allow you to do that?

A. The planes used from British bases, the F-111's, were able to be more precise. They were able to use their night equipment better, they can carry a heavier amount of bombs, and so it was militarily important to be able to use the planes from those bases. As of course, we had a good back and forth with Mrs. Thatcher—Prime Minister Thatcher—not only from the standpoint of getting permission but hearing her views which had an impact on the President's decision. She was very helpful every way in the conduct of this even countering terrorism.

Q. You say that your bombers attacked only military targets, and that your raid was a success. But we do



President Reagan listens as Gen. Charles Gabriel, Chief of Staff of the Air Force, gives briefing on damage assessment of the Libyan incident at a meeting with key advisers in the Situation Room on April 15. From left are: President Reagan, Secretary Shultz, CIA Director Casey, Gen. Gabriel, Chief of Staff Regan, and Rodney McDaniel, special assistant to the President for national security affairs.

now that women and children were killed. Is that a success?

A. The targets were two military airfields and two places where guards surrounding Qadhafi and supporting his terrorist planning were located; and then, fifth, a terrorist training base. Those were the targets, and basically we hit those targets. Of course, we did miss, and one reason for wanting precision in the bombing, insofar as you possibly can, was to avoid related civilian casualties, and we regret any such casualties.

Sometimes, of course, when civilians get themselves in a military place, they open themselves to this kind of unfortunate byproduct.

Q. Ambassador Walters told the European leaders that the United States has proof that attests to the guilt of Libya in terrorist attacks. What kinds of proof are they?

A. We have a variety of kinds of proof, and we hesitate always to be too explicit with it because being too explicit tends to dry up your intelligence. Intelligence is a key in countering terrorism, as every government knows, and it must be apparent to any citizen.

The kind of proof that we had in the case of the Berlin bombing, which I will mention because President Reagan brought it out in order to be totally convincing, was in the form of messages from Libya to their so-called People's Bureau in East Berlin telling them to do an this attack. Then messages going back to Libya from the bureau, saying that they had been able to put bombs in place. Then a message from the bureau, saying that they had successfully seen a bomb carried out, and they had done it in a way that didn't leave any of their own fingerprints on it, and then a message of congratulations back from Libya to the People's Bureau. So that series of messages was quite conclusive.

Of course, we made a major effort to surround the people, and we were going around the perimeter and had almost reached that disco when the bomb, unfortunately, went off. We weren't able to reach it ahead of time.

Q. Should you, choosing the military reaction in spite of the fact that the reasons are not equivalent, the United States choose the same results

as terrorism too in some opinions? Deaths of innocents, deaths of children, is a reality. Doesn't [inaudible]—does invite the way of the military actions?

A. The problem here is that when you have a terrorist, particularly a state conducting terrorist activities, threatening people, actually carrying out these brutal murders, there comes a time when you have to say to that terrorist, it's going to cost you to do that. You're not going to get away with it completely, and we're not going to cringe in the face of threats.

I think it's very important for us to remember the lesson of history that appeasement of aggressors does not pay; it only encourages aggression, and we've seen this aggressive pattern of behavior of Qadhafi growing. So we think that it is time, perhaps past time, to blow the whistle and to say to him, "You are going to pay a cost for these activities that are so disruptive of civilian life and normal patterns of life and behavior and governmental processes in our democratic countries."

Q. Would you repeat, would you insist, in this type of action if Libya was near the United States coast?

A. Of course.

Q. Some analysts think that the present one is the gravest crisis between the European allies of the United States since the Atlantic alliance was created. Even countries which are very sincere and faithful allies of the United States, as Italy—this was proven when the missiles were deployed—are now critical of the American policy. Can you comment about that?

A. Of course, alliance solidarity is of critical importance, and we all need to keep reminding ourselves that for 40 years now there has been peace in Europe. The NATO alliance has contributed tremendously to that. Included in the operation of that alliance is the stationing of U.S. forces in Europe, put there by the American taxpayer, and that has helped to keep the peace.

Now, these attacks—and there have been many—on NATO targets and, in particular, this attack on Berlin was aimed exactly at those American forces

that are there keeping the peace. And we believe it's important to recognize that and to not allow this pattern of murder and intimidation and terrorist activity to continue, to show that we're going to stand up to it.

I welcome the statements of Prime Minister Craxi and others in Italy who have been increasingly critical of Libya and increasingly realistic about what Libya is really doing. I think the statement made by the European Community Foreign Ministers just a couple of days ago marked a genuine step in the direction of seeing this problem for what it is, and we welcome that.

Q. Don't you think that the military attack against Libya and generally the American policy about Libya could jeopardize for a long period every chance of negotiations in the Middle East?

A. I think, on the contrary, it is Qadhafi's Libya who opposes negotiations for peace in the Middle East. Whenever somebody steps forward and looks as though they might be getting organized in some manner in which an Arab country or countries could sit down and negotiate with Israel, people like Qadhafi oppose it. They oppose what we would normally think of as the peace process, and when an outstanding and courageous leader such as President Sadat is murdered, they glory in that.

So Qadhafi is not a person on the side of the peace process in the Middle East; quite to the contrary. And so his terrorist actions against peace in the Middle East have to be resisted and countered just as much as these actions in Europe.

Q. After the attack, what are your feelings now? Do you think that Mr. Qadhafi is going to play a rougher game in supporting terrorism?

A. There is lots of intelligence about Qadhafi's plans that were in place before our response in self-defense at the Berlin and related incidents. So we know about many of these plans, and, of course, we're on the alert, and some of them have already been aborted. It's a major set of problems out there.

Q. It's hard to believe you didn't want to kill Qadhafi in a certain way.

He has not been very talkative since you bombed Tripoli and other areas in Libya. Are you getting information about Qadhafi? How is he doing?

A. We don't have any information about his whereabouts.

Q. Most of Europe aerial space has been off limits to the U.S. strike force. Are you discouraged or angered?

A. It would have made our strike much safer and—able to conduct it probably a little more effectively if we had been able to overfly France—would have shortened it a great deal. However, we were able to mount this operation entirely over water with no help from any of the continental European countries, and it's too bad we had to do it that way, but we did it. And I must say from the standpoint of the capacity to do that, it was a real military feat, and it was interesting to see how capable our military are.

Q. How do you analyze the killing this morning of a U.S. citizen in Khartoum, Sudan? Aren't you afraid of a new terrorist campaign against U.S. citizens all over the world? Aren't you afraid of having helped Qadhafi to obtain a strong backing from the Arab world, especially among the Moslem fundamentalists?

A. I have to ask in response to questions like that, haven't you noticed that these terrorist activities of Qadhafi were going on over a sustained period, were widespread before this American military action? The American military action was an act of self-defense, particularly in response to the Berlin murder, but in response to this overall general pattern. So what he's now doing is a continuation of what he has been doing, and from my standpoint I think that it is well that the President of the United States has been taking decisive action.

The person shot in Khartoum—whether that is something that was directly planned by Qadhafi or not, we don't have any direct intelligence on that, although he certainly has threatened and threatened in Khartoum. I'm glad to say that person has been moved to a good medical hospital, has had an operation, and is currently reported as being in stable condition.

Q. When Vice President Bush visited the gulf, did he inform Saudi Arabia and Bahrain of the operation? If so, what was the reaction? If no, why didn't you inform your allies in the area? Second, what are your plans for the extremist groups in Lebanon?

A. As far as information is concerned, of course, we informed people about our conclusions as to the responsibility for the Berlin bombing. When it came to advance information about our military operation, of course, we had to be very careful about that, because you minimize your casualties, and you maximize the effectiveness of what you do if you can have an element of surprise, and that was attained. So there is a limit to the amount of advance information you can give to people.

Q. Did the Europeans more or less force your President to act because they did not cooperate in the fight against terrorism and specifically against Libya?

A. The Europeans and the United States have been cooperating very effectively against terrorism for a considerable period, and there are many examples of effective cooperation. And I would say to you, located in Bonn, that the Government of Germany has been in the forefront of countries dealing effectively with terrorism, and there's just too much of it in Germany. We all know that and regret that.

Insofar as Libya is concerned, of course, we have been urging stronger measures against Libya and continue to do so. We do see a pattern in which various European countries in different ways have been gradually moving in a more effective direction, and we welcome that. Of course, we wish that they had placed sanctions on, that they had moved the People's Bureaus out, and so on, but, nevertheless, there has been a strong pattern of cooperation, and it will continue.

I might say in that regard that Chancellor Helmut Kohl's statement yesterday was a very thoughtful and helpful statement. In particular we noted his call to move forward now in more and more effective efforts to counter terrorism on a joint basis.

Q. Several minutes ago the Chancellor addressed the Federal *Bundes-tag*, and he said, "We cannot accept when the White House spokesman merely says that the declaration of the European Community did not play a role in the U.S. decision." Will you please comment on that?

A. Of course, you're just reading that to me, and I don't want to comment on that. I will say about the European Community statement, we thought it was a good statement. It moved matters along. We're glad to see that.

We, of course, noted that it was hastily organized as Gen. Walters' trip around became known. As that was taking place, of course, our own intelligence about what happened in Berlin and who was responsible for it was being made known to people in a very clear-cut way. The President's decision and organization to take the steps that we took to raise the cost of terrorism to Qadhafi were well underway.

But I regard the statement of the European ministers as being a very helpful statement, and we certainly intend to continue fully in our work with our European partners on this important problem. As I said a minute ago, we welcome Chancellor Kohl's statement of yesterday, calling for continued effective efforts, and more so, on countering terrorism.

Q. The Soviets cancelled our meeting with Shevardnadze for the next month. Do you know another date for this, and what in general do you believe concerning the summit—Reagan-Gorbachev—and the East-West relationship?

A. Let me repeat what I said a moment ago, that, first of all, it was very important, we believe, for everybody, including the United States, including Europe, that decisive action be taken to show that terrorism, particularly state supported terrorism, carries a cost. That is what the United States did.

The Soviet Union was told about the unequivocal evidence of what happened in Berlin and who was responsible for it. They knew very well who was the terrorist in this case. They have made a decision. I think their statement was along the lines that the meeting planned

for mid-May would not be appropriate at this time, or some such phraseology as that.

Insofar as our dealings with the Soviets are concerned, the problems are there. The need for negotiation and discussion is there, and we're prepared to continue on and try to resolve these problems as best we can.

Q. The opposition Labor Party in Britain has condemned the American action, and there have been a number of demonstrations in London against it. My question is, how concerned are you that the use of bases in Britain as a launching pad for this raid might have strengthened Labor Party policy, which is to get rid of American bases, if they come to power?

A. I'm always impressed with the common sense of the British people, as I've observed it over a long period of time. It seems to me that common sense dictates that when you have terrorism running wild, when you have a state supporting it, when you have a leader of that state bragging about it, when you have that state involved in all sorts of efforts to thwart peace, when you have that state out of its People's Bureau in London firing and killing a British policewoman, when you have all of these things put together, and you have the unequivocal evidence of what that state did in Berlin, that people will recognize that it's important not to appease that aggressor, not to tolerate that aggressor but to show that aggressor that there is going to be a cost. And it seems to me people will see that point, and see also the point that there has been peace in Europe for the last 40 years, and one of the reasons for that is the strong and cohesive NATO alliance. And as part of that alliance, you have American troops stationed in Europe.

When you have those peacekeepers attacked, something has to be done about it, and the people, I think, will basically see that point. I certainly hope so.

Q. Spanish Minister of Foreign Affairs Fernandez-Ordonez insists that pain was not warned beforehand about the attack. Do you think that the Spaniards prefer to believe they were tricked rather than being seen as accomplices?

A. Of course, Gen. Walters, our Ambassador to the United Nations, made a trip through Europe and gave our evidence on Berlin. People heard the President's statement in his press conference earlier in the week. I believe that the Spanish Government was well aware of what we were intending.

Q. You said right before that Col. Qadhafi is not popular among most of the Arab governments, but now we have the impression that after the attack, all the Arab governments, they are in favor of Qadhafi, the government [inaudible] of Qadhafi. Did you underestimate that kind of reaction of the Arab world?

A. We expected that people in the Arab world would, in their statements, support Qadhafi. What they say privately is rather different. I think there is a widespread sense that Qadhafi is a menace directly to them. After all, he's the man who mined the Red Sea. So I don't think there are any illusions in the Arab world about Qadhafi, really.

Q. King Fahd [inaudible] some days ago a message coming from Tripoli. What was the subject of this message, and did you have any contact, other contact, with Tripoli before the raid?

A. We have a protecting power, so-called, in Tripoli—Belgium. They are the designated place where communications can take place on an official basis, and there has been no real back-and-forth at all through that channel.

As far as we're concerned, it's easy for Qadhafi and Libya to reestablish a relationship with the United States. What they have to do is change their behavior and stop supporting terrorism and murder all over the world. That's all.

Q. Referring to your remarks concerning that the United States informed the Soviet Union of what was going on in Berlin and other places, have you any optimism that in the future it might be possible that the United States and the Soviet Union will cooperate to defeat terrorism?

A. We certainly would like to see that happen, and it is perhaps important in that respect to note that both the

Soviet Union and the United States supported a UN resolution in the Security Council recently condemning terrorism. So gradually people's perceptions of the importance of the problem are heightened, and we, at any rate, need to keep working at it and, of course, keep working as we have been very closely with our friends and allies in Europe to put this terrorist menace as it's exhibiting itself in Europe and elsewhere—but we see it in Europe aimed at NATO targets—to put this terrorist menace down. That's what we have to do.

Q. The purpose for the military action in Tripoli wasn't to kill Colonel Qadhafi. What was, then, the purpose of hitting his private residence?

A. The purpose was to hit the two military airports, the two barracks areas, that contained people that support Qadhafi—his infrastructure, you might say—and the one terrorist training camp. Those were the targets that we picked out, all of them having to do with the support of terrorism, and that's what we went after. Any collateral damage, we regret.

AMERICAN JOURNALISTS'
INTERVIEW WITH
SECRETARY SHULTZ,
APR. 17, 1986⁶

Q. I was wondering what kind of message, really, the United States is trying to send on terrorism. Here we are attacking Libya and yet a few days later pulling out of Sudan. Isn't that a mixture of resolve and retreat?

A. We are successfully sending the message that terrorism is going to pay a cost, that it is a very serious problem, and people need to focus in on it; recognize, in the case of Libya, that this is a country that is heavily involved in terrorism, and people are going to have to do something about it.

I think there is a rapidly escalating realization of those propositions, and we were very heartened, for example, by the general tone and outlook of the meeting of the European Foreign Ministers today in Paris, that [Deputy Secretary of State] John Whitehead attended, that I think was very positive.

Insofar as the Sudan is concerned, the Ambassador in the Sudan had judged several days ago—he was not aware of what was going to happen in Libya—that the situation was of such a nature that we should reduce the numbers of people, particularly dependents. We will be in the Sudan, our mission is there, we will carry out our functions, but we reduced the general level of exposure. But our message is very clear about terrorism, and I think that the action in Tripoli helped to underscore it.

Q. Is the Administration prepared, if Libya is tied to the shooting in Sudan, to respond once again with military force?

A. We will judge each situation as it goes, and we're not going to get put in the position where there's some sort of automatic pilot here. But, certainly, we are investigating the shooting, and we will take steps.

Q. Could you discuss for us the night of the raid? Did you hope that a bomb might have knocked Col. Qadhafi out of business?

A. He was not a direct target.

Q. But his home was.

A. But we had in our mind, in the targeting, first of all, to hit things that were directly sponsoring terrorism, such as the training facility and things in the Libyan infrastructure that were in one way or another supporting it. And we also, recognizing that there is a considerable dissidence in the Armed Forces of Libya with Qadhafi and what he's doing, tried in the targeting to send two messages.

First of all, that from the standpoint of equipment that the military put some store by, that the terrorist activities of Libya may cost them some of that equipment, and it literally did.

And, second, that the Praetorian guards that surround Qadhafi and intimidate people are not invulnerable, so they were a target.

So that was part of the conception of how the targets were selected—terrorist-oriented in the sense that I have described.

Q. Do you think that a coup could be encouraged in the aftermath of this—by this bombing raid?

A. If a coup takes place, that's all to the good. We know there are lots of people in Libya who think that Libya would be better off if Qadhafi weren't there, and there are even more people not in Libya who think that. [Laughter] But whether there is a movement toward a coup taking place, I don't have enough information to feel confident talking about.

Q. What do you make of this shooting, and so forth, that's reported from Tripoli in the last few days?

A. I hesitate to try to characterize it, because the information that I have is not—I'm not confident enough of it to want to talk about it.

Q. Would you have shed a tear if Col. Qadhafi had been in that house that got destroyed and been knocked out? In other words, some people say, "Well, if Qadhafi was gone, then maybe a big pro-Soviet element might take over, and it might even be worse."

A. I think that those who would take over in the absence of Qadhafi would undoubtedly have a more Libya-oriented orientation. Certainly there are plenty of problems in Libya that they need to address, and the resources they have to do it with are a lot less, given the very big drop in the foreign exchange available to Libya.

Q. The British have taken it on the chin in the last couple of days for aiding us in our attack on Libya. Do you think that's going to make it more difficult to win allied support for antiterrorist activities?

A. I think that everybody has to recognize that appeasement of terrorists and being intimidated by terrorists only feeds them. We have to get out of that psychology. So it seems to me in Europe what's happening, as evidenced by the attitudes of the Foreign Ministers in their meeting—last Saturday, was it?—and then in the meeting today is one of saying we have this major, difficult, important, debilitating problem, and we're going to have to face up to it and be as effective as we possibly can in dealing with it. We're not going to be intimidated, and we're not going to temporize with it. That's the mood, and I think that's the right

mood. I think the British are playing a very strong and effective and laudable role in all of this.

Q. Do you think that the irritative that has been displayed this week by some people about the lack of allied response will encourage the mood which rises and falls in this city about pulling out some of the American troops in Europe?

A. I don't think so. I think that the value and importance of our alliance is clear, as we consider further actions of terrorism, and, of course, as we continue the process of a kind of dual-track strategy of deterrence, on the one hand and readiness to work at problems, on the other, with the East. And the U.S. presence and the troop presence, and other ways, people regard here and there as very significant. I have pointed up and they have pointed up in our discussions, including the discussion I had with [West German Foreign Minister] Hans-Dietrich Genscher, the fact—and he said in Germany the fact that the person killed was a U.S. soldier in Berlin was a matter of especially deep concern.

So I think that this is one of those cases where, of course, there were differences of view, and we took an action that we felt we had to take. People's views about it varied. On the other hand, the key element here is that we have very quickly coalesced in recognizing the problem and having, really on a much stronger basis than was true, let's say, a week or so ago, a sense of motivation and commitment.

Q. Do you believe that the Soviet cancellation of the Shevardnadze meeting with you is a tactical move and that the meeting will be put back on track before too long?

A. I hope that the meeting will be put back on the track. What I can say from the U.S. standpoint we think the terrorism is a major problem, and we have to do what we have to do about and take action against it. We feel that we dealt properly with the Soviets in this instance. We told them in advance the nature of the problem. After the bombing, we told them that we had conclusive evidence, so they knew quite well what the nature of this general

evolving situation was likely to look at. They heard the President's press conference on Tuesday night, I guess it was.

From our standpoint, that's one thing, and the fact is there are many problems, there are many important matters that can be worked at, negotiated about, discussed with the Soviet Union—that hasn't changed—and I think it's time to roll up our sleeves and get at it.

In the meetings that I had with Soviet] Ambassador Dobrynin, the President had with Ambassador Dobrynin, just exactly that spirit was engendered, and I hope that we can carry on along those lines. From the standpoint of the United States, that's what we intend to do, but, of course, it takes two to do it.

Q. On that point with the Russians, Mr. Gorbachev in his letter to Col. Qadhafi, which was released last night by TASS, says that, "We repeatedly made serious warnings to the American Administration about the dangerous consequences of the continuation of this anti-Libyan policy, not only for the situation in the Mediterranean but the entire international situation." What kinds of warnings were received from the Soviets, and what do you expect of them now in the area?

A. I don't know precisely what he's referring to, and I don't want to speculate about what they may or may not do. But let me point out to you that our reaction was not anti-Libyan; it was anti-terrorism, and "anti" the kind of activity that Qadhafi is promoting, using the assets of Libya.

The President went out of his way to say, "We have nothing against the people of Libya; it's the terrorism that's coming from there that is our problem."

Insofar as our assertion of rights to international waters are concerned, that's not only a proper thing to do, but it works in the Soviet interest as well as any other maritime power that individual countries not just be able to assert rights to international waters and have that get accepted.

Q. What do you make of, when they say, as they have last night apparently to envoys in Moscow, that

they have a right to international waters in the "Med"?

A. They do.

Q. Does this mean that they're getting ready to do something?

A. They absolutely do. We agree completely with that. They even have a right to go in the Gulf of Sidra, just as we did.

Q. Had you foreseen that the Soviets might cancel the meeting between yourself and Mr. Shevardnadze as a result of the Libyan attack?

A. We didn't try to predict. I think it's a mistake to do too much of that. We have to consider what we think is the right thing to do here in relation to our own efforts to do something about terrorism and to make our point of view clear and to raise the cost to terrorists. Obviously, we think about all the different consequences. But we didn't try to predict in some precise way. I am not surprised that they took some action.

On the other hand, as I said, I hope that the meeting will be reestablished. However, that's for them to decide. From our standpoint, we're prepared to roll up our sleeves and get to work on the problems that are there.

Q. On the subject of terrorism, what kind of atmosphere is President Reagan going to run into in Tokyo, and on this subject what does he want to achieve there?

A. I'll say that Prime Minister Nakasone, in our meetings with him, couldn't have been stronger in his views about the threat of terrorism and the importance of countering it. And judging from the outlook and tone and content of the European Foreign Ministers meeting today, which undoubtedly reflects the views of their heads of state, that is very much their view. So I would look for a constructive discussion on this subject.

I think we all agree that one of the good things, as was reported to us through John Whitehead of the meeting today, is the general mood that people have that issuing statements is a fine thing, but what we need to concentrate on is what we are doing. It's actions that speak louder than words at this point.

Q. Just a connecting point here, predicting what may happen after the raid, what about the American hostages? Have you received anything that would suggest that their lives are in greater danger now, aside from what one could speculate about?

A. We haven't received anything in any direct way. We work on that problem continuously and feel that it would be best to work on it and not comment about it—leave it alone.

Q. Dante Fascell [Chairman, House Foreign Affairs Committee], when he came back from this meeting with Mr. Gorbachev, quoted the Soviet leader as saying that he would look at any verification regime that we wanted to present to him. I'm aware of the fact that they talked about a comprehensive test ban and haven't seemed to want to actually look at specific regimes. But are we in any way calling his bluff or testing him on what he told Dante Fascell?

A. We discussed the Gorbachev conversation with Dante Fascell and Bill Broomfield [senior Republic member on the House Foreign Affairs Committee], and I met with them when they reported to the President. I met with him yesterday again to kind of hear a little more and dig a little deeper into what they heard and their analysis.

I think part of the process of rolling up our sleeves and getting to work on problems is doing it with respect to the question of tests, and we've each had things to say on that subject. So that's one in which we should engage, and there are a whole host of others, as you know. But we certainly will follow up on that.

Q. Since the French refusal to allow overflights on Monday, they have been the butt of barbs here from everyone from standup comics to members of Congress—whatever the distance there is there. [Laughter]

A. You're on the record, too. You don't know what—[laughter].

Q. Is that still justified in view of the latest dealings that you have had, that the Administration has had, with the French in the past 24 hours? Do you see any change in their attitude since they made that decision before the strike?

A. They were part of this meeting that I've referred to, which was a harmonious meeting in the sense that people were generally agreeing. It wasn't as though one was over here, and another was over there, and so on. In the meeting that I had with Chirac, whenever that was—I can't calibrate; about 2 weeks ago, 2½ weeks ago—Chirac has a very strong view of the importance of strong action and cooperative action on terrorism, so he said to me; Mitterrand also volunteered statements on this subject. The French are working at this, and as we're very well aware did abort a terrorist attack that could have done a lot of damage to innocents. So the French are, I think, increasingly and very much alert to this problem. They chose not to let us overfly France, and we regret that, but that doesn't mean France doesn't take this problem seriously.

Q. You don't have a problem that goes beyond that particular decision?

A. As we all recognize, the French are very special to deal with. They are discreet about each individual thing, and are a joy in some cases [laughter] and not so much of a joy in others. This is one we didn't enjoy.

Q. Bernie [Kalb, State Department spokesman] said quite carefully at the briefing today that the President had not arrived at a final decision on whether to continue abiding by SALT II, but he did say that Ambassadors Nitze and Rowny [special advisers to the President and the Secretary on arms control matters] would go to discuss a proposed decision with the allies next week. Can you tell us what that proposed decision is?

A. No, and I don't think that the President, so far as I know, has decided how he wants to approach that. The Nitze-Rowny statement is by way of saying that in this process of finally deciding what the President decides, we will, in a systematic and careful way, listen to the views of our allies.

Of course, we have been listening to their views, and we've had cables in from all of them and we've had quite a lot of discussions. Just for example, yesterday Hans-Dietrich Genscher was here. He commented on the subject, and

so on. So there is a great deal. But we believe it's useful at a certain stage in the process to do it on a careful and systematic basis through Nitze and Rowny who know the subject well and have been very successful in explaining our views, eliciting their views, and bringing us back a very good readout, so we'll do that.

Q. Do you expect that will support your position, that is, the position of those who argue that SALT II should not be undercut, and it will help you prevail?

A. The consultative process is something that we, as a good ally, do. It has been a very important part of the strong cohesion and cohesiveness and strength of the alliance. It has paid big dividends for everybody, both for us and for the Europeans and Japan. They like it.

Insofar as whatever my views or other peoples' views are concerned, I provide them to the President and then he decides what he wants to do, and I support that.

Q. You must have some personal feelings this week after the attack on Libya about your long effort that began a couple of years ago to bring along the American public and convince them that even if there were some casualties—innocent casualties—and so on, it was important to take this step, this military step, against terrorism.

Can you tell us a little bit about how you feel about that evolution? I assume you wouldn't want to gloat, but there's a certain feeling that I can imagine you might have of being on a roll, in a way, and finally getting over that hump of some sort in dealing with this issue. Can you comment on that?

A. I think there's been an evolution in our thinking—all of us. I wish that we weren't at this point. I wish that somehow, years ago, we had been able to so discourage terrorism that we wouldn't have this problem on our hands. So if having felt that it was a growing menace I had been proved wronged, I would have liked that a lot better. So I don't have any particularly good feeling about the fact that it's necessary to take such strong measures to deal with this.

I do think that the President's decision was a right one, an important one it was—within the government—discussed in a very constructive manner. I don't think, within the circle of the President's advisers, it was even at all controversial whether we should do that. We had a lot of discussions about targeting and so on. But I think it was clear to everyone that with the conclusive evidence and with the buildup and the widespread Libyan efforts and so on that it was important to take an action.

Q. Is there a sense of being over hump in that the next time there won't be a debate over whether or a debate over sort of tactics of how to do it?

A. I think there always should be intensive examination any time you're considering using military means. That's a very big, difficult, important step. I always should be considered very carefully.

What we have said all along, and which I think is, in a sense, more demonstrably true now as a result of this step, is that we have a policy that has a lot of dimensions to it. That part is a question of the awareness level at the support. Very importantly, a question of raising the intelligence capabilities here and elsewhere—and the capacity to interact which has gone extremely well—which has allowed us to abort quite a few terrorist acts that, say, 3 years ago would probably have taken place.

We have a lot of things in place and more coming on stream that are essentially protective around the world and enable us to carry out our mission in a more secure environment. We have a variety of measures—I like to call them "measures"—of active defense; and, undoubtedly, this was the most active that we've taken, but we have taken other

Q. In his televised speech Monday night, and again in a Law Day proclamation yesterday, the President talked about the use of quiet diplomacy in taking the action against Libya. Can you tell us a little bit about what that quiet diplomacy involved, and did it involve direct dealings with the Libyans or was he talking about quiet diplomacy involving third countries?

A. He was referring to third countries. We haven't had any successful diplomatic contact with the Libyans at all. There have been various statements floated by Qadhafi that he's ready to meet with somebody, coming through this or that intermediary. But I think it has been clear, and we wanted to make it clear to everyone, that it's very easy for Libya to rearrange its relationship with the United States. All it has to do is change its behavior, and when it does we'll be delighted.

We have had intense diplomatic activity. In other words, discussions with countries all over the world, and particularly in Europe and the Middle East, on the nature of the Libyan problem, on the importance of taking measures about it, explaining the things that we were doing.

John Whitehead's trip of a few months ago is an example of something that was, I think, an important and very successful part of this whole process. So the President was referring to that kind of activity.

Q. Could I try to clarify your response to whether we were aiming at Qadhafi? I'm confused. You said we weren't aiming at him, but we were aiming at the infrastructure. We wanted to—you used the word "cripple," we wanted to hurt the military here.

I mean, if Qadhafi is the source of all the terrorism, why would you want to bombard three of his lieutenants? Why wouldn't you kill the man himself? I don't understand the logic or the explanation of whether or not we were really aiming for Qadhafi. We apparently killed, at least, one member of his family?

A. We had a strategy and target selection, which I explained to you. We didn't have a strategy of saying that we wanted to go after Qadhafi personally. We have a general stance that opposed direct efforts of that kind, and the spirit of intent was in accord with those undertakings.

Q. In this whole situation, there've been a number of obvious negative results of your attack. You have had problems with your allies; you

lost an airplane; you killed some innocent civilians. There are now reports all over the world of various kinds of tension involving potential terrorism and some tied in with this.

Could you say at this point, first, whether you had foreseen any or all of those negative factors in advance, and whether you can point to any specific accomplishments on the plus side that have taken place beyond some of the assertions that we taught them a lesson or he has to pay a price?

A. My wife had an operation on her back a little over a year ago. When the doctor emerged from the operating room, he said to me, "I found exactly what I expected to find; I did exactly what I expected to do, and it will work completely." I thought, boy, he lives in a world of clarity [laughter]. As it turned out, he was right. It was a great performance, and she's getting around better and better.

In this world, you don't have that kind of clarity, but I think the net. But broadly speaking, we did what we expected to do. I might say I think, as an aside, the military skill or professionalism that was exhibited was extraordinary.

Once again, we see some of the weaponry that the Libyans had. It didn't seem to perform all that well. Whether it was because the Libyans were using it or what, I don't know, but it was not that great.

We did what we intended to do, and I think, on the whole, the results, taken in the balance, are very positive. Certainly, we had an immediate spectrum of views from our friends around the world, some very much in support, some with different views, and so on.

But reading off of today's meeting, as an example, I think the awareness of the problem and the need to do something about it is certainly much sharper and stronger, and I don't say it just because of what we did. It's really because of the fact that people are only too aware that all of these threats that people are so aware of today, they didn't come about since our action. They were there.

To go back to your question about the Sudan—reductions in the Sudan and

bringing the structure of our mission there down in size—that was underway beforehand and reflected a general assessment there.

So I think, as a general proposition, we're well ahead of the game on the basis of this action.

Q. It seems to me that to some degree, Libya was chosen as the target through a series of circumstances, and perhaps other countries might have been more likely a target had you had the evidence against them that you had against Libya in connection with specific terrorists. I think of Syria and Iran probably being, in many views, more responsible for world terrorism in Libya. What do you think about that? To what extent is that true?

A. Qadhafi is not the full extent of the problem. That's for sure. There are plenty of other problems, but he's very much a part of it. We have seen that with increasing clarity. The evidence has mounted. And in the case of the Berlin disco, it was absolutely clear, and so it was time to act. I think it was important to do it.

That doesn't mean there aren't other problems. There may be other things that we'll have to do. But, as I said earlier, we are not going to get into a kind of automatic pilot approach to this. You have to gauge each situation by itself.

Q. Is Qadhafi, by his somewhat isolation in the world already, an easier target for you than perhaps Syria?

A. Of course, he's been trying not to isolate himself. Syria and Iran, in particular, have been mutually supportive with him. I think he is really quite isolated—the reality of it—even among some states which will give rhetorical support to him.

When I was going around in Europe a couple of weeks ago, even some of the people I spoke to who, for instance, were concerned about our action in the Gulf of Sidra, started the conversation by saying, "Now, I want to be clear right from the beginning about Qadhafi, and I want you to know that I think A, B, C, D, E, so let's not be confused about my opinion."

So I think peoples' opinions have been moving along very strongly. It's kind of like what we see insofar as Central America is concerned, as the general line of opinion has been shifting; and nowadays people say I don't have anything good to say about Nicaragua, but—. And so the debate has shifted to a different level, and I think that is a good kind of movement. Qadhafi is pretty clearly labeled everywhere as a terrorist and as a person who is very undesirable.

I have something else that I wanted to say to you, but nobody asked me. [laughter].

Q. Don't be inhibited.

Q. Read the answer and then we'll give you the question.

A. You want me to read this whole answer? I will read it, but then you can pick it up.

The comprehensive trade agreement that President Reagan and Prime Minister Mulroney have undertaken to negotiate is important for the United States. The Senate Finance Committee will shortly decide whether to approve "fast-track" negotiating authority under the terms of the 1984 Trade Act. A positive decision by the committee will further U.S. interests in important ways.

- We will strike a blow for freer trade between our two countries, trade that will benefit U.S. exporters, create thousands of new jobs, and enhance the international competitiveness of both nations.

- We will convert past frictions on economic and trade issues into an example of international cooperation.

- We will enhance the special bilateral relationship between Canada and the United States, a relationship that showed its value most recently in Canadian support for our actions against Libya.

- We will find it easier in the future to address legitimate U.S. concerns on trade and investment issues with Canada, concerns of interest to the Finance Committee.

- We will be seen to be honoring an agreement reached at the highest levels of our two governments.

This Administration is firmly committed to consulting the views and interests of the Congress and the U.S. private sector as the negotiations proceed. I reaffirm that commitment now. Congress, for its part, must decide to let the negotiations go forward. We have within our grasp a landmark accomplishment, a cornerstone for further prosperity. We must not let it slip from us.

**"FACE THE NATION"
INTERVIEW WITH
SECRETARY SHULTZ.
APR. 27, 1986⁷**

Q. We talked earlier to Secretary of State George Shultz, who is in Hawaii with the President on their way to the economic summit in Tokyo. We asked the Secretary whether the Administration is considering covert action against Qadhafi.

A. Whether it is with respect to Libyan terrorism or other forms of terrorism, it's important for us to have a variety of things that we can do, and there are many different things that we can do. They shouldn't get the idea that the only thing was to repeat an operation like we did the other day. There are economic sanctions; there are diplomatic efforts; there is the kind of isolation that's gradually happening to Libya; there is what we did the other day; there is the sort of thing we did when we brought down the terrorists who were responsible for the *Achille Lauro*. Covert action is something that we need to be using and in general, there are many things that need to be done secretly. We have to have a greater capacity in our country to recognize the importance of being able to do things without having them publicized ahead of time.

Q. But exactly what do you mean by "covert action?" Do you mean hiring other people to carry out a—what? Acts of—I know it couldn't be murder because that's illegal. What exactly do you mean?

A. There are all sorts of things, I suppose, that could be done and the whole notion of covert action is to have

it something that is not described in detail. It's certainly intended to be disruptive.

Q. You have said that a coup against Qadhafi would be all to the good. Presuming that you'd like to see Qadhafi no longer be the ruler of Libya and perpetrating the kinds of acts you have blamed on him, would you like to see the prohibition lifted against political assassination?

A. No.

Q. Why?

A. Because I think it doesn't fit our way of thinking about how to do things

Q. Shifting over to the Soviets in relation to the Libyan raid, they appear to be putting out the word now that they, in some way, warned the United States that if we did take military action against the Libyans, that that could cause a rift in U.S.-Soviet relations. Was there any warning ahead of time, through perhaps Mr. Dobrynin or any other officials, that they would not look kindly on a military raid?

A. I don't know whether you would call—what the right label would be for it, but we talked to the Soviets about Libyan behavior and how unacceptable it was and counseled them to do something about it, and we talked to them about Berlin. And of course, they, reacting in our press about all of the things that were getting publicized, raised questions about that, but we can't—

And insofar as the question of whether or not we should refrain from taking action that we think is necessary and proper to put down terrorists, whether we should refrain because of the possible sensitivities of the Soviet Union, I don't think that we should. That's something that we properly must do: defend ourselves against terrorists.

Q. Have the Soviets come out of this winners, to some extent? Have they increased their influence in the Middle East? There's talk that Qadhafi may give them the base in the Mediterranean they've wanted. Have we handed them something?

A. No, I don't think so; quite the contrary. I think that the fact that we

did what we did has gained respect for the United States. As a matter of fact, on the sheer military appraisal of it, what we did was quite an impressive operation. And while it's impossible to know for sure exactly what happened, it doesn't seem as though the Soviet weaponry performed all that well.

Q. You say that we gained some respect, and yet we are now having reports out of Libya that Mr. Qadhafi's power is fast being consolidated, and there are anti-American demonstrations all across the Middle East and Europe. Where exactly do you think we have gained this respect?

A. First of all, we have our self-respect. We have done something that I think Americans applaud, and we see that European governments, not simply elated to our action but perhaps highlighted by it, are recognizing very clearly now the nature of Qadhafi and his regime, the importance of doing something about terrorism, and they are taking steps. They are recognizing the nature of these Libyan People's Bureaus; you have an embassy that is an organizer and supplier of terrorists, so they are expelling people. Actions are taking place.

Q. Is there any evidence at all that this raid has had the desired effect of reducing the terrorist threat? We've had a whole series of incidents over the last couple of weeks, many of which have been linked to Libya. Couldn't it be argued that this, in fact, has been a counterproductive thing to do?

A. You seem to be bent on the idea of showing that what we did didn't work or is wrong or something. I don't quite understand that. The fact of the matter is that there has been an all-too-rapid and increasing level of terrorism before we took this action; and we took the action because of the general pattern and the absolutely conclusive proof of Qadhafi's involvement in the Berlin disco bombing. It isn't as though a lot of terrorism has broken out since we took the action; it was going on before, and unfortunately, it continues. But certainly, the way to fight it is not just to sit back and complain. You've got to show that there are costs connected with terrorists to the terrorists. And I think

that, in the long run, the action President Reagan took will turn out to have been a pivotal one.

Q. I don't think it's really right that we're trying to show that the raid wasn't a success. I think we're asking you to respond to the criticism. And in fact, another news organization quoted you as saying that you believe that Qadhafi is more dangerous than ever and that he may even have in his mind going after family members of President Reagan. Is that what you do think?

A. The other news organization must have made that up because—and we have said in the State Department that what they quoted me as saying, I didn't say.

Obviously, Qadhafi and Libya in Qadhafi's hands is a major problem and he has killed people all through Europe; he has mined the Red Sea; he is an aggressor in Africa. There is nothing good to be said for Qadhafi, and I hope he hears me.

Q. You have said that Libya is not the sole sponsor of terrorism, that Syria and Iran have also sponsored acts of terrorism. Why is it that our government officials—you included—speak so little about those countries when you speak of terrorism? And why was it that you and other officials moved to tone down President Reagan's threat that he would take action against Syria and Iran if there was evidence that they did carry out acts of terrorism against Americans?

A. Syria and Iran are both on our terrorist list, and have been, so we have been very concerned about their activities. There seemed to be an impression around that was not correct, that somehow the President was announcing a plan to make attacks on Syria and Iran, and I said there were no such plans and the President didn't say that either. So he was anxious to have the record set straight, and I did.

Q. Can I ask you about that TWA bombing, where four Americans were killed? There are some reports that we have evidence that the Syrians, not the Libyans, were involved in the bombing of the TWA plane and that

our government is somehow reluctant to talk about that. Is there any truth to that?

A. No, we're not reluctant to talk about it except insofar as if we did have intelligence and we make our plans as to what to do about it, we'd like to be able to do things more quietly. In some cases, we have pretty good evidence; in others, we don't. In the case of the TWA, we're still working on it.

There are other instances of things that happened or that were intercepted and didn't happen because of good intelligence. We're able to trace things back.

Q. Is there some indication that Syria may have been involved in that one?

A. In which one are you talking about?

Q. In the TWA bombing?

A. I would say we don't have the kind of information that would lead me to want to make a statement here on television about it.

Q. Terrorism is bound to be a major issue at the Tokyo summit that you are now on your way to. President Reagan has said he doesn't just want some declaration on the evils of terrorism, but he wants some agreement on how to deal with it. What, specifically, are you hoping for?

A. What we will do, I'm sure—not simply because we want to do it, but everybody does—is talk about the problem, talk about things that we can do about it individually and jointly, and with others, and improve our ability to act.

Probably, there will be some words issued, but the words are not the important things. The important thing is that more and more the free world is seeing that this is a major problem and that we have to take action in dealing with it. And so in the end, our actions will be the things that count.

Q. By "improving our ability," are you talking about such things as better intelligence-sharing, better police work? What about cutting off port and airport access rights to countries that sponsor terrorism?

A. We think it's a good idea, but not everybody agrees with us.

Q. How hard are you going to push at the summit? And are you going to go and complain to the allies for not backing us more strongly during our Libyan raid; France, particularly, not letting our planes fly over their territory? Or are you going to try to put that behind us?

A. We've had our difference on that, and it's been thoroughly aired. At the same time, France has done some things before and since to deal actively with Libyan terrorist threats; in at least one case, directly saving American lives and the lives of others around an American Embassy. So it isn't as though France is standing there inactive. They didn't go along with rights to cross their territory, but they are a very active participant in the fight against terrorism. And as we discuss the subject, we look to the future and the things that we feel we must do.

The Europeans can see it as clearly as we do. After all, most of these terrorist acts are taking place in Europe, so I'm sure there is going to be a very strong unanimity of view on the importance of having a strategy and a tactical ability to implement it.

Q. You're heading for a city that's already been described as an armed camp because of the security involved. Does it strike you at all that the terrorists, in a way, are beginning, almost, to win their war by curtailing our freedom of action? Here in Washington we're hearing about fences around the Capitol. Does that concern you?

A. Of course, it concerns me. It would concern me even more if we didn't have the common sense to protect ourselves adequately, and we're doing that at home and we're doing it abroad. Naturally when you get the heads of state of the seven key industrial democracies gathered together, it's a very juicy target for terrorists. So I think the proper and sensible thing to do is to take every precaution to see that nothing untoward happens. It would be alarming if that didn't take place.

¹Weekly Compilation of Presidential Documents of Apr. 21, 1986.

²Held at the White House (press release 81 of Apr. 16).

³Press release 79.

⁴Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Strom Thurmond, President *pro tempore* of the Senate (text from Weekly Compilation of Presidential Documents of Apr. 21).

⁵This interview was conducted by news correspondents in London, Madrid, Rome, Paris, and Bonn for broadcast by the U.S. Information Agency's facilities worldwide (press release 85).

⁶Press release 89 of Apr. 18.

⁷Press release 94 of Apr. 28. ■

Security Council Considers U.S. Self-Defense Exercise

Following are statements by Ambassadors Vernon A. Walters, U.S. Permanent Representative to the United Nations, and Herbert S. Okun, U.S. Deputy Permanent Representative to the United Nations, made in the Security Council.

AMBASSADOR OKUN, APR. 14, 1986¹

The United States supports the view that it is the primary responsibility of this Council to maintain peace and security. In this connection, there is no action that this Council could more usefully take than to cause those who are violating international law in general and Article 2, paragraph 4, of the Charter in particular to cease those violations. Let me make clear that I am not speaking of an isolated instance of the use of force in violation of Article 2, paragraph 4, of the Charter, although that would be serious enough. What, unfortunately, this Council is faced with is a persistent course of conduct by a member state, Libya, in flagrant disregard of the most fundamental rules of international law.

Libyan Armed Forces are now present and in action on the territory of its neighbor, Chad; Libyan Armed Forces opened fire a few short weeks ago on American naval forces operating on and over international waters on the high seas.

As all of us in this chamber know, the force prohibited by Article 2, paragraph 4, of the Charter need not be

used by uniformed members of the armed forces of a country. That has been established long ago and is a firm principle. It is just as much a violation of Article 2 of the Charter when individuals wearing civilian clothes plant bombs in airplanes or in crowded cafes. The fact that such actions which are targeted at innocent civilians also violate other rules of law, and are correctly described as terrorist acts, in no way decreases the extent to which they violate Article 2, paragraph 4, of the Charter.

It should also be recalled that Article 2 prohibits the threat of force. Now in addition to using force, the Government of Libya has also threatened the use of force, not only against American citizens but against anyone who is allied with the United States or shares our view that the conduct of the Libyan Government is the conduct of an outlaw regime—an outlaw regime which is prepared to trample and does trample on the international norms which are the hallmark of a civilized international community. Specific threats have also been made against European cities, despite the protestations of innocence which we just heard at this table. The latest reports from Libya to the effect that they plan to move foreign workers to their military bases, if true, indicates an intention to use civilians to shield military operations. This would be another violation of the norms of civilized conduct and a truly horrible abomination.

It is the course of illegal conduct by the Government of Libya which must be dealt with. Any effort at preventive

diplomacy must focus on ways and means of bringing to an end this consistent policy of violations of fundamental norms.

The use of force in violation of Article 2, paragraph 4, gives rise to a right of self-defense. The right of self-defense, as Article 51 makes expressly clear, is an "inherent right." Nothing in the Charter of the United Nations restricts that right. There are, of course, specific procedures set forth in connection with its exercise. Specifically Article 51 requires that: "Measures taken by Members in the exercise of [that] right shall be immediately reported to the Security Council...."

When the United States was forced to respond to the Libyan attacks on our aircraft and ships operating on and over international waters, my government immediately reported this fact to the Council. It is revealing that Libya's contempt for the law of the Charter extends even to this procedural requirement. Although Libya's forces are present in Chad, although Libya has already fired missiles at our planes and ships, and although Libya has used force against innocent civilians and civilian targets, this Council has received no report filed by Libya pursuant to the requirements of Article 51. Facts are as scarce as a monsoon in the desert when it comes to Libya's treatment of this Council.

What Libya does provide for the Council, unfortunately all too often, are invective, polemics, protestations of innocence, and whining arrogance. We are faced with a regime which considers itself outside the law, which considers itself unrestricted by the Charter, which considers itself unaffected by global condemnations of terrorism, and considers itself evidently without any obligation to honor the rules of civilized conduct and human rights.

If the Council is to face its responsibilities and seek to reduce tensions in the area which Libya feels free to threaten, it must begin with measures to bring Libya into the fold of nations, to that fold of nations for which the requirements of the Charter are imperative. Any action by this Council must be grounded on—and explicitly

address—the persistent illegal conduct of Libya, conduct which has caused so much suffering and heightened tension. We do not suggest that the Council faces an easy task in grappling with the problems of a state which flouts all civilized rules. The task, however, is still essential, even though difficult. The Council will not be facing its responsibilities nor will it ease tensions if it seeks to avoid the root cause of the problem. That root cause, I repeat, is the murderous behavior of the Government of Libya and its agents.

**AMBASSADOR WALTERS,
APR. 15, 1986²**

On April 14, in exercise of the inherent right of self-defense recognized in Article 51 of the Charter of the United Nations, U.S. military forces executed a series of carefully planned air-strikes against terrorist-related targets in Libya. These strikes have been completed, and the U.S. aircraft have returned to their bases.

U.S. forces struck targets that were part of Libya's military infrastructure—command and control systems, intelligence, communications, logistics, and training facilities. These are sites used to carry out Libya's harsh policy of international terrorism, including ongoing attacks against U.S. citizens and installations. This necessary and proportionate action was designed to disrupt Libya's ability to carry out terrorist acts and to deter future terrorist acts by Libya. In carrying out this action, the United States took every possible precaution to avoid civilian casualties and to limit collateral damage.

The United States took these measures of self-defense only after other repeated and protracted efforts to deter Libya from its ongoing attacks against the United States in violation of the Charter. But when quiet diplomacy, public condemnation, economic sanctions, and demonstrations of military force failed to dissuade Col. Qadhafi, this self-defense action became necessary. As stated by President Reagan on April 14: "Self-defense is not only our right, it is

our duty. It is the purpose behind the mission undertaken tonight—a mission fully consistent with Article 51 of the UN Charter."

And may I quote Col. Qadhafi. On March 24, Col. Qadhafi said: "This is not the time for speaking, it is the time for confrontation and for war." On the 2d of March 1984, long before these incidents occurred, speaking in the People's Hall in Tripoli, he said: "We must force America to fight on a hundred fronts."

The murderous violence of recent Libyan attacks makes clear why the United States had to act. There is direct, precise, and irrefutable evidence that Libya bears responsibility for the bombing in West Berlin on April 5 that resulted in the deaths of Army Sergeant Kenneth Ford and a young Turkish woman and injury to 230 others, among them some 50 American military personnel. This brutal atrocity was but the latest in Col. Qadhafi's campaign of terror. More than a week before the attack, orders were sent from Tripoli to the Libyan People's Bureau in East Berlin to carry out a terrorist attack against Americans—an attack designed to cause maximum and indiscriminate casualties. Libya's agents then planted the bomb. On April 4, the People's Bureau alerted Tripoli that the attack would be carried out the following morning. The next day the People's Bureau reported back to Tripoli on the "great success" of the mission.

In light of this reprehensible act of violence—only the latest in an ongoing pattern of attacks by Libya—and clear evidence that Libya is planning a multitude of future attacks, the United States was compelled to exercise its rights of self-defense. The United States hopes that this action will discourage Libyan terrorist attacks in the future.

In addition to the evidence of direct Libyan involvement in the bombing of the West Berlin nightclub, the United States also has compelling evidence of Libyan involvement in other planned attacks against the United States in recent weeks, several of which were designed to cause maximum casualties similar to the Berlin bombing.

- In late March, Turkish police arrested two people in Istanbul who claimed they were to conduct terrorist operations against the United States in Turkey on behalf of the Libyans, again designed to inflict maximum casualties.

- On March 25, my government notified the Council, in accordance with Article 51 of the Charter of the United Nations, that the United States, in the exercise of its inherent right of self-defense, had ordered its forces to respond to hostile Libyan military attacks in international waters in the Gulf of Sidra.

- France expelled two members of the Libyan People's Bureau in Paris for their involvement in a planned attack on visa applicants waiting in line at the Embassy on March 28.

- Six days later, France expelled two Fatah Force-17 members recruited by Libya to conduct another operation against the United States in Paris.

- On April 6, a Libyan plot to attack the U.S. Embassy in Beirut resulted in a near miss by a 107-mm rocket which exploded on launch.

- At the time we acted, the Libyan People's Bureau in Vienna was in the process of plotting a terrorist operation against an unknown target on April 17.

- We have evidence that Libya is planning widespread attacks against Americans over the next several weeks in Europe, Africa, Latin America, and the Middle East. In addition, Libya has publicly pledged to attack the United States and its citizens. As Winston Churchill once said under similar circumstances: "Whose dogs do they think we are that they can kill Americans with impunity."

In sum, at issue here are:

- Libya's unjustified use of force in attacking U.S. forces in the Gulf of Sidra last month, in clear violation of Article 2(4) of the Charter. That in reply to a question asked earlier;

- Libya's admitted, continued policy of terrorist threats and use of force in violation of Article 2(4) of the Charter;

- This policy is not directed only against the United States but includes repeated Libyan threats, calls for terrorist action, and acts of aggression and subversion against its neighbors, against European countries, and against places as far away as Northern Ireland, the Philippines, and Central America.

In a document that was drawn up by the members of the European Community on Monday, they recognized Lib-

yan terrorist activities and have indicated the measures they plan to take to combat these activities. It is no longer a question of who is doing it—it is clear who is doing it.

In the U.S. statement to the Council on April 14, we referred to the persistent course of conduct by Libya in violation of Article 2, paragraph 4, of the UN Charter in flagrant violation of the most fundamental rules of international law. The scourge of Libyan terrorism is



President Reagan listens to Ambassador Walters in a discussion concerning the response of European allies to the Libyan incident in the Oval Office on April 17.

not a problem for the United States alone. It threatens all members of the civilized world community. It challenges all members of this Council to give meaning to their commitment to uphold the principles of the Charter and to act in the common defense of those principles.

Col. Qadhafi's rhetoric and actions are not only anti-American, his support for terrorist violence is far-ranging and worldwide—his victims are of many nationalities. More than 40 so-called Libyan diplomats have been expelled from Western Europe since 1983 for involvement in criminal activities. Terrorist attacks by Libyan henchmen have ranged from the bloody outrages at the Rome and Vienna airports to the hijacking of an Egyptian airliner to Malta; to the streets of Bonn where two Germans were wounded during an attack on an anti-Qadhafi dissident; and to the murder of a British policewoman doing her duty outside the Libyan People's Bureau in London.

Closer to home, the regime of Col. Qadhafi has repeatedly sought to subvert its African and Arab neighbors; Chad, Egypt, Tunisia, and the Sudan have all felt Qadhafi's sting. The policy pursued by Libya is nothing but a consistent violation of Article 2(4) of the Charter.

It is hypocrisy to equate the answer to terrorism with terrorism. It is equating crime with those who fight crime. It is clear that the international community as a whole suffers from Col. Qadhafi's disrespect for accepted international norms of behavior. He has abused diplomatic privilege for terrorist purposes, breached international agreements, and blatantly used violence against political opponents. In sum, he has made terrorism an integral part of his foreign policy. Libyan attacks are not simply random uses of violence but concerted violence directed against the values, interests, and democratic institutions of all freedom-loving states. It is a clear assault on international order, an assault on the Charter of the United Nations, and the principles which we, as members of this Council, are pledged to defend. Let us not shrink from this challenge.

**AMBASSADOR WALTERS,
APR. 21, 1986³**

The United States rejects this draft resolution as totally unacceptable. We categorically reject its assumption that the essential problem before us stems from the actions taken by the Armed Forces of the United States against Libya. That is a false assumption, contradicted by the facts, by irrefutable evidence, and by the long and tragic list of countries which have suffered brutality after brutality at the hands of Libyan terrorism.

We deplore the failure of this draft to come to grips with the real issue before this Council: Libya's blatant, unrepentant, and continuing use of force in violation of Article 2, paragraph 4, of the Charter. For this Council to endorse such an erroneous and deficient draft would be to mock the oft-stated commitment of this body—and of the General Assembly—to oppose terrorism in all its forms as criminal conduct that must be resisted and punished.

My delegation is outraged by the fact that nowhere in this resolution did we find any mention of the brutal campaign of terror waged by Libya—a campaign that has grown and become increasingly violent over the years.

Col. Qadhafi did not merely state it is a time for war, he said: "We must force America to fight on a hundred fronts." Libya did not content itself with merely threatening to use force—itself a violation of the Charter. Col. Qadhafi followed through on his threats by launching murderous attacks against American citizens, by firing at our ships, and by plotting yet more deadly atrocities. How many Americans and innocents must be killed before our right to respond is recognized?

I need not elaborate on the U.S. position on this matter, which is set forth fully in our letter to the President of the Security Council dated April 14, 1986, and our statement in this Council on April 15. I wish to stress only this: If the inherent right of self-defense, specifically recognized in Article 51 of the Charter, does not include the right to protect one's nationals and one's ships, what does it protect? The idea that a state should be condemned for seeking

to protect the lives of its nationals who are subject to armed attack is too absurd for further comment.

What do we find in this resolution before us? We see a harmful and potentially disastrous approach that equates the use of terrorism with an act of justified self-defense against terrorism: an approach that condemns acts of the United States against Libya but ignores totally Libya's documented, open, undeniable use of terrorism: an approach that perverts the meaning and the intention of the Charter of the United Nations and international law; and, finally, an approach that creates an appearance of evenhandedness, but not the reality. Nowhere is Libya asked to refrain from its murderous activities.

Operative paragraph 3 begins to reflect some awareness of the nature of the problem at hand. Unfortunately, it does so in such general terms that it conveys no idea of the magnitude of the threat posed by the activities of terrorists in general and by Libya's flagrant violations of Article 2, paragraph 4, of the Charter in particular. We are not dealing here with the acts of individuals or groups but rather with a state policy to use force by clandestine means or, as one speaker in the debate put it, "war by another name." Adoption of a resolution which fails to focus on these aspects of the situation and the specific conduct of Libya can only encourage more widespread violence and lawlessness by Libya. It would be highly imprudent and misguided for the Security Council to adopt any resolution along the lines of the present draft.

This text is a product of perverted thinking that distorts logic, values, and common sense. This text equates the criminal with his victim. As such, it will be opposed vigorously by the United States of America. We expect all nations of good will and true commitment to the values and principles of this organization to stand with us.

**AMBASSADOR WALTERS,
APR. 24, 1986⁴**

I do not wish to dignify the personal insults to my government leaders by the Cuban Foreign Minister. The comparison with Hitlerism is disgusting.

Hundreds of thousands of Americans lost their lives fighting Hitler. He doesn't even know what Hitlerism is. My country has received more than a million refugees fleeing from the terror and repression of his country, 10% of the population has fled the terror and repression of his government, and he presumes to come here and give us lessons about what is terrorism and what is not terrorism.

We have just heard the statements of members of a delegation who participated in the ministerial-level meeting of the Coordinating Bureau of the Movement of Non-Aligned countries held in New Delhi last week. I wish to recall that the "nonaligned" issued a communique on April 15 which attacked the United States for all manner of wrongs, including a "dastardly, blatant, and unprovoked act of aggression" against Libya. Nonaligned alignment against the United States is not new, but rarely is it as brazen as it has been in this chamber this afternoon. A great conflict has been raging between Iran and Iraq for 6 years. Not one word of this shows in the nonaligned communique. Why? Why is there such easy unanimity to attack the United States and nothing to describe a great war which is raging and costing thousands of lives. But, perhaps this is nonalignment, I don't know.

Three days ago, the United States, joined by several other members of this Council, voted against a similarly flawed document which unjustifiably condemned U.S. action in Libya. They should know that my country is deeply indignant and will not forget this totally one-sided view of these recent events. I repeat, how many Americans must die before we will be recognized as having the right to take some action?

I ask myself in reading these two documents whether their authors really meant to confuse the criminal with the victim and whether they are fully aware of the implications of their charges. I am shocked that neither document took any account of Libyan terrorism, which has been repeatedly and amply demonstrated before the entire world. The

Governments of the United Kingdom and the German Federal Republic have both acknowledged that they are in possession of irrefutable evidence of Libyan complicity with this dastardly crime in Berlin. Did they refer to Col. Qadhafi's numerous threats against the United States, including a call for war "on a hundred fronts?" As I said in this chamber on April 15: "It is hypocrisy to equate the answer to terrorism with terrorism. It is equating crime with those who fight crime."

In the face of repeated acts of violence against American citizens and after exercising great restraint, the United States reacted to intolerable actions by Libya. As President Reagan said last week: "To have remained passive in the face of Libya's terrorist attacks such as the Berlin bombing would have only encouraged more terrorism in the future."

It has been astonishing for me to hear my country denounced before this Council by some countries which have sought and received active cooperation from the United States in dealing with their own problems involving terrorism and have not shrunk from using extreme force themselves to deal with this problem.

There is another charge which I have heard during this debate and with which I wish to take issue. It has been said by a number of speakers that the U.S. action in Libya was condemnable because a big country attacked a small country. The references to the size of the two countries may be true—but that was the only element of truth in these accusations.

I would ask those who have told us what they saw in Tripoli, did they see the carnage of men, women, and children in Vienna and Rome airports? Did you see those children wounded in Berlin? Col. Qadhafi's agents have left a trail of broken and blasted bodies from Beirut to Berlin. Some choose never to mention these. I wonder why.

References to the size of a nation are irrelevant. What is relevant are the rights of nations, large or small—the rights which are recognized in international law and the UN Charter. Article

51 of the Charter specifically recognizes the right at issue in this debate, the right of self-defense by member states—the right to defend themselves and their citizens.

Talk about size misses the point regarding terrorism. In the nether world of terrorism, unfortunately, death comes in small packages. For example, the explosives found in a suitcase at Heathrow Airport last Thursday weighed less than 10 pounds. They would have been powerful enough to destroy an entire passenger airplane and all of its innocent passengers—one of them a baby, I might add. The explosive which damaged the TWA passenger plane on April 2 is believed by experts to have weighed less than one pound. Yet its force was strong enough to have ripped a hole in the side of the plane, caused the death of four passengers, endangered the lives of the others on board. The weapons of choice intended for the U.S. Officers Club in Ankara last Friday were hand grenades; they could have taken a heavy toll of Americans and Turkish lives, if the attempt had not been foiled by Turkish authorities. And, in the most tragic incidents, one American and two British hostages were shot in the head and killed in Lebanon, while another American, a member of the U.S. Embassy in Khartoum, lies in serious condition in a hospital from a terrorist's bullet.

It does not take advanced technology or the resources of a large country to spread destruction in civilized society. Terrorism can be attempted by any small group of determined, fanatic, and—I should add—demented individuals. It is an even greater danger if it is backed by a state, such as Libya, in flagrant violation of Article 2(4) of the Charter.

I should like to make another point. Many speakers have drawn attention to the civilian casualties in Libya. These casualties were regrettable. But it is important to remember that their casualties were the result of a legitimate U.S. response to repeated past and planned acts of terrorism by Libya in violation of Article 2(4) of the Charter. It is also

a fact that civilian targets were avoided to the maximum extent possible. This was not the case with the terrorist incidents mentioned above.

The issues before this Council are not the size of states or civilian casualties. The chief issue remains the scourge of terrorism and how the civilized nations can deal with it.

Never once has Libya been named. Have the European countries pointed at Libya without proof? Fourteen Libyan "diplomats" have been expelled from European countries in the last couple of years for "criminal acts." I wonder how many of the nonaligned noticed that?

On the subject of statements which have been made by earlier speakers in this debate, I cannot fail to raise my personal objections to a particular comment by the Libyan delegate last Monday. The Libyan delegate said that the U.S. actions in Libya were actions "against the entire Arab nation." Such an accusation is patently untrue and amounts to a slander against the American people. It is untrue because the United States maintains close and valued relations with most of the countries in the Arab world. As President Reagan said yesterday: "... let no one mistake this for a conflict between

Western democracies and the Arab world. Those who condone making war by cowardly attacks on unarmed third parties, including women and children, are but a tiny minority. We hope and pray the Arab world will join us to eliminate this scourge of terrorism." The Libyan delegate's remarks were slanderous against my country because the United States is, as we all know, a country made up of peoples of many different ethnic origins, including people from the Arab world. Arab-Americans are a full part of our American society; they value their ties with the Arab world; and they are an essential element of American-Arab cultural exchange. They share, with other Americans, our horror over the rise of terrorism and support efforts to combat it.

Allow me to make one final point. In the last few days, a number of countries, including especially countries in Europe, have taken actions which underscore their concern about Libyan terrorism. These actions have included measures to restrict the personnel and activities of the Libyan People's Bureaus and other measures to control

and monitor the movement of both official and nonofficial Libyans. The United States welcomes these actions as part of the response which free societies need to protect themselves. We also welcome the Indian Prime Minister Rajiv Gandhi's denunciation at the nonaligned ministerial meeting of "all sorts of terrorist activities, whether by individuals or by a state." We hope that the wider international community will come to a similar appreciation of the danger that terrorism poses to the entire international community and will adopt the necessary measures to respond to that danger. We hope that these measures will be built upon and expanded in the future so that the fight against Libyan terrorism will one day become effective and ensure the safety of our citizens and societies. The United States, for its part, will not shrink from the struggle against terrorism and those who practice it against us.

¹USUN press release 28.

²USUN press release 29 Rev. 1.

³USUN press release 34 Rev. 1 of Apr. 23, 1986.

⁴USUN press release 36. ■

News Conference of April 9 (Excerpts)

*Excerpts from President Reagan's news conference of April 9, 1986.*¹

....

Two events in recent weeks have underscored the urgency of our aid request to the [Nicaraguan] democratic resistance. First, the Nicaraguan communists sent troops into Honduras on a search-and-destroy mission to kill off the freedom fighters. Second, the Sandinista communists torpedoed the Contadora talks, talks conducted with 12 other Latin countries who seek peace in the region. And these events demonstrate that the Nicaraguan communists will never make peace with their neighbors or with their own people unless the pressure on them increases.

The communists must realize that they cannot crush their opponents, and our assistance can ensure that the freedom fighters are not crushed. That assistance will give Nicaraguans a choice, and it will give diplomacy a chance. Four out of five Central American countries now have democratic governments; democracies that our bipartisan policies helped to bring about. We must stick to this bipartisan strategy. And this coming week, the House of Representatives will be called upon to maintain that tradition.

Action now is essential, and we cannot afford further delay. This proposal must not be held hostage to any other legislation. Through its vote next week, the House can show the world that the United States is determined to defend freedom in Central America.

The Soviet Union, Fidel Castro, and the Sandinistas are determined to make the region a communist enclave. Well, we must not and we will not permit that to happen.

Q. Do you have any solid evidence that Qadhafi is responsible for the recent acts of terrorism? And if you are contemplating major retaliation, won't you be killing a lot of innocent people? I'd like to follow up.

A. We have considerable evidence, over quite a long period of time, that Qadhafi has been quite outspoken about his participation in urging on and supporting terrorist acts—a kind of warfare, as he has called it.

Right now, however, I can't answer you specifically on this other, because we're continuing with our intelligence work and gathering evidence on these most recent attacks and we're not ready yet to speak on that. And any action that we might take would be dependent on what we learn. And so, I can't go further.

Q. I know you must have given it a lot of thought, but what do you think is the real reason that Americans are the prime target of terrorism? Could it be our policies?

A. We know that this mad dog of the Middle East has a goal of a world revolution, Moslem fundamentalist revolution, which is targeted on many of his own Arab compatriots. And where we figure in that, I don't know. Maybe we're just the enemy because—it's a little like climbing Mount Everest—because we're here. But there's no question but that he has singled us out more and more for attack and we're aware of that. As I say, we're gathering evidence as fast as we can.

Q. Colonel Qadhafi threatened today to escalate the violence against American civilians and military targets throughout the world if his country is attacked. Does he have the ability to strike here on American soil?

A. We know that there are a number of his countrymen in this country. He has even suggested that he could call upon people to do that. And we certainly do not overlook that possibility. We're going to be on the alert and on guard for anything he might do. He has threatened repeatedly, and recently, that he will bring that kind of warfare to our shores, directly here.

Of course, it's kind of hard to keep up with him, because just a short time after this recent TWA explosion, he went on the air to state that this was an attack on innocent civilians and pure terrorism, and he wouldn't have anything to do with that. That's the same man that referred to the slaughter of the innocents in Rome and Vienna airports as a noble act.

So, I don't know whether you count on what he says for your real information. I think you just ignore that and go looking for facts.

Q. What precautions would you say Americans can take to prevent terrorist attacks at home?

A. We're doing everything that we can, and I think all of the law enforcement agencies of America are alerted of this fact. And we're not entirely helpless because, as I pointed out, I believe sometime recently—or the last time we were here—that in the last year we have aborted through our intelligence gathering in cooperation with our allies, we have aborted 126 planned terrorist attacks that never took place because of our having the information in advance.

Q. You have said that the Gulf of Sidra maneuvers were designed to protect U.S. maritime rights. As Commander in Chief, can you tell us what was so strategically important about the Gulf of Sidra in particular, or the concept of freedom of navigation in general, that you would risk the lives of American soldiers?

A. When we first came here, there had been a couple of years—that area of the Mediterranean, maybe because of its width and openness, has long been the place that has been chosen by our 6th Fleet there for the practice maneuvers that it must continue to take. And those maneuvers are very often very similar because you have new recruits and new crews and so forth, and you have to keep in practice. And he, then, before we were here—he drew that line and said that the waters behind that line were his. The rest of the world denied that and said those are international waters. But, for whatever reason, our Navy did not perform those maneuvers for a couple of years. And when we came here it was presented to us that it we did not just resume our normal practice, we could then give credence to his claim and just by our not ignoring that line establish the fact that it was his private preserve. And this was presented to me, and after full deliberation and consultation, I ruled that those who said this were right and that we should resume what had been a matter of practice with the 6th Fleet before. And so we did. And in 1981 we returned to having a maneuver.

Now, it doesn't mean that you sail in with a whole fleet just to thumb your nose at him across that line. You conduct the maneuvers out in the Mediterranean—but it does mean that there are some ships on the flank, some planes, that in the exercise will cross that line.

So, it isn't, as I say, a nose-to-nose confrontation that you make just to show off. And this was true in 1981, but

if you were to recall in 1981, two planes he sent out fired upon planes of ours. And we shot down those two planes, because I had ruled that any time there is going to be a possibility of hostility against our forces, they're going to be allowed to defend themselves. Now, we did that. Now, this maneuver was the seventh such maneuver that we have had in that area. So, it wasn't an unusual thing that we set out to do. And he did open hostilities, and we closed them.

Q. If I may, there is a wide perception, however, that the Administration was hoping to provoke Qadhafi and was prepared to escalate the military confrontation in the Gulf of Sidra. And I was just wondering whether you had given thought to the number of American lives that might have perished there.

A. I have to tell you that there's no decision that anyone in this office has to make that is harder to make than placing these young men and women of ours in uniform in a place where their lives are endangered. It is the most difficult thing to do. But it was not a deliberate provocation, and not sitting back saying, "Oh, goody, he's going to show his hand, and we'll clobber him." Not at all.

But even the Soviet Union recognizes those as international waters. And, again, just by usage or nonusage there of that area, what had been a normal practice for us for a number of years, would, as I say, lend credence to his claim and one day you'd just find that the world had accepted this. So, I think we've done this before in other waters and other parts of the world and other nations have also—to make sure that international waters are recognized as such.

And so, there are times when—yes, when people have to be endangered, but not idly and not just for a provocation.

Q. The United States is once again asking the Western allies to join with you and isolate Qadhafi. So far they have expelled some Libyan diplomats in Paris and in Bonn, but they've taken no economic sanctions in the wake of these most recent attacks. How much of a disappointment is it to you that the Europeans have not followed suit, and what do you plan to do about it?

A. We're continuing to communicate with them and talk with them, and we're encouraged by what we've seen—these two countries who have taken some action along this line. And I'm

quite sure that this will be a subject we'll be talking about at the forthcoming summit with our allies.

Q. If I could follow up on that. You've used some very tough rhetoric about Qadhafi. Tonight you called him the mad dog of the Middle East. Do you ever worry that perhaps you're giving him exactly what he wants—the recognition of the highest office in this land?

A. You know, I'd never used the term mad dog before, but I saw one of you using it on television tonight, and I thought it sounded good. [Laughter]

Q. On the 20th of May, when the new U.S. submarine goes to sea for the first time, the United States will exceed the number of weapons allowed by the SALT II [Strategic Arms Limitation Talks] treaty unless you take two Poseidon class submarines out of service. Will you do that?

A. I am waiting right now—we've touched upon this and are discussing it, and I'm waiting for further reports on the actual violations of the Soviets. I know that I set a policy some time ago that we would continue to observe the restraints of the SALT II treaty, but in keeping with whether the other signatory to the treaty did so also.

Now, we know there have been violations, and we still have not come down hard on what balances what and what we should do. But we are willing to observe those restraints if they are willing, also. And I'm waiting for—we've had a lot of other things on our plate, so we just haven't made a decision on this.

Q. Might you try what's being called a proportional response, which is to say, instead of cutting up those old submarines, just drydocking them, which sort of walks the line in between?

A. This is all the kind of thing that we're talking about, and we just have not made the final decision as yet.

.....

Q. If I can bring you back to Mr. Qadhafi and the Middle East. There have been some reports today that say that you have already made a determination to retaliate. And yet your remarks earlier—you said any action that we might take would be dependent on what we learned. Do I take that to mean that you have not made any decision on retaliation yet?

A. This is a question that, as I say, is like talking about battle plans or something. It's not a question that I feel

that I could answer, except that you all know that you've heard me on record for several years now—that if and when we could specifically identify someone responsible for one of these acts, we would respond. And so, this is what we're trying to do, is to find out who's responsible for a fine sergeant in our military dead and 50 young Americans lying in a hospital wounded because of that dastardly attack in West Berlin. And if there's identification enough to respond, then I think we should respond. And I've said that over and over again.

Q. If I may follow up. But there has, at the same time, been a lot of evidence or a lot of finger pointing toward Syria. But in recent months we have not heard anything that specifically targets the Syrians as also being perpetrators of terrorism. Is there a reason for that? Is it, possibly, because we think Mr. Assad can help get the Americans out of Lebanon?

A. No, no. We'll go wherever the finger points. But, so far, the leads have not gone in that direction on some of the more recent events.

Q. I'd like to switch subjects on you now. In view of your belief that a summit should be well prepared and produce substantive results, do you feel it's realistic to think that you can still meet your preferred June or July date?

A. It's getting pretty certain from our own standpoint that June is just about out now, although we will be having some meetings at the ministerial level here that were arranged with Dobrynin. We'll have them here this month [next month].² It still could be possible, however, for July. But if not then, later.

But I have made one thing plain. The fall months of our election are not going to be months that I will agree to a summit, and I will stick with that.

Q. So, after June or July what is your next best time, December? November?

A. I would think after the election, then.

Q. This has been asked in several forms, let me try another. The reported electronic intercept of congratulations from Qadhafi to the People's Bureau in Berlin, is that not sufficient evidence to the Libya bombing of the disco?

A. I'm not going to comment on anything that can reveal where we're getting information, or whether we're

getting information in that way or not. And I'm certainly not going to say—answer anything that might endanger some possible sources for that. So, I can't answer your question.

Q. There's a theory that Arab oil producers now are driving down the price of oil in order to hurt their competitors, including American oil producers. Do you think there's such a thing as oil that's too cheap?

A. I have to say that while we have said we believe that this whole thing with the oil prices should be settled on the basis of the free market, the market in oil is not completely free. There are some major producers of oil who are governments, not private corporations or business people.

And it's possible that what you'd want to keep your eyes open for, when we talk about hoping that this will be—that this whole thing will destabilize the price of oil is, you can't ignore the possibility—well, maybe somebody would think of driving it down to the point that they get rid of a lot of competition. And then they would do what comes naturally to a monopolist, and the price would start going up again, as it once did when others had a very dominant voice and hold on the oil market.

So, when I say free market—and I really mean that—I, at the same time, think that we must keep our eyes open to see that no one starts playing tricks for some kind of illicit future gain.

Q. If I could follow up, do you think that we're near that point? And if so, what kind of action would you take?

A. Now, I don't know whether we are or not—near that point. And as I say, this is just—this is really hypothetical. This is something you say, well, this could happen and so we mustn't just go blindly and pretend that not a thing like that could ever take place. But then we would have to see what our options were.

Q. I've got a question that's non-hypothetical. Vice President Bush has seemed to be talking lately about the need for low oil prices. Is he off the reservation? Do you disagree with what he's been saying?

A. No, in his own way, and more specifically, he's been saying pretty much what I've just been trying to say here, now. That the free marketplace is the one—the answer to this. But he has also been saying, talking about this same thing, that if someone is going to destabilize the whole petroleum industry

by trying to take advantage of this present situation that we should be alert to that. And what he had in mind was that, obviously, here the United States has vastly reduced the amount of oil that we have to import. And now, if we suddenly, however, have made it uneconomical to produce oil in our own country to the point that we have to go back to further imports, we have, among other things, endangered our own national security. This is all that he's talking about. But we're saying the same thing.

Q. If I could follow up. A lot of Republican Senators have been saying that he's really hurting himself, politically. Do you agree with that?

A. I think some people must be reading things into this, or maybe it loses something in the transmission from as far away as he is. But, actually, I have made it a point to get exactly and specifically what he said. And I can't find myself quarreling with any of the remarks he's made.

Q. Do you have any concerns that the escalation of tensions with Libya and in that region may further endanger the American hostages still being held in Lebanon? And, also, do you have any news about their well-being that you might share with us?

A. No. We have constantly been, contrary to what some people think, working on that very problem. Those hostages, they've never been out of our minds for a minute, and our efforts have gone in every direction where there seemed to be an opening. The best that I can say to you is that with all the information we have, it indicates that they are well. But I would hesitate to think that anything that we might do in retaliation for terrorist acts now, these most recent acts, would actually affect them and their well-being. But, again, we have to deal with this terrorist problem. We cannot allow terrorists to believe that they can do this to the world.

Q. Is the problem of terrorism so serious that it would be inappropriate to consider the lives of these few Americans in setting American policy?

A. Let me say that they would be a very great consideration, always. And it would have to be a situation, depending on what all we learned, that would lessen the importance of any American in view of the major target and the more people that might be threatened.

What we're talking about now is not just hit or miss—is there going to be terrorism out there? We're talking about the accumulation of evidence of

specific acts that are threatened, and that then we can take action in advance. As I said, we did last year, 126 times, to abort those efforts. And this continues to go on. So, we're still hopeful that we're going to get those hostages back.

I think I should—I've been kind of concentrating here in the center.

Q. Critics say that your policy toward Libya has been too confrontational. President Carter described Colonel Qadhafi as a polecat and said you don't poke a polecat. Now, what do you say to critics who say that military retaliation only begets more violence?

A. I could answer the other thing, that there's another side to that; that if somebody does this and gets away with it and nothing happens to them, that encourages them to try even harder and do more. And everyone is entitled to call him whatever animal they want, but I think he's more than a bad smell.

Q. If I could follow up, didn't the Gulf of Sidra suggest that perhaps military action here simply begat more terrorist response?

A. No. If he wanted to invent that as a provocation aimed at him, I've explained what that was—a practice that's been going on for several years, a number of years before I came here—long before—those maneuvers held there, an seven times since I've been here. And so, he just had to invent that to get on the air.

Q. Are we in a state of undeclared war with Libya?

A. Not on his side, he's declared it. We just haven't recognized the declaration yet, nor will we. No, it's, as I say, we're going to defend ourselves, and we're certainly going to take action in the face of specific terrorist threats.

Q. Mikhail Gorbachev really blasted you on Soviet television yesterday, accusing you of provoking another cold war and criticizing you for refusing to negotiate on the test ban treaty, for cutting the size of the UN delegation here. Is that the spirit of Geneva, and what does it bode for the next summit?

A. I evidently wasn't aware of that that he said all those things about me, there. He must have been reading *Pravda* and TASS too much. Why don't we send him some American newspapers?

No, I think that his communication directly to me has certainly been in the spirit of Geneva, and my responses to him have been. So, maybe he was speaking to a different audience at that time. But we're trying to go forward and, as I say, we're planning for a summit here.

I know that they were upset about the action with regard to the UN, but that has been under consideration for a long time by us. The Soviet Union's delegation was bigger than the next two top delegations in the UN put together, which includes ours. And there had been enough defectors that we were aware that they weren't all delegates to the United Nations. They had extracurricular activities that were not for our benefit.

Q. What do you think the effect of future decisions, such as SALT II, would be on the summit preparations? Do you feel in any way that your hands are tied on the SALT II decision, which must be made before May 20th because of the summit preparations?

A. No. We're very much aware of wanting to keep these going. And many of these things are things we debated and discussed in the first summit meeting at Geneva, in those private meetings. And we'll be taking them up again in the next meeting, trying to make some sizable and realistic gains in lessening the tensions.

It all comes under the head of—what I told him when we first met. And that is that, the quote that I used was that countries don't mistrust each other because they're armed; they're armed because they mistrust each other. And that's what he and I had to do, was find deeds, not words, that we could perform that would lessen that mistrust to the point that we could reduce these massive armaments.

Q. You obviously condone the use of violence for the freedom fighters in Nicaragua. Why, then, do you condemn the use of violence for people your State Department claims are freedom fighters inside South Africa?

A. We don't condemn. We're trying every way we can to try and bring about meetings of the leaders on both sides. We know that there are two factions in South Africa, in the Government of South Africa. One of them stubbornly is holding to continuation of the past practices. The other, and this includes President Botha, wants change and has taken a number of steps—as

many as he can get away with. But it's just like me dealing with the Hill up here. Sometimes he can't get all that he seeks.

But we are continuing to urge, and have made it plain—and I can tell you that he has agreed with us that he finds the past system repugnant and is trying to get changes as quickly as possible. And we're going to try.

Q. On the question of freedom fighters again, it's been reported that the freedom fighters in Angola are being given American Stinger missiles. Are you at all concerned that such high-technology American weapons might fall into the hands of terrorists not friendly to the United States?

A. I don't answer the questions on the nature of the armaments that we provide in cases like this. First of all, because I think if we feel that it is worthwhile for us to help militarily a force of that kind, then there's no reason why we should help their enemies know what weapons they have or what weapons are being denied them. So, I'm not going to answer that as to whether we are or aren't, on those.

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¹Text from Weekly Compilation of Presidential Documents of Apr. 14, 1986.

²White House correction. ■

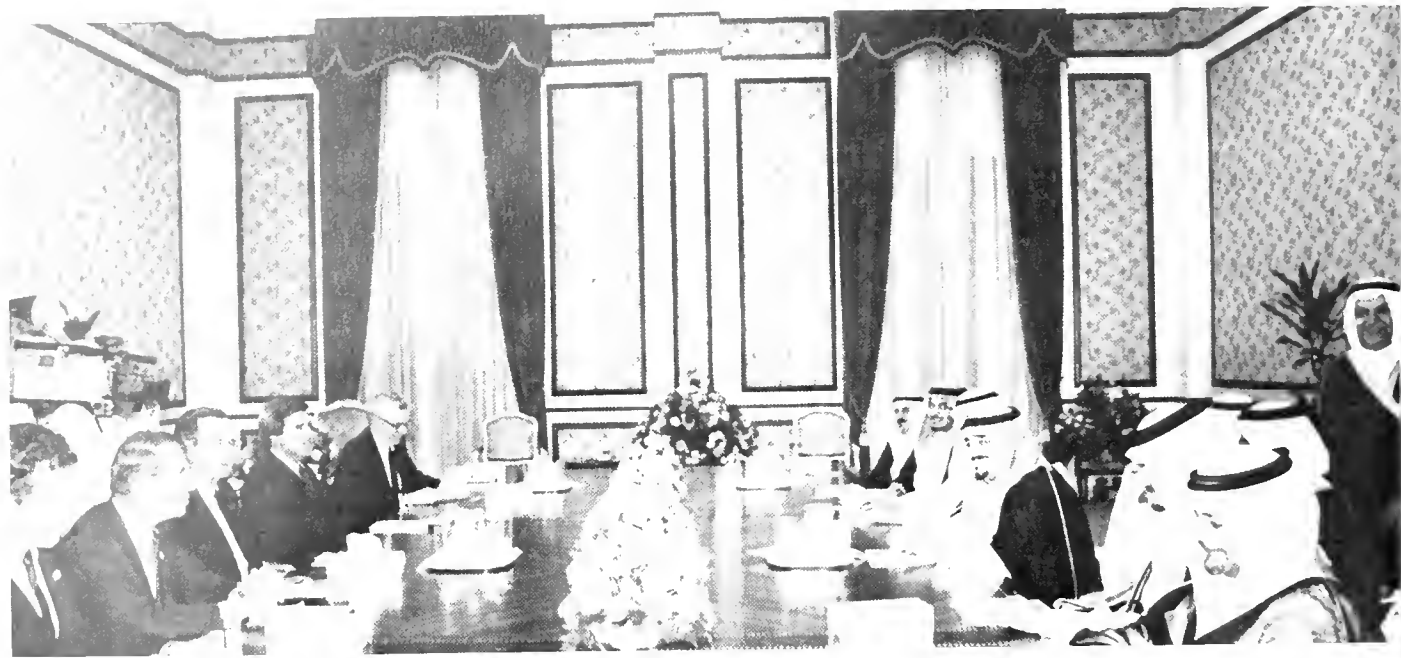
Vice President Bush Visits Persian Gulf

Vice President Bush visited Saudi Arabia (April 5-7, 1986), Bahrain (April 7-9), Oman (April 9-10), and the Yemen Arab Republic (April 10-12). Following are excerpts from remarks he made on various occasions during the trip.



With His Majesty King Fahd bin Abd al-Aziz Al Saud in Dhahran, Saudi Arabia, on April 7.

White House photo by Dave Valdez



Saudi Arabia

Today we honor almost half a century of close relations between Saudi Arabia and the United States. Fifty years ago, American oilmen . . . discovered petroleum in the Eastern Province. The first high-level, official contact came in 1945 when President Franklin Roosevelt met with King Abd al-Aziz Al Saud.

Over the years, the commercial ties between our two countries have grown stronger. Today Saudi Arabia is among America's most important trading partners. More than 300 American firms have offices here, and 40,000 Americans work here. Thousands of U.S. firms have Saudi distributors. . . .

But the U.S. relationship with Saudi Arabia is broader and more diverse than that . . . mutual security ties have been at the foundation of our relationship, and these ties remain of great importance.

Last night (April 6), I held a long meeting with the King. . . . Our conversations focused on security and economic issues . . . this country and region face a number of challenges . . . [including] the Iran-Iraq war, the scourge of international terrorism, the recent events in South Yemen, and the Soviet war on the Afghan people. . . . Regarding economics, the focus of discussion related to oil prices and production. I described the link we in the United States see between a strong domestic oil industry and the national security. I reiterated our desire to see market forces work.



Meeting with His Majesty King Fahd bin Abd al-Aziz Al Saud and other members of the Saudi Government in Dhahran on April 7 (top); and touring the new U.S. Embassy in Riyadh with Prince Saud bin Faisal bin Abdul Aziz, the Saudi Arabia Foreign Minister (on the right) and other Saudi officials (above).



With His Majesty Amir Shaikh Isa bin Sulman al-Khalifa in Manama, Bahrain, on April 8, 1986.



Lunching with U.S. servicemen aboard the U.S.S. *Enterprise* off the coast of Oman on April 9.

Bahrain

The relationship between the Government of Bahrain and the Government of the United States is new—only 15 years old. The relationship between our people is not. Since the beginning of this century, the American people and the people of Bahrain have been partners for peace and progress.

Americans helped Bahrain develop its petroleum resources. Today Americans are deeply involved in the diversified Bahraini economy. Bahrain is host to the regional offices of 13 American banks. It also hosts the offices of a number of American computer and software firms.

Under the leadership of His Highness the Amir, Bahrain has developed a highly diversified economy . . . the Bahraini people have achieved the high levels of literacy needed to support such an economy. Bahrain has ensured that it can—in this age of high technology and jet travel—remain what it has been for centuries, one of the world's crossroads of trade and culture.

Bahrain is a member of the Gulf Cooperation Council . . . the United States supports the efforts of the members of the council to develop the means of protecting themselves against outside aggression . . . [and] efforts of the council members to help negotiate a settlement to the Iran-Iraq war that will preserve the sovereignty and territorial integrity of both countries.



Addressing U.S. military personnel aboard the U.S.S. *Enterprise*.

Oman

My country values highly its broadly based relationship with Oman, a relationship characterized by frequent and highly useful political consultations, by economic cooperation, and by shared security concerns. . . .

Under the Sultan, Oman has developed a modern education system, a sophisticated health care system, and is moving toward a more productive and diversified economy. Agriculture has seen enormous improvements in productivity. A modern road system has been established. Power and water systems are being provided for the benefit of the people. Earlier this morning, I witnessed the signing of a contract to expand even further the electric-power-generating capacity of the Sultanate. Literacy is up, and infant mortality is down. That is amazing progress in just a decade and a half.

The United States supports the economic aspirations of the Sultan and the people of Oman. We will continue to do so through the Omani-American Joint Commission and through vigorous efforts in the private sector.



With Sultan Qaboos bin Said in Muscat, Oman, on April 9.



With President Col. Ali Abdallah Salih in Sanaa.

North Yemen

The people of Yemen trace their roots to the very dawn of civilization. The Kingdom of Sheba was here. Some of history's earliest trade routes converged here, and the merchants of this land were known far and wide. Yemen was not only a center of commerce but also an early center of Islamic learning. And Yemen was world renowned in centuries past as a center of scholarship in mathematics and science. . . .

America has been a partner of Yemen since the late 1950s. Today we are working with the Yemeni Government and the Yemeni people in such diverse areas as instructing farmers in more productive agricultural techniques, developing safe and reliable water supplies for villages, helping cities plan for rapidly growing populations, and helping to prepare Yemen's young people to lead their nation in the years ahead. All of these projects reflect America's faith in Yemen's future.

Today Yemen takes its place among the major oil-producing and refining countries of the Earth. It was less than two years ago, on July 4, 1984, that the Hunt Oil Company . . . discovered oil near here. This was the first oil ever to be found in this country. This refinery is the product of close cooperation between the oil company and the Yemen Arab Republic [and] demonstrates what economic cooperation . . . can mean to the Yemeni people. ■

At the American Language Institute in Sanaa, Yemen, (above) and on a tour of Souq (below) on April 11.



(White House photos by Dave Valdez)

Vice President Bush Visits Tunisia and Portugal

For over 50 years, President Bourguiba has been among the wisest and most able leaders of this region. He has consistently espoused democratic values. He has consistently advocated the cause of peace. And he has consistently sought to lay foundations for a better life for all Tunisians. . . . In relations with the United States, he has kept his eyes on the continuing and overwhelming common interests and shared values that have made our two countries so close for so long.

Tunis
March 8, 1986



With President Soares in Lisbon.

Last month the Portuguese people turned out in extraordinary numbers to elect a new President, and today he was inaugurated. . . . The United States salutes the spirit of the Portuguese people . . . [and] their dedication to freedom and democracy. . . . The

friendship of the United States and Portugal . . . has been strengthened in the last several decades by Portugal's membership in NATO. And today it grows ever stronger as democratic institutions grow stronger here in Portugal.

Lisbo
March 9, 1986

(White House photos by Dave Valde)



With President Bourguiba in Tunis.

Secretary Visits France, Turkey, Greece, and Italy

Secretary Shultz departed Washington, D.C., March 20, 1986, to visit Paris (March 21-22), Istanbul (March 22-24), Ankara (March 24-25), Athens (March 25-28), and Rome (March 28-30). He returned to Washington on March 30.

Following are toasts and opening statements from news conferences made on various occasions during the trip.

**DINNER TOAST,
ANKARA,
MAR. 24, 1986¹**

We last dined together only a little over a year ago. Mr. Prime Minister [Turgut Ozal] during your very successful visit to the United States. We have a saying about visits like that: You took the town by storm. That's the way it is said. Everybody in my country [inaudible]. You came as the representative of one of our most important allies, as the leader of a dynamic country committed to democracy, to an open economy, and to the defensive alliance of free nations united in NATO. Your keen intellect and enthusiasm greatly impressed official Washington, and Americans learned much about Turkey through your visit.

The 3 days we have just spent in Turkey confirm what you told us last year. The treasures of your past, which we saw in Istanbul, helped me to understand the magnificent heritage that inspires Turkey today. We have met a warm and hospitable people who clearly value our friendship. We have seen for ourselves the dynamism of the Turkish business community. We have seen evidence of the Turkish people's determination to improve their lives through hard work and the competition of the marketplace. Sailing up the Bosphorus, that historic, strategic crossroad, and looking north to the Black Sea, I gained a special appreciation of Turkey's unique position on the front line of NATO's defense.

Shared democratic ideals, and the determination to defend those ideals, are the very foundation of Turkish-American friendship. Since 1947, we have pledged our support to one another against assault from those who oppose the democratic way of life. Turkey joined us in NATO, and in Korea,

because you recognized the danger to yourselves and to your friends and knew that none of us could oppose totalitarianism alone. That common threat still exists, and we need one another today as we needed one another then.

The United States gives high priority to its security relationship with Turkey. Since 1980, we have provided Turkey over \$3 billion in military assistance, in addition to substantial equipment and technology transfers. We are committed to continuing high levels of assistance, for we know that in helping you to be strong, we are strengthening our own security as well.

Prime Minister Ozal, you said at Davos last year that true democracy is not possible without freedom in the marketplace. We agree wholeheartedly with that point of view.

The stability and security of Turkey are vital to the well-being of its citizens and to us as your ally. Economic growth is the foundation of that stability. The bold economic policies your government has adopted are the best guarantee of long-term growth and a promising future.

The United States has welcomed, and by its policy decisions, strongly supported, Turkey's economic revolution. Since you introduced your reforms in 1980, the United States has provided Turkey with \$1.4 billion in balance of payments assistance and has rescheduled \$720 million in debt in order to provide Turkish economic planners with more running room.

The U.S. economic policies have played a major role in the recent decline in global interest rates which will ease pressure on Turkish debt repayment, will ease pressure on our own debt payment. For every 1% drop in interest rates, as we calculate in Turkey's annual debt service obligations drop by over \$100 million. So it ain't hay. Bilateral investment and tax treaties—the first already concluded, the second to be worked out soon—will further develop relations between our economic and business communities.

In 1985, trade between our two countries reached \$1.9 billion, two-way trade, more than double what it was in 1983. Textiles and steel present special problems, of course, as they do in world trade generally. But there can be some progress even in textiles, and there is

every reason why our trade as a whole will continue to grow.

Military partnership and economic cooperation are essential elements of the U.S.-Turkey relationship, but there is more: Turkey's attachment to democracy is profound. It finds expression in a free press and spirited public debate.

The U.S.-Turkish political dialogue on regional and international issues is expanding. We value Turkish support for the UN Secretary General's Cyprus initiative. We benefit from Turkey's special insights into developments in the Middle East, Southwest Asia, and East-West issues. We talked about some of these matters this afternoon, much to my benefit.

Both our nations are committed to fighting the calculated brutality of terrorism, which has claimed too many Turkish and American victims. The United States has prosecuted terrorists who attack Turkish officials. We intend to cooperate with Turkey in thwarting the terrorist conspiracy directed against all democratic societies.

Turks and Americans are committed to the rights of the individual. We welcome the improvement in Turkey's human rights record. The United States supports Turkish efforts in international fora to guarantee the right of the Turkish-speaking Muslims of Bulgaria to preserve their religious and cultural identity. In all these ways, we are working together to enhance our own security and defend and expand the freedoms we cherish.

I have tried to show just how important Turkey and the United States are to one another. America is Turkey's friend and ally. Our partnership must grow and develop. I will help in any way I can. And, more important, so will President Reagan. That is basically the message that President Reagan intended to send when he told me to come here to Turkey—that he supports what you are doing and wants to help in any way that he can.

And now, I ask you to join me in honoring, and pledging to strengthen even more, the friendship and cooperation between our two nations.

**STATEMENT,
ANKARA,
MAR. 25, 1986²**

First, I'd like to express my appreciation to my hosts here in Turkey, in particular the Foreign Minister [Vahit Halefoğlu], who has been most generous

with his time and his hospitality. I've had detailed and very worthwhile discussions with him; of course, with President [Kenan] Evren just now, with Prime Minister Ozal, with Deputy Prime Minister [Kaya] Erdem, of course, the Foreign Minister, the Defense Minister [Zeki Yavuzturk], Parliamentary leaders, and others.

These discussions covered a very broad range of questions. We discussed the defense and economic cooperation agreement (DECA) which, as you know, is ongoing. The United States believes the DECA is advantageous to both our countries and we're committed to maintaining the strong levels of cooperation under that agreement. We've also discussed the desirability of expanding our economic and commercial activities, and we've had discussion of international issues from the Iran-Iraq war to East-West issues, Middle East problems, world economic developments, and Central America. We discussed our mutual commitment to protecting individual rights and we discussed, in particular, the United States' strong support for Turkey's efforts to defend the right of the Turkish-speaking Muslims in Bulgaria to preserve their religious and cultural identity.

My colleagues and I leave Turkey profoundly impressed, once again, by the strength of character of the Turkish people, and by the historical and cultural sites that we've seen. I'm very pleased that the Foreign Minister, who has been so generous and hospitable to me, has accepted my invitation to visit me in the United States in due time, and I'll look forward to welcoming him there.

LUNCHEON TOAST, ATHENS, MAR. 26, 1986³

The United States has long cherished its relationship with the nation and people of Greece. Greek ideals of freedom and democracy inspired our own struggle for independence. American friends of Greece participated in your drive for modern nationhood. Millions of Americans of Greek descent have enriched and strengthened the United States.

Americans and Greeks fought and died together in the two great wars of this century. Americans have not forgotten the fierce courage and determination with which the Greek people fought against fascist oppression in World War II. Nor have we forgotten your contri-

butions to global security on the distant battlefields of Korea. In the postwar era, we have been joined together by political, economic, military, and cultural ties. We are united in a strong and noble alliance that secures our freedom and defends the values our citizens hold most dear. We share together the burdens and responsibilities of defending democracy.

But Greek-American friendship is not merely a question of security. Greek traditions of art, architecture, drama, literature, and history have influenced all Americans. Thomas Jefferson, John Adams, and other founders of our nation were steeped in the classical tradition and our political institutions derive from fundamental Greek concepts. Our public buildings, our universities, our churches, and our homes reflect Greek classical models. American school children study ancient Greece as a prologue to their own history. As a result, Americans grow up believing that Greece, its people, and its life as a nation are of unique importance.

The strength of our shared values and common traditions will assure the continuity of U.S.-Greek relations even in times of difficulty. My government has welcomed your Prime Minister's calls for "calmer seas." We have also welcomed your personal willingness to embark on a step-by-step problem-solving effort to improve our relations and settle issues which have troubled us both in recent years.

Small- and medium-sized problems in our relationship have sometimes had a way of taking on lives of their own and creating frictions out of all proportion to their true significance. We need to learn to manage such irritants better and concentrate on the larger issues of agreement and common interests. Let us address our problems frankly and constructively during our talks together. I might just say that in our discussions this morning—in which 5 minutes of a private meeting that was scheduled turned into 1 hour and 45 minutes, much to the discomfort of our wonderful delegations—there was, nevertheless, a very positive and constructive and thoughtful interchange between us. And I found it to be most worthwhile. And I might say, you personally, as a Minister of Foreign Affairs [Karloos Papoulias], are a fresh breeze. And I look forward to our continuing, progressively improving work together.

Greek-American economic ties are another essential part of our complex relationship. There should be room for increased American investment in your

country as a means of serving the economic interests of both our peoples. The overall state of U.S.-Greek relations has an immediate effect upon our joint economic progress. Predictability, stability, and forward movement in the relationship as a whole will inevitably bring about gain in areas such as investment, tourism, and the transfer of information and technology.

As we address bilateral matters, we also need to consider carefully how to strengthen our cooperation against the insidious threat of terrorism. The destruction of the Truman statue, which you very graciously and pointedly referred to in your toast, dramatizes how the proponents of violence, by targeting the symbols of Greek-American friendship, seek to undermine the basis of civilized and respectful relations among nations. In ancient times, the columns of the Parthenon were topped by a sculptured frieze whose mythological figures portrayed the conflict between civilization and barbarism. I saw this this morning myself. Today that same conflict continues in different forms, and we must rise to our challenge, as your ancestors rose to theirs.

Monuments can be toppled—at least temporarily—but no force can undo the vision President Truman brought to the postwar world or the fact that his policies helped preserve Greek democracy and reconstruct the Greek nation. The external threat which later brought us together in NATO remains as real today as in the days of the Truman doctrine. The shared interests which led our governments to conclude our defense and economic cooperation agreement in 1983 are as compelling today as then.

In our meetings since last August, we have worked hard for better relations. We have made some progress. The visits to Athens of my associates have contributed to our efforts. The atmosphere is greatly improved. You and I know that we can and should do much more. If we sustain the strong effort required, I have no doubt that we will succeed.

I ask you now to join me in a toast to the goal of a strong, mature partnership between the United States and Greece—a partnership based on mutual admiration and respect, on mutual confidence in each other's purposes, and a clear recognition that good Greek-American relations serve the vital interests of our two great people.

**STATEMENT,
ATHENS,
MAR. 27, 1986¹**

I want to thank the Prime Minister [Andreas Papandreou] and his colleagues for all they have done to make my visit to Athens pleasant and productive. My talks here have been straightforward and constructive. Last year the Prime Minister expressed the wish to move Greek-American relations into what he termed "calmer waters," an objective also sought by President Reagan. My visit here demonstrated to me how far we have moved in that direction. We have made this progress through the step-by-step process the Foreign Minister and I agreed to last fall.

During my talks here, we were able to identify a list of significant steps that our two governments might look at: the defense and economic cooperation agreement which we signed in 1983 is functioning well; we have concluded all necessary steps for the sale of advanced U.S. fighter aircraft to Greece; we have concluded an agreement on the protection of military information, the Gsomia; we have just concluded an interim civil aviation agreement; we have been able to broaden and deepen our cooperation in meeting the challenge of terrorism. So, we have a record of achievement.

My talks here also enabled us to identify items on our common agenda which we will be working on together in the months ahead and, I believe, with potentially good results. These include: resolution of outstanding issues that will clear the way for negotiations on a base labor agreement and a comprehensive status of forces agreement; negotiations on an agreement for Voice of America facilities in Greece; further negotiations on the defense industrial cooperation, as described in our DECA; further trade and investment talks scheduled for early in May; examination of ways to make our cooperation in meeting terrorism even more effective.

We have also had good discussions on the future of U.S. military facilities in Greece. We did not come to a conclusion, but we did agree that a serious discussion of this question would take place in time to permit the orderly resolution of the questions well prior to December 1988.

We also reviewed other issues on the agendas of both countries. I emphasized my government's concern about the differences between our Greek and Turkish allies, our hope that they will be able to resolve them, and our in-

terest in the peace and stability of the region. I expressed the hope that Greece will be able to find a way to return to full participation in NATO activities, and I underlined my government's interest in a lasting and fair settlement of the Cyprus question as well as our conviction that the [UN] Secretary General's initiative is the most promising route to that goal.

Finally, I had the pleasure of extending an invitation to the Greek Foreign Minister to visit Washington, and he has accepted.

**STATEMENT,
ROME,
MAR. 29, 1986²**

The Governments of Italy and the United States consult regularly as close allies and friends on important international issues. My meetings yesterday with President [Francesco] Cossiga, Prime Minister [Bettino] Craxi, and Foreign Minister [Giulio] Andreotti, and today with Interior Minister [Oscar Luigi] Scalfaro and Defense Minister [Giovanni] Spadolini, are part of that process.

Our discussions this time are covering these issues: We focused on recent developments regarding the Gulf of Sidra; and I was glad to have a chance to talk first hand with the Italian leaders in detail on this subject. Our naval exercises in these international waters were part of a global program to sup-

port traditional maritime rights of the international community. We exchanged our thoughts on the Iran-Iraq war and other Middle East issues. We talked about East-West issues and the importance of alliance solidarity. I explained our insistence that EC enlargement, which we support, not come unfairly at our expense. We went over the welcome progress of democracy, particularly in Haiti and the Philippines. I took advantage of the opportunity to meet with my Egyptian colleague, Foreign Minister [Abdel] Meguid, who was coincidentally in town. We had a good review of developments affecting Egypt, including that country's economy and the Middle East peace process. Later today, I will have the privilege of an audience with the Pope. Tomorrow my wife and I will attend Easter mass at Saint Peter's.

Before taking your questions, I would like to express my thanks to the Italian Government and Italian people for their gracious hospitality we have received throughout this visit.

¹Hosted by Turkish Prime Minister Ozal. Press release 57 of Mar. 26, 1986.

²For the question-and-answer session which followed this statement, see press release 62 of Mar. 28.

³Made at the Foreign Ministry of Greece. Press release 64 of Mar. 28.

⁴For the question-and-answer session which followed this statement, see press release 69 of Apr. 2.

⁵For the question-and-answer session which followed this statement, see press release 68 of Mar. 31. ■

Moral Principles and Strategic Interests: The Worldwide Movement Toward Democracy

Secretary Shultz's address for the Landon Lecture Series at Kansas State University in Manhattan on April 14, 1986.¹

It is, of course, an honor and a privilege to take part in an event that is named after Governor—as he is known throughout the country—Alf Landon. It has the symbolism of dignity, of intelligence, of commitment, and of humor. And I might say those virtues are embodied in Washington in Senator Nancy Kassebaum, with whom it is my pleasure to work, since she, particularly, is a member of the Foreign Relations Committee, my committee that I report to. And, of

course, we have Senator Bob Dole who is giving us leadership in the Senate and other members of the Kansas delegation.

Someone once said of Alf Landon that "like every typical Kansan, he is an honest believer in self-government and civil liberties." So the Landon Lecture Series is an appropriate forum for some basic questions about self-government and civil liberties. Today, I would like to talk about democracy—although not inside the United States but abroad.

A struggle is spreading around the world for democracy. Kansas itself is a symbol of our own national struggle for this ideal. Kansas—"Bleeding Kansas"—

was once an infamous battleground. In the middle of the 19th century, this State—and this country—were bitterly divided by an institution that denied human beings their most fundamental rights. The destruction of slavery was slow and agonizing, requiring the bloodiest war this nation has ever known. But by redeeming its democratic promise, America was able to survive its wounds and, ultimately, to prosper.

Today, an extraordinary movement toward democracy is unfolding in diverse corners of the globe. Only a few days ago, the Roman Catholic Church published an "Instruction on Christian Freedom and Liberation," which observes that:

[O]ne of the major phenomena of our time... is the awakening of the consciousness of people who, bent beneath the weight of age-old poverty, aspire to a life in dignity and justice and are prepared to fight for their freedom.

The evidence of this movement is striking, particularly in the developing world. The most dramatic example is the growth of the democratic center and the decline of social oligarchies in Latin America and the Caribbean. Today, 90% of the people of this neighboring region enjoy democratic government, compared to only one-third a decade ago. Examples in other areas include the return to democracy in the past dozen years in Spain, Portugal, Greece, and Turkey; a new government in the Philippines; and the movement toward democracy in Pakistan, Thailand, and Haiti.

We should also note the prosperity and stability under free institutions of the Association of South East Asian Nations, called ASEAN, and other Asian countries. The movement toward more open governmental and economic arrangements there and elsewhere has been aided by a growing recognition—in states as diverse as China and several in Africa—that socialist economies does not spur development, that free markets are the surer path to economic growth.

The best evidence for the growing power of this movement comes from people struggling against tyranny—particularly communist tyranny. The Soviet Union and its satellites, once thought immune to popular pressures, are now being challenged around the world: most notably by resistance movements in Afghanistan, Angola, Cambodia, Ethiopia, and Nicaragua.

Factors Common to Most Democratic Transitions

Nations have undergone different types of transitions to freedom and self-government. It is a complex process, which can move slowly and imperceptibly or explode in violent convulsion. Indigenous factors are central, and what is crucial in one place may not be in another. Nonetheless, there are certain overlapping factors common to most democratic transitions.

The first is the ruling order's loss of legitimacy. Economic decline, war, corruption, the death of a longtime leader—each factor alone, or with others, signals the failure of the ruling order and creates pressures for a new one to take its place.

A second consideration is the temper of the people and of the nations' elites. They have to "want" democracy. Elites favoring democracy, or who at least accept it as a practical necessity, are essential to providing the leadership necessary for the transition. Connected to this is the *quality of leadership*. Mrs. Aquino is proving an able leader in the Philippines, and King Juan Carlos has proven a model constitutional monarch in Spain. But poor leadership was a factor in the failed democracies of Latin America in the 1960s and early 1970s and in many of the states that became newly independent in the 1950s and 1960s.

The third factor is Western political and economic support. Democratic transitions take place through the efforts of the people themselves, but support from the United States and other Western countries can be crucial. In El Salvador, U.S. involvement has been decisive; and it has been important in Ecuador, Uruguay, and elsewhere in Latin America. Such support played a helpful role in the return of Spain and Portugal to democracy and in Turkey as well.

A fourth factor has been local reconciliation and amnesty. Without an effort to "bind up its wounds," a nation in transition cannot build the tolerance and compromise that are essential to democracy.

A fifth factor in transition to democracy is the role of independent power centers, such as the military and, in Roman Catholic countries, the church. The military is usually a crucial player: it may help to throw out the autocrat, as in Portugal and the Philippines. It may be a positive force for stability and encouragement of movement

toward democracy, as in Brazil. Or it may acquiesce in the transition, as in Argentina and Uruguay. In recent years, the Roman Catholic Church has played a key role in countries like Spain and, again, the Philippines.

There are other factors shaping the complex process of democracy, such as the degree of literacy, the size of the middle class, the condition of the economy, and the strength of the democratic center against extremes of right and left. My point is simply that democratic transitions are complex; they are fragile, and they require careful nurturing to succeed. Just because we played a successful role in the Philippines doesn't mean we will always succeed. Some people fear the risks in such transitions, recalling developments of the 1970s in Iran and Nicaragua. But the many successful transitions to democracy that I've noted should give us confidence. And if we use our power wisely, become engaged where we can help, and understand the local forces at work, we can advance the ideals we hold so dear.

The U.S. Response

This democratic movement is out there; it's happening. The United States, as the strongest free nation in the world, is in a position to influence it. How should we respond?

Our position is unambiguous. The Reagan Administration supports human rights and opposes tyranny in every form, of the right as well as the left. Our policy is unequivocally on the side of democracy and freedom. [Applause] I'm glad to hear there is support for democracy and freedom in Kansas. [Applause]

But not everyone thinks we should respond. A leading argument against an activist U.S. policy comes from the "realist" school of critics. It accepts the fact of American power in the world but argues that we must exercise that power through a cool if not cold, a detached if not amoral, assessment of our interests. Our interests must predominate. In this view, the promotion of democracy abroad is a naive crusade, a narcissistic promotion of the American way of life that will lead to overextension and ill-advised interventionism. Moral considerations, we are told, should not have important weight in our foreign policy.

There are two problems, in my view, with this argument. The first is that the American people believe in our nation's ideals, and they want our foreign policy to reflect them. That is the reason why our recent actions in Haiti and the Philippines evoked such widespread support at home. The second is that the basis for this argument—the old dichotomy between realism and morality—is one whose meaning has changed sharply in today's world.

The realist critique ignores the crucial fact that our principles and interests are converging as never before. The reason is that in the modern world, which is shrinking to intimate size through new technologies, the growth of democratic forces advances our strategic interests in practical, concrete ways. What happens in southern Africa or East Asia matters to us economically, politically, and socially; and television and the jet plane won't let us ignore once-distant realities.

I find this convergence of principles and interests one of the most promising developments of this decade, because it gives us an opportunity to rebuild the once great bipartisan consensus on foreign policy, the consensus that fragmented over Vietnam.

National Interests

Just how does active U.S. support for democracy serve our interests? First, on the most fundamental level, we are aligning ourselves with the desires of growing numbers of peoples throughout the world. But there is more. We believe that when governments must base policy on the consent of the governed, when citizens are free to make their views known to their leaders, then there is the greatest prospect of real and lasting peace. Just as people within a democracy live together in a spirit of tolerance and mutual respect, so democratic states can—and do—live together the same way. The European Community and other inter-European bodies, for example, are models of international cooperation.

A second reason—democratic nations are the best foundation of a vital world economy. Despite our current trade problems, international commerce is central to our own economic well-being. Twenty percent of our gross national product is connected to trade today, compared with only 10% in 1950. People overseas have to be able to afford our goods; and nations that permit open

economies, that give free rein to the individual and minimize government interference, tend to be the most prosperous. Not all such nations are democratic, but most are. They have confidence in their citizens and encourage them to act in ways that stimulate, rather than hamper, economic growth. Democracies also provide the political stability needed for economic development. Further, nations that experience rising living standards through peaceful trade do not want to risk their prosperity in war.

President Reagan put it simply to the UN General Assembly last October:

Free people, blessed by economic opportunity and protected by laws that respect the dignity of the individual, are not driven toward the domination of others.

Third, the movement toward democracy gives us a new opportunity to advance American interests with only a modest commitment of our resources. In the past, it was thought that we could advance our interests, particularly in the developing world, only with a massive commitment of our political, economic, and, sometimes, military power. Today, the reality is very different: we have partners out there eager for our help to advance common interests.

America's friends and allies are all the more important today given the limits on our own resources, the steady growth in our adversaries' power, and the understandable concern of the American people that our friends carry their fair share of the burden. In Central America, Southeast Asia, Turkey, the Philippines, and elsewhere, the success of democracy furthers our own strategic interests.

Fourth, I believe that prudent U.S. support for democratic and nationalist forces has a direct bearing on our relations with the Soviet Union. The more stable these countries, the fewer the opportunities for Soviet interference in the developing world. Remember that it was Soviet intervention in Angola, in Ethiopia, and especially in Afghanistan that helped to undermine confidence in Soviet-American relations in the late 1970s. Success by freedom fighters, with our aid, should deter the Soviets from other interventions. A less expansionistic Soviet foreign policy would, in turn, serve to reduce tensions between East and West.

In an imperfect and insecure world, of course, we have to cooperate and sometimes assist those who do not share our principles or who do so only nominally. We cannot create democratic or

independence movements where none exist or make them strong where they are weak. But there is no mistaking which side we are on. And when there are opportunities to support responsible change for the better, we will be there.

Foreign Policy Instruments

Our national interest in promoting democratic forces requires us to take a long, hard look at the means available to us. Despite recent successes, we have to be sober about what we can achieve; and we should anticipate setbacks. As I said earlier, political transitions are fraught with complexity.

The United States possesses a wide range of instruments for promoting our interests abroad. Decisions about which to use, and in what combination, will vary from case to case. Congress has to give us the necessary flexibility. Excessive restraints and micromanagement only complicate our efforts.

One factor is a fundamental aspect of every situation: *our own military and economic strength*. Diplomatic efforts and economic assistance cannot succeed if the United States is seen as unable or unwilling to defend its ideals, its interests, and its friends. That's why President Reagan's achievements in rebuilding our military and restoring our economic prosperity have done so much to enhance our position in the world. Congress ought to keep this in mind when it votes shortly on proposals that would sharply cut back on defense preparedness.

Let me now turn to the more specific instruments used to implement our policy.

Economic Assistance. The first is economic assistance. Sound economic development is conducive to democratic political development and stability. Openness to fair trade on our part contributes powerfully to this objective and benefits us as well. And this objective also explains why economic assistance has constituted the overwhelming percentage of our direct help to other governments. Under the Reagan Administration, three-quarters of our aid to the countries of Central America has been economic, rather than military, assistance. Worldwide, in the past 5 years, almost two-thirds of our assistance has been economic; only one-third military. And the Administration's Caribbean Basin Initiative, as an example, opened special trading opportunities to neighboring small economies.

American economic aid can be a powerful tool for democratic development. In Haiti, for example, we exerted the influence of our economic aid at a key moment to facilitate a peaceful transition to a new era, bringing the promise of democracy to a country long ruled by dictatorship. And we are now doing all we can to support the parties trying to establish democratic government there.

Security Assistance. The second instrument is security assistance to friends, which often complements our economic help. Security assistance serves a number of purposes: it helps allies and friendly countries to defend themselves and to deter threats of outside interference; it gives us influence to help mediate conflicts; it helps sustain our access to valuable bases in strategic areas; and it gives us the opportunity to promote the importance of respecting civilian government and human rights. Security assistance also enables allies and friends to accept defense responsibilities that we might otherwise have to assume ourselves—at much greater cost in funds and manpower. Dollar for dollar, it's the most cost-effective security money can buy.

El Salvador is the most recent example of how our military and economic assistance works together to enhance our security even as they strengthen indigenous democratic institutions. Five years ago, the communist guerrillas in El Salvador had launched their so-called final offensive. Rightwing death squads seemed out of control. And, to many, the prospects for democracy seemed hopeless. Our critics—many of whom also oppose aid to the Nicaraguan democratic resistance today—opposed our aid program as a waste of money, as support for an oppressive regime. How wrong they were.

After considerable debate, a majority in Congress came to support our program. The results are something all Americans can be proud of. Today, strengthened by our military aid and stabilized by our economic assistance, El Salvador is writing an extraordinary chapter in the history of democracy. In the midst of a guerrilla war, four fair elections were held in 3 years; a constituent assembly drafted a constitution; and a president, national legislature, and local officials have been elected according to the constitution's rules. Our assistance gave the long suffering people of that country the chance to speak out and choose democracy as the road to a better life. And they are carrying on the

fight themselves. Contrary to the critics, we have not been drawn into any quagmire in El Salvador.

Diplomatic Engagement. The third instrument of U.S. policy in promoting democratic reform is diplomatic engagement. In the Philippines, our influence helped to bring about an election that enabled the Filipino people to make their views known—an election that ultimately led to a new government. Throughout that crisis, we put our prestige firmly behind the principles of democratic choice and nonviolence. The jubilant faces of the crowds in Manila in the days following Mrs. Aquino's accession to the presidency demonstrated for all the world to see just what America's ideals really mean.

Our diplomatic efforts directly advanced our strategic interests as well. A new, friendly government whose legitimacy is firmly based on the will of the people offers far better prospects for our future base rights in the country. Imagine the enmity we would have earned—and deservedly so—had we tried to block the will of the people and encouraged the use of military force to suppress them. What would have been the future prospect for our bases then?

We are also active in trying to help resolve a number of regional conflicts, believing that in each case a lasting solution depends on the free choice of the people involved: in Afghanistan, Cambodia, Ethiopia, southern Africa, and Central America. To facilitate such solutions, last October President Reagan proposed at the United Nations a plan designed to persuade the Soviet Union and the warring parties to work for peace, rather than to continue to pursue a military solution in each of these areas. We're still waiting for a positive response from Moscow.

We have broad agreement in this country on the use of these foreign policy instruments—U.S. military and economic strength, economic assistance, security assistance, and diplomatic engagement—to promote our goal of democratic development.

U.S. Military Power. The last of our policy instruments, one which evokes some controversy, is U.S. military power. It includes a variety of options: weapons sales, the use of military advisers, training, and, as a last resort, direct U.S. military action—as in Grenada.

Political support and modest U.S. military assistance to those resisting Soviet-supported or Soviet-imposed regimes are certainly a prudent exercise

of U.S. power. In most cases, the resources involved are small; \$100 million for the Nicaraguan democratic resistance, for example, is a modest investment in a region so critical to our security.

In such a case the power developed through our assistance may be the only force capable of bringing communist rulers to the negotiating table. But if the adversary won't negotiate, we must be prepared to offer the material assistance needed for victory. We do not favor open-ended escalation or a cynical policy of using the struggles of courageous people to "bleed," in Mr. Gorbachev's phrase, the Soviet empire. But we will help these people be effective in the fight that they have chosen to make for themselves.

Sometimes, our aid needs to be covert. Friendly countries which would funnel our aid may fear open involvement. The local group we are helping may have legitimate reasons not to have us identified as its ally. Covert U.S. aid may give us more room for political maneuver and our adversary more room for compromise. There are other factors as well.

We can never succeed in promoting our ideals or our interests if we ignore one central truth: *strength and diplomacy go hand in hand*. No matter how often this is demonstrated by history, some people simply cannot—or will not—grasp it. Over and over again we hear the refrain: "Forget strength, let's negotiate." No chips; no cards; no hand to play—just negotiate. Unfortunately, it's an objection based on an illusion.

As we work to support the trend toward democracy in the world, we must also remember an important lesson: formulas abound for transitions from traditional authoritarian rule, and recent history shows that such transitions do occur. But there are no successful, peaceful models for getting rid of Marxist-Leninist totalitarian regimes.

That is why our aid to the Nicaraguan resistance is so crucial. The tools we are working with—diplomatic and economic—will not prove effective without a sustained program of military assistance to the democratic resistance. If America is stripped of this tool, we inevitably will face the unwelcome choice between helplessness and starker action. Negotiations are a euphemism for capitulation if the shadow of power is not cast across the bargaining table. How many times must we learn this simple truth?

Critics who would deny us that tool refuse to face the fact that power is the

language the Nicaraguan communists understand. These critics favor the moral ends—the human rights—that have always comprised the idealistic element in U.S. foreign policy; but they ignore the fact that power is necessary as a guarantor of these noble ends. They advocate utopian, legalistic means like outside mediation, the United Nations, and the World Court, while ignoring the power element of the equation—even when faced with a communist regime whose essence is a monopoly of power and the forcible repression of all opposition.

Such an approach is riddled with contradictions. It applauds our support for freedom in the Philippines, Haiti, and South Africa. Some of its advocates even endorse our support for freedom fighters in far-off Afghanistan and Cambodia. But it opposes active efforts to bring freedom to nearby Nicaragua, where democrats on our very doorstep are fighting to save their country from communism.

This schizophrenic approach is not a policy; it's an evasion. It would doom the very ideals and hopes for negotiated solutions it advocates and would make the United States impotent where we are needed most.

Guarding Democracy

My topic today has been the significant trend toward democracy in diverse areas of the world and the consequences for the United States. Events—and U.S. policy—have been fostering a world of greater openness and tolerance. But democracy faces many enemies, brutal leaders who feel threatened by tolerance, by freedom, by peace and international cooperation. These enemies will stop at nothing in trying to destroy democracy: deception, propaganda, terrorist violence against innocent men, women, and babies. No tactic is too gruesome in their destructive manipulations. They are at war with democracy, and their means make all too clear their hostility to our way of life.

The terrorists—and the other states that aid and abet them—serve as grim reminders that democracy is fragile and needs to be guarded with vigilance. These opponents of our principles and our way of life think they can vanquish democracy by exploiting free peoples' love of peace and respect for human life and by instilling fear in ordinary citizens to demoralize them and undermine their faith in democracy. The most challenging test for the global movement toward

democracy—the sternest test for all free nations—is to summon the will to eradicate this terrorist plague. Because terrorism is a war against ordinary citizens, each and every one of us must show a soldier's courage. If the terrorists cannot instill fear in us, they are beaten. If free peoples demonstrate what Israel's Ambassador to the United Nations calls "civic valor," and if we do not hesitate to defend ourselves, democracy will prevail.

We live in a dynamic era. In the 1950s and 1960s, Marxist-Leninist revolutions and socialist economics seemed the wave of the future in the developing world. But today, those models have proved bankrupt—morally, politically, and economically. Democracy and freedom are the wave of the future. This trend is opening up new opportunities for U.S. foreign policy. We helped to create this trend, and we can continue to help it along with prudent policies that support other peoples as they strive to realize their own aspirations. In so doing, we advance both our moral ideals and our national interests.

This notable convergence of ideals and interests is the reason why I am optimistic about the future. As the world's first constitutional democracy, we Americans have always felt a profound stake in the ideal of democracy and its future in the world. As citizens of a nation founded on ideals, the American people want their foreign policy to promote their highest values. I am confident the American people can support the goals I have enunciated here today.

I am also confident that we have broad public support for the basic policy instruments I have outlined. When we reach a broader understanding of the inescapable role of military power—our friends' power as well as our own—as one of these instruments, we will have completed the rebuilding of the once great bipartisan foreign policy consensus. And the United States will be an immeasurably stronger force for peace and freedom in the world.

¹Press release 77. ■

Soviet Nuclear Test Ban Proposal

WHITE HOUSE STATEMENT, MAR. 29, 1986¹

The President has taken note of General Secretary Gorbachev's speech on Soviet television today.

The United States has repeatedly made it clear that the practical step now needed in the area of nuclear testing limitations is to enhance mutual confidence in the ability of the two sides to verify existing agreements, in particular the unratified Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. The President has made a series of concrete proposals to the Soviet Union in this regard, most recently on March 14. In this initiative the President invited Mr. Gorbachev to send Soviet experts to the United States to examine our new CORRTEX verification system and to observe a U.S. nuclear test in mid-April at our Nevada test site. The President made it clear that if this meeting leads to an agreement on verification—incorporating CORRTEX—which meets our concerns, he is prepared to move forward toward ratification of these two treaties. This proposal is still valid, and we expect the

Soviet Union to respond to it seriously, as we have responded to all Soviet proposals.

As far as a nuclear testing moratorium is concerned, the U.S. position has not changed. From the time that the Soviets announced their moratorium last year, we made clear why a moratorium is not in the security interests of the United States, our friends, and allies. The United States has learned through experience that moratoria cannot be counted on to lead to the enhanced security desired. While the total elimination of nuclear weapons remains an ultimate goal, nuclear weapons remain needed to deter aggression and secure the peace. As long as this is the case, a moderate level of nuclear testing is needed to ensure the continued reliability, safety, and effectiveness of our nuclear deterrent.

Regarding a meeting between the President and General Secretary Gorbachev, the two agreed at Geneva "to meet again in the nearest future," and the General Secretary accepted the President's invitation to come to the United States in 1986. In December the President indicated to the General

Secretary which dates would be most convenient for this meeting. No reply has yet been received regarding this suggestion. Nevertheless, the President is confident that the General Secretary takes his agreement seriously and that he will respond in due course.

In the President's view, meetings at the highest level should deal with the entire range of important issues between our two countries. Nuclear testing is one of them, but only one; and it is an issue which is directly related to others such as the need—which we see as the highest priority—to reduce the levels of existing nuclear arms and to establish effective verification procedures. If the Soviet Union desires to make serious progress on the question of nuclear testing limitation, it should accept the President's longstanding proposal that we have our experts meet and should respond positively to the President's most recent offer.

¹Text from Weekly Compilation of Presidential Documents of Apr. 7, 1986. ■

CDE Talks Resume

**WHITE HOUSE STATEMENT,
APR. 16, 1986¹**

Yesterday the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe—the CDE—began its most critical session to date. If substantial progress is made, there will be a good chance of achieving a concluding document that will increase openness and make the military situation in Europe more stable and predictable. But much remains to be done if we are to reach an agreed document that will reduce the risk of military confrontation in Europe. If the East remains reluctant to move ahead with drafting such a document, time will run out on the CDE, which adjourns on September 19.

The President has instructed the head of the U.S. delegation, Ambassador Robert L. Barry, to work with our NATO allies, the neutral and nonaligned states, and the East to find solutions consistent with the conference mandate and our security requirements.

The conference must agree on the level and types of military activity that will be covered in the concluding docu-

ment. We place high priority on agreeing on a threshold for notification of ground forces and combined arms activities which can be verified and which will result in equitable treatment for all 35 participating states. This can be accomplished by identifying structural and numerical parameters that would cover activities at a level significantly below those covered by the Helsinki Final Act.

In order to discourage the use of military forces for political intimidation, the U.S. delegation has been instructed to explore possibilities for elaborating the details of the measure requiring that major military activities be forecast.

U.S. Diplomatic History Records Transferred to National Archives

At a ceremony on April 16, 1986, Dr. Frank G. Burke, Acting Archivist of the United States, and Ambassador John R. Burke, Deputy Assistant Secretary for Classification/Declassification, Department of State, commemorated the successful conclusion of a 4-year agreement between the two agencies which provided for the transfer to and opening of the Department's 1950-54 records at the National Archives. They also announced the signing of a new agreement, which will result in transfer of the Department's 1955-59 records over the next 4 years.

Under the recently concluded agreement, which was the first in which another U.S. Government agency provided financial support to the Archives to enable official records to be opened to the public in timely fashion, some 10,000 boxes of State Department central and diplomatic post files were reviewed for declassification and processed for accessioning. These records cover such important topics as international organizations and conferences, international trade and economic affairs, international political relations, national security affairs, and international transportation, communications, science, and information. Inquiries concerning these records should be addressed to the Diplomatic Archives

The U.S. Government has repeatedly stressed our concern over compliance with international agreements and accords. All participating states must have the opportunity to verify the measures adopted in Stockholm. This can only be accomplished by inspection.

As we make progress on the content of confidence- and security-building measures, we will continue drafting on a statement reaffirming our common commitment under international law to refrain from the threat or use of force.

¹Text from Weekly Compilation of Presidential Documents of Apr. 21, 1986. ■

Branch (NNFD) of the National Archives for the central decimal files, and to the General Branch of the Civil Archives Division for the post files.

The success of the project has prompted State and the Archives to conclude a second agreement effective March 1, 1986, through March 31, 1990. This new agreement provides for declassification review and processing of the Department's central and "lot" files for the period 1955-59. Because of budgetary constraints, the new agreement is somewhat less comprehensive than the first, but it still will provide for the eventual transfer and opening of approximately 8,000 file boxes. The State Department is again providing guidance and funding.

In their remarks, both officials praised the close cooperation between their agencies which has enabled the project to go forward despite serious fiscal obstacles, in order to make the records of American diplomatic history available to researchers. Ambassador Burke stated that "no other country in the world has a program for the orderly and timely opening of its foreign policy records that comes close to ours."

Press Release 82 of Apr. 17, 1986. ■

U.S. Security Interests in the Philippines

by *Gaston J. Sigur, Jr.*

Statement before the Subcommittees on Sea Power and Force Projection and on Military Construction of the Senate Armed Services Committee on April 10, 1986. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.¹

I appreciate the interest of your respective subcommittees in the Philippines, and I welcome the opportunity to discuss with you vital U.S. security interests in that country. One of the hallmarks of our Philippine policy during the past several years has been the close consultation between the executive and legislative branches regarding the formulation and implementation of our Philippine policy objectives. The recent dramatic changes in the Philippines that produced a return to democracy and the election of a popular new leader are eloquent testimony to the value of the bipartisan approach. When the U.S. Government speaks with one voice, that voice is heard abroad and the effectiveness of our foreign policy is enhanced.

I intend to continue this tradition of close consultation and look forward to a productive dialogue with you and the members of your subcommittees regarding the security aspects of our Philippine relations.

U.S. Security Interests

U.S. security interests in the Philippines stem from three agreements signed with the Philippine Government in the years immediately following its independence in 1946. These agreements concern military bases, security assistance, and mutual defense. The first of these agreements was the basing accord signed in March 1947. It marked the beginning of our defense relationship with the modern Philippines and has been the focus of our defense policy there ever since.

The military basing agreement was amended in 1966 to shorten the term of our basing arrangement in the Philippines from 99 to 25 years. A further amendment in 1979 specified that the bases at Subic and Clark became Philippine bases encompassing U.S. defense facilities and also provided for regular 5-year reviews of the agreement. At the expiration of the original 25-year

agreement period in 1991, the basing agreement's term becomes indefinite. Thereafter, either side has the option to terminate the agreement on 1 year's notice. This provision is quite similar to those in our security treaties with NATO, Japan, and Korea. It is, therefore, a misapprehension that the agreement automatically terminates in 1991.

While our basing agreement has been amended many times during the past four decades, the fundamental import of our facilities at Subic Bay and Clark Air Base to our defense posture in Asia has remained constant. The location of these two facilities, in close proximity to each other, and their combined capabilities place them among the most important military establishments we maintain anywhere in the world.

Essentially, these facilities:

- Guarantee the external security of the Philippines and represent our most significant contribution to the U.S.-Philippines mutual defense pact;
- Support our wide-ranging commitments all along the Asian littoral, including our security commitments in Korea, Japan, and Thailand and important national interests in the Persian Gulf—the geostrategic location of the Philippines is unsurpassed with regard to meeting these vital national security commitments; and
- Offset the expanding Soviet military presence at Cam Ranh Bay and, as a consequence, preserve the stability of Southeast Asia by securing the vital South China searoutes against the ever-increasing Soviet threat.

The facilities at Subic and Clark have also helped to preserve a stable regional environment which has permitted East Asian states to avoid diverting excessive amounts of scarce resources to military efforts and to concentrate instead on economic development which is crucial to long-term stability. Possible locations other than our present facilities exist but would be much more expensive and considerably less effective in terms of contributing to regional peace and prosperity.

Future of the U.S. Security Relationship

Seven Philippine administrations, including the present government, and eight

American presidents have supported close defense ties between the United States and the Philippines and have attested to the importance of the facilities at Subic and Clark in serving our mutual interests. We look forward to a continuation of this close security relationship with the new democratic government in the Philippines headed by President Aquino. Her position with respect to the U.S. facilities has been consistent. She has pledged to uphold the current agreement until 1991 and to keep her options open for the post-1991 period. Both sides will have the opportunity to look closely at bases issues during the next 5-year review scheduled for 1988.

We believe the importance of the bases to the security of the Philippines is well understood by Filipinos. Recent, reputable public opinion surveys point to acceptance of the bases by the majority of the Filipino people. This high approval level represents a fundamental recognition by Filipinos that U.S. access to the facilities benefits their country. Economic factors may also influence this approval, as the U.S. facilities are the second largest employer in the Philippines and contribute an estimated \$350 million to the Philippine economy each year.

We also note that the Philippines' ASEAN [Association of South East Asian Nations] neighbors, as well as Japan, Korea, and other key states in the region, have expressed their strong support for our continued presence at Subic and Clark. These countries have a keen appreciation of the direct contribution our facilities make to regional security.

In view of this widespread support and because there are no other attractive locations, we have no plans to relocate our facilities from the Philippines. As a great power, we must, of course, plan for contingencies. Evaluations of other possible locations are a regular feature of our strategic planning. Prudence demands it. But no one should underestimate our resolve to maintain our defense and mutual security arrangements with the Republic of the Philippines and to preserve our access to the facilities at Subic and Clark through 1991 and beyond—with the continued cooperation and support of the Filipino people.

Because we have close ties with the Philippines, we are concerned about the threat posed by the communist insurgency. Measures to improve the security of our facilities at Subic and Clark have

been undertaken and will continue. We have also targeted our security assistance program to support Philippine efforts to counteract the internal threat they face. The twin objectives of our aid are:

First, to help restore professionalism to the "new" Armed Forces of the Philippines; and

Second, to provide the armed forces with the means to fight the communist New People's Army.

The coming to power of the Aquino government has dealt a political blow to the communist insurgents. The principal target of their propaganda—former President Marcos—is now gone, as is the "crony" military leadership which so demoralized the Philippine Armed Forces. Reform of the military has taken a big step forward with the forced retirement of many "extendeé" generals and colonels and their replacement by professionally qualified officers.

The efforts of the communists to organize a boycott of the recent presidential election were a dismal failure, repudiated by Filipinos even more emphatically than during the 1984 National Assembly election. President Aquino is considering several new approaches to dealing with the communist insurgents, including a possible amnesty and a cease-fire.

However, in order to be successful, the government's program against the insurgents should also include economic and political reforms which promote an effective system of justice that punishes wrongdoers down to the village level, including errant military personnel who violate the human rights of civilians. A close, coordinated relationship between civilian and military authorities in an anti-insurgency strategy will be required—the type of plan that Defense Minister Enrile and [Armed Forces Chief of Staff] General Ramos are now proposing to the civilian leadership. Although great difficulties remain, there exists now the vital element that previously was lacking in the Philippines anti-insurgency struggle—a credible government.

U.S. security assistance can play an important role in support of Philippine Government efforts to enhance its counterinsurgency capabilities. Following recent visits to Manila of senior U.S. officials—including myself—to consult with President Aquino and senior members of her government on Philippine needs and priorities, we are now working on a proposal to increase the level of

our economic and security assistance to deal with these deep problems. We expect to consult with the Congress shortly on the details of our expanded assistance program.

Conclusion

In conclusion, our facilities at Subic and Clark continue to play an indispensable role in contributing to the stability of the region. They support our strategy of forward deployment in Asia and provide a secure foundation which makes possible the pursuit of our larger political and economic interests in this key part of the globe.

Our bilateral relationship with the Philippines, which is crucial to maintaining U.S. facilities, is excellent. We are impressed with the skillful leadership of President Aquino and the team she has assembled to carry out her policies. We

look forward to working with the Aquino government, as appropriate, in helping to find solutions to the formidable challenges facing her country. There are occasional problems, of course, and there will be others in the future. But with good will they can be worked out to the full satisfaction of both sides.

We believe that the prospects for continued, unhampered access to Subic and Clark are very good. Access to our facilities is best preserved, we maintain, by supporting broader U.S. interests in the Philippines—particularly a healthy free market economy and the development of democratic institutions.

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.-EC Trade Dispute

by *Malcolm Baldrige*

Address before the American Chamber of Commerce in The Hague on April 15, 1986. Mr. Baldrige is Secretary of Commerce.

I am honored to be here today to take part in the 25th anniversary celebration of the American Chamber of Commerce in the Netherlands. The chamber had worked relentlessly for a quarter century to increase trade and investment between the Netherlands and the United States. During that time, your membership grew to over 1,000 companies, and U.S.-Dutch bilateral trade grew twelvefold. I can think of no more important goal than that which you have adopted as your theme for this year, "freedom to trade."

This theme is particularly appropriate in the Netherlands. For over 400 years, the Netherlands has been among the world's strongest advocates of free trade. That advocacy is especially important today, for the Netherlands holds the presidency of the European Community (EC) at a critical period.

The U.S.-EC Partnership

The European Community is by far the most important economic partner of the United States. The size and importance of our relationship cannot be overemphasized. Together we account for

slightly over half of total world GNP.

Our two-way trade is \$120,000 million. American subsidiaries produce over \$400,000 million in the EC. And European-owned subsidiaries produce over \$300,000 million in the United States. That adds up to a total economic relationship of more than \$800,000 million annually—over \$100,000 million of which is between the United States and the Netherlands.

EC Enlargement

In recent years, however, the U.S.-EC relationship has become clouded by a growing range of unresolved trade problems. And today we face the largest potential trade dispute in the history of U.S.-EC trade relations.

On March 1st the EC imposed restrictions affecting up to \$1,000 million of U.S. agricultural exports to Spain and Portugal as a consequence of EC enlargement. After trying unsuccessfully to convince the EC to postpone these trade restrictions, on March 31st we announced offsetting action to restrict a like amount of EC agricultural exports to the United States.

This dispute far overshadows such conflicts as the long-running citrus case (\$40 million) and the famous "chicken war" of the 1960s (\$50 million). The current dispute has tremendous destructive potential and must not be allowed to

lead to open trade conflict. There is still time to prevent this tragedy from happening.

The EC claims that it has complied with the General Agreement on Tariffs and Trade (GATT) and with previous enlargement procedures, and the EC commission has called the U.S. reaction "unfriendly, needlessly aggressive, and difficult to understand." The EC believes that the entire balance of costs and benefits must be addressed in overall enlargement negotiations, and it believes the United States will gain far more from the enlargement than it will lose, counting on the industrial side to make up agricultural losses.

I would like to explain why our view is very, very different.

First, the quotas and market set-asides imposed by the EC in Portugal are illegal under GATT. The huge tariff increases on U.S. grains in Spain contravene or undo previous tariff concessions, and the GATT requires that the EC must compensate us.

Second, we repeatedly asked the EC Commission to defer action so we could negotiate a solution but to no avail. For 4 years I, like the Secretary of State, the Secretary of Agriculture, the Secretary of the Treasury, and the U.S. Trade Representative have personally asked the EC to consult with the United States before implementing the accession details. My appeal has fallen on deaf ears. The EC acted after giving less than 3 months' notice of the details. Three months did not allow us the opportunity for the discussions envisioned by the GATT. In past enlargements, the EC provided essential details at least a year in advance.

Third, this is the first time the EC has imposed a huge up-front agricultural cost in an enlargement. In the 1973 enlargement, major EC agricultural trade restrictions were delayed a year. In fact, they didn't affect our trade in full for 5 years. In 1981, when Greece joined the EC, agricultural actions also were not fully implemented at once. Additionally, they were relatively small.

Fourth, we do not agree that we will gain more on the industrial side than we are losing on the agricultural side. In fact, we believe we will lose on the industrial side as well as in agriculture. U.S. manufacturers stand to lose not only in Spain and Portugal but also in the other 10 member states.

I need to explain this, because it is widely believed in the EC that the United States will gain so much on the

industrial side that we will owe a "credit" the Community can claim on the agricultural side.

The EC's view as stated by Sir Roy Denman is that U.S. companies "will have a ball" as Spanish and Portuguese tariffs gradually drop from their relatively high levels to the lower levels of the EC-wide tariff schedule. This view might be correct if U.S. exports to Spain and Portugal competed principally against Spanish and Portuguese producers.

But most U.S. manufactured exports to Spain and Portugal do not compete against local companies. Their competitors are German, French, British, and other EC companies. We estimate that EC companies are the principal competitors for about two-thirds of U.S. non-agricultural exports to Spain and Portugal.

For these U.S. exports, what counts is not the size of duties in Spain and Portugal but whether U.S. companies pay a different duty than their EC competitors. Our analysis shows that U.S. companies will be at a growing tariff disadvantage.

In Spain, for example, the trade-weighted duty on U.S. manufacturers before enlargement was about 11%. Because of earlier preferences, our EC competitors paid about 8% on the same traded products—a 3 percentage point U.S. disadvantage. When enlargement is completed, U.S. companies will pay about a 5% duty in Spain, while our EC competitors will pay nothing. This means the U.S. disadvantage will be 5%—or 2 percentage points larger than before. This overall increase means that on average, U.S. exporters will be worse off, not better. In some important products, the cost will be quite significant.

In heavy electrical equipment and some chemicals, for example, the U.S. disadvantage will rise by 6 percentage points. In some pharmaceuticals, the disadvantage will rise by nearly 10 percentage points. These are serious trade barriers.

A second, and potentially even larger, cost to U.S. manufactured exports will occur as the new EC-12 common community tariff is implemented. This tariff is the weighted average of the old EC-10 tariff and the tariffs of Spain and Portugal.

On balance we estimate that industrial duties throughout the Community may rise from the former EC-10 level of about 4.7% to a new EC-12 level of

6%. Again, for many products, the increase will be much higher. The duty on some U.S. machine tools, for example, will go from 5% to 12%. These increases will put U.S. companies at a serious disadvantage.

Thus we do not see a benefit on the industrial side. Our overall tariff disadvantage will grow in Spain, Portugal, and throughout the Community. In fact, our preliminary estimates are that twice as much U.S. industrial trade will be hurt than will be helped. We are anxious to begin discussing these potential losses in negotiations with the Community.

U.S.-EC Negotiations

Let me stress that we strongly support the entry of Spain and Portugal to the Community. Europe will be politically and economically stronger as a result. We welcome GATT negotiations on EC enlargement, but these negotiations will be lengthy and complex. They can't even be started yet, because the EC still hasn't given GATT or us the necessary data.

Once negotiations begin, they could easily take a very long time. Meanwhile, we would suffer an uncompensated loss of up to \$1,000 million of U.S. farm exports. This is a totally different situation from previous enlargement discussions.

How is it fair for hard-pressed American farmers to bear the cost while these talks go on and on and on? That is why, when we could not delay the EC's action, we had no option other than to protect our trade rights by announcing our readiness to remove equivalent trade concessions to the EC.

We carefully limited our measures to mirror the Community's action. We also confined our response to agricultural goods to avoid disrupting complex U.S.-European manufacturing relationships. Our agricultural actions, however, would affect all EC countries, including up to \$80 million of Dutch exports.

We do not want to carry out these measures, and we have proposed that we immediately begin consultations on these issues. We have delayed implementation of even the first of our actions until May. And the major U.S. action is delayed until July.

What we hope is that the EC will agree it is unreasonable for us to bear a huge immediate export loss during these complex negotiations. We hope that the EC will find a way to suspend its March 1st actions on the Portuguese quotas and market reserve measures until

these matters have been resolved in GATT, and we hope that the EC will provide quick compensation—by no later than July 1—for our up-front losses caused by the variable levies in Spain.

Both sides should spare no effort to find a way to defuse the extremely dangerous situation. This is one of the top two priorities in our trade relationship.

Structural Changes

Our other priority must be to address the longer term causes of our trade problems. Our growing trade difficulties aren't springing up all on their own. They are, in fact, symptoms of more fundamental economic difficulties on both sides of the Atlantic. The most important of these are: (1) high unemployment in Europe and (2) the large trade and budget deficits in the United States. I do not believe we will see our trade problems shrink until we solve these basic problems.

All European leaders with whom I have spoken agree that Europe's unemployment problems are structural. Faster economic growth is necessary but by itself is not enough. Structural factors must also be addressed, such as high labor costs, rigid employment regulations, barriers to entrepreneurship, large tax burdens, and subsidization of uneconomic industries.

Nothing fuels protectionism faster than unemployment. A larger part of the problem in agriculture, for example, has been the belief in Europe that there are no alternative jobs for displaced farmers.

In the United States, protectionism is promoted by our large trade deficit. Protectionism also results from competitive problems that result from the fact that our investment, savings, and productivity rates are too low.

The Administration has not yielded to self-defeating protectionism nor will it do so. But the fight against protectionism cannot succeed if our markets are more open than those of our trading partners or if new barriers are erected in other countries.

Europeans tend to say this has nothing to do with them—our problem is with Japan. But the fact is that the \$38,200 million deterioration in our trade balance with the EC since 1980 actually exceeded the \$37,600 million deterioration with Japan. While most of our trade problem with Europe has been due to the strong dollar, some is due to strong European trade barriers.

Optimism for the Future

In America and in Europe, we can increase efforts to solve our economic problems, and we should increase those efforts. For our part, I believe we are making good progress. The Gramm-Rudman-Hollings law is beginning to bring our budget deficit down. And the dollar decline (33% against European currencies) will begin to reduce our trade deficit this year.

The sharp fall in oil prices allows us to make further improvements. We will redouble efforts to curtail government expenditures and to improve our tax structure in a way that will raise our savings rate, provide stronger productivity incentives, and reduce the need for foreign capital.

The oil price decline also provides a valuable opportunity for the EC. GNP growth rates in Europe this year may

rise to 3% or perhaps even more. This growth will relieve some economic pressures in the short term and permit the EC countries to make some of the vitally needed structural improvements.

The EC Commission has proposed plans to raise the Community's GNP growth rate to 3.5% by making important structural reforms and by increasing efforts to reduce the still formidable internal market barriers.

These plans contain many good ideas. I hope the Netherlands and its EC partners will use the faster growth and lower inflation resulting this year to begin implementing these plans.

We need increased American and European effort to address fundamental economic problems, and we need a redoubled attempt by both sides to solve our huge agricultural trade dispute. That is what we need to achieve the goal that the chamber has set for us—"freedom to trade." ■

OECD Council Session Held in Paris

The annual Council of the Organization for Economic Cooperation and Development (OECD) met in Paris April 17-18, 1986. The U.S. delegation was headed by Secretary of the Treasury James A. Baker III. Following is the text of the final communique.

The Council of the OECD met on 17th and 18th April at the Ministerial level. The meeting was chaired by Mr. Turgut Ozal, Prime Minister of Turkey. The Vice Chairmen were Mr. Franz Vranitzky, Minister of Finance of Austria, Mr. Ferdinand Lachner, Minister of Public Economy and Transport of Austria, Mr. Pedro Pires de Miranda, Minister of Foreign Affairs of Portugal, and Mr. Miguel Cadilhe, Minister of Finance of Portugal.

Ministers heard a joint statement by the chairman of the Business and Industry Advisory Committee (BIAC) to the OECD and the Trade Union Advisory Committee (TUAC) to the OECD exposing their common concern over the level of unemployment, the need for growth, and the need to restore the manufacturing base in the OECD area.

The following records the conclusions and agreements reached by Ministers:

The overall economic situation in OECD countries is improving. And despite continuing concerns and difficulties, there are good grounds for confidence about the future. Inflation has been reduced substantially and approximate price stability achieved in some countries. Economic growth in the OECD area seems set to pick up to a rate of three

percent or better this year and next, and to be evenly spread among most countries. Employment growth is likely to increase. Exchange rates have moved significantly over the past year away from levels that had produced unbalanced competitive positions among countries and had contributed to international current-account imbalances. Interest rates have come down substantially in nominal terms, although less so in real terms, since inflation has also declined. However unemployment, and especially youth unemployment, remains at very high levels in most OECD countries. Ministers were concerned that in many countries there has not been significant change in this situation up to now.

Lower oil prices are contributing to the favorable macroeconomic situation by significantly reducing inflation, raising real incomes in oil importing countries, and providing an additional stimulus generally to economic activity worldwide, although there will also be negative impacts for some energy exporting countries. More fundamentally, OECD countries are beginning to reap the benefits from concerted efforts to improve the functioning of their economies, to reduce domestic imbalances, and to strengthen international cooperation.

OECD governments intend to take advantage of these favorable conditions to promote a stronger growth trend over the medium term without rekindling inflation. Success in this effort will help in the priority task of substantially reducing present very high levels of unemployment. It will contribute to stronger growth in developing countries and

to reducing international debt burdens. It will facilitate efforts to bring about necessary structural adjustment, particularly in sectors plagued by global excess capacity. It will also provide a favorable environment for strengthening the open multilateral trade system—whose effective functioning is of fundamental importance to the world economy.

A stronger growth trend can be achieved through co-operative action among our countries. Four broad imperatives can be identified in this regard:

D) Macroeconomic policies within and among OECD countries need to be supportive of growth and employment over the medium term by keeping inflation low and by eliminating domestic imbalances. They also need to be directed toward reducing international imbalances and to be implemented in ways that promote greater stability of exchange rates at levels better reflecting economic fundamentals.

DD) Structural policies need to be directed towards enhancing dynamism by enlarging the opportunities for productive activity, increasing flexibility, and improving incentives. Structural policies also need to be perceived in their relation to trade policies: where serious distortions exist in national markets, domestic resources are channelled into less productive uses. The flexibility of economies is reduced and, inevitably, the distortions spillover into international markets. Increased attention should be paid to trade-distorting effects of government subsidies to specific sectors.

HD) The capacity of developing countries to adjust their economies and increase growth through efficiency-oriented policies needs to be supported by OECD policies and improved co-operation in financial, trade, investment, technology, and other areas.

IV) There is a need to reinforce the open multilateral trading system, to strengthen the provisions and the disciplines, and to further trade liberalization on the broadest possible basis. A comprehensive new round of negotiations needs to be launched in the GATT (General Agreement on Tariffs and Trade) to preserve, strengthen, and extend the multilateral trading system.

Specific lines of action are the following:

Macroeconomic Policies

It is essential to bring about a better balance in current account positions among countries in order to reduce the risk that such imbalances which remain large might eventually undermine continued economic expansion. The longer such imbalances persist, the more difficult their ultimate correction. Smooth adjustment requires that in countries with large current account deficits, output grows more rapidly than domestic demand and, conversely, for countries with large surpluses, where domestic demand should be sufficient, to ensure that growth is at least in line with the increase of productive potential and thereby contributing more to world economic growth. The policy priorities agreed to last year remain relevant. Policy priorities in-

clude, *inter alia*, reduction of the budget deficit in the United States, increased domestic demand and the encouragement of increased imports into Japan, and the strengthening of growth in European and other member countries through both structural and macroeconomic policies. Action in line with these priorities is under way and will be strengthened. In this context, Ministers underlined the need for strengthened co-operation aimed at ensuring greater consistency and complementarity of economic policies in the medium term. Necessary procedures and techniques for achieving this objective should be actively studied.

Exchange rates have an important role to play in complementing fundamental policy actions for the reduction of current account imbalances. Concerted action has helped to bring about exchange rate changes in a direction more consistent with economic fundamentals. These changes should not be hampered from fully playing their role in the international adjustment process. Co-operation to this end will continue, recognizing that appropriate exchange rates need to be sustained through internationally compatible policies. Efforts to improve the functioning of the international monetary system should be intensified.

The control of public expenditures and budget deficits is essential to establish a stable domestic financial environment and to promote a durable reduction in real interest rates which will help private investment to expand and thus promote sustained growth worldwide. In countries where deficits are large and public debt is rising strongly—and this is still the case in most OECD countries—further deficit reduction cannot be postponed. Deficit reductions should be pursued in ways consistent with the objective of improving growth. Such reductions are best achieved through stronger control over public expenditure, rather than by raising taxation which would damage incentives. Where the trend of rising public debt in relation to GNP (gross national product) is being reversed, and budget deficits have been reduced sufficiently to restore fiscal flexibility, further deficit reductions may be less urgent. In this case, continued progress in containing public expenditure creates room for tax cuts. Generally, medium-term budget objectives should be framed having regard to the need to avoid rising ratios of public debt to GNP and to bring these down where they are unusually high, to take fully into account the implications of demographic trends for the viability of social security systems, and to contribute to a sustainable balance between domestic savings and investment. Moreover, tax reform can be undertaken to promote stronger growth and adjustment.

The macroeconomic gains to be derived from lower oil prices can probably best be achieved by allowing them to be transmitted through lower prices to households and enterprises. In a number of countries, governments have considered it appropriate to absorb a share of these gains through higher taxes in order, for instance, to reduce budget

deficits or to increase efficient public investment, to lower other taxes that are judged excessive, or to replace reduced oil or gas revenues.

In recent years the primary task of monetary policy has been to bring down inflation and keep it under control. Many OECD countries have made substantial progress. The risk of a re-acceleration of inflation will always persist. Thus, monetary authorities will need to remain on guard. In this context current monetary objectives and intentions are supportive of sustainable growth and provide room for further declines in interest rates—particularly in view of the disinflationary impact of lower oil prices. Co-operation among monetary authorities on the timing of interest rate reductions can help minimize unwanted exchange-market reactions.

Structural Policies

Sustained good economic performance results from a continuing process of structural change towards national economies that are flexible and dynamic and which are bound together through an open and multilateral trade system for goods and services, the rapid diffusion of technology and know-how, and efficient and internationally integrated financial markets. Continued environmental protection and improvement can and must be an integral part of this process. Achieving this desired evolution of the world economy will take time and will require determination to overcome the obstacles to effective structural adjustment, one being the fact that in some specific industrial sectors, public subsidies are presently hampering the possibilities of industries to pursue sound adjustment policies.

Discussion of structural policies focused on the following aspects:

Employment. Unemployment is a waste of our most precious resource, human potential, and solving this problem is an essential priority. Labor markets which respond promptly and efficiently to the new job opportunities created by growth, trade, technological, and structural change are essential for the promotion of more dynamic economies and for a higher rate of job creation. The creative involvement of both labour and management is central to achieving this. Wage moderation has played an important part in bringing down inflation. Continuing moderation will help to sustain non-inflationary growth and an improvement in real standards of living. Wage settlements must take into account market conditions, productivity trends, and the decline in inflation that is taking place. Active policies to promote the better functioning of labor markets will include, *inter alia*, actions to improve access to employment, particularly for youth and the long-term unemployed, to facilitate labor mobility, to modify provisions that inhibit the hiring of new workers, to strengthen programmes for skill development, and, in particular, to improve the responsiveness of education and training to the needs of the economy.

Financial Markets. The rapid structural changes that are taking place in financial markets improve the overall capacity of these markets to provide funds more efficiently and to meet better specific needs and preferences, thus contributing to stronger growth. While this process is to be welcomed, it also has particular implications for policy. The more powerful transmission of financial impulses internationally requires closer cooperation in the conduct of financial policies. Likewise national systems of supervisory and prudential control need to adapt to the structural changes in domestic financial markets and to their increasing internationalization. This requires, *inter alia*, increased international compatibility of national policies.

Allocation of Public Resources. In addition to appropriate control of budget deficits and the overall scale of government spending, budget policy must also be directed to improving the efficacy and efficiency of government programmes. This implies flexible reallocation of resources to priority needs. It also implies improving the structure of taxation by reducing tax rates and broadening tax bases and by narrowing differentials in effective tax rates across different economic activities.

Technology. Over the last decade, OECD economies have undergone profound changes in structure and operation with considerable

shifting between activities. Technological developments, such as information processing, have permitted the growth of entirely new industries as well as altering products and processes in many established industries. For the diffusion of new technologies to provide the fullest possible contribution to growth and employment, effective transfer of technology needs to be facilitated and a suitable environment for risktaking is necessary, as are responsive systems of education and training. Appropriate protection of intellectual property contributes significantly to the successful creation and diffusion of technology, and concerted efforts are needed to strengthen this protection worldwide.

Agriculture. Policies of domestic support for and protection of agriculture have sometimes inhibited needed adjustment and led to increases in global supplies in excess of demand. This problem will become even more acute if technological innovation in agriculture is not matched by effective adjustment. Studies in the Organization should contribute to a better understanding of the issues involved. Ministers asked the Organization to intensify the work on these issues taking also into consideration the macroeconomic and social implications of agricultural policies. Ministers agree that in many cases, present policies entail not only heavily increasing costs but also the danger of aggravating con-

licts in agricultural trade which, in turn, risk exacerbating trade tensions more generally. Particular concern was expressed over the recent escalations of tensions in trade in grains and in a number of other agricultural commodity markets. In the light of the serious situation, it is urgent that OECD countries, while taking into account the well-being of farmers, make strenuous efforts to reorient policies which have an effect on agriculture in order to encourage structural adjustment, to bring down budget expenditures, to correct market imbalances, and to reduce tensions internationally.

Energy. While a prolonged period of relatively low oil prices might intensify long standing concerns about long-term energy supply security and the possibility of tighter energy markets in the future, there is no need at present for new international action by member countries in the area of energy policy, although some member countries may decide that internal adjustments are required for regional sectoral or other national reason. The energy policy objectives set out in the conclusions endorsed at the meeting of OECD Ministers on 9th and 10th May 1983 (and recently reconfirmed by the Governing Board of the International Energy Agency) were, therefore, reconfirmed and their implementation will continue with whatever adjustments may later be decided are necessary. For this purpose, an updated assessment of the medium- and long-term energy outlook will be developed to serve as a basis for seeing whether energy policy objectives are likely to be achieved under current and future market conditions.

Foreign Unfair Trade Practices

WHITE HOUSE STATEMENT, MAR. 31, 1986¹

Consistent with his announcement last fall of his belief in a "free but fair" trade policy, the President today announced three new trade policy actions aimed at eliminating foreign unfair trade practices and securing open markets for American exports.

In the most significant case, the President has decided that the United States will take action against new European Community (EC) agricultural restrictions, which could affect as much as \$1 billion in U.S. farm exports. The new restrictions were recently imposed by the EC following Spain and Portugal's accession to the EC. Unless the Community rescinds its illegal quotas and promptly provides compensation for its increased tariffs, the United States will offset the new restrictions by establishing quotas and increasing tariffs on EC products entering our market.

In the first use of new authorities granted in the Trade and Tariff Act of 1984 to address restrictive investment

practices, the President has also directed U.S. Trade Representative Clayton Yeutter to initiate an investigation of Taiwan's automotive export performance requirements, which distort trade by forcing manufacturers to move a certain percentage of their production into export markets.

The President has further directed Ambassador Yeutter to make fact-finding inquiries to determine whether the European Community's Third Country Meat Directive may unfairly penalize American exports of as much as \$125 million worth of meat.

The United States has been fully supportive of the enlargement of the European Community to include Spain and Portugal. We do not, however, believe that the EC should use this occasion to impose new trade barriers. Americans should not have to pay for the benefits which EC member states will enjoy.

¹Text from Weekly Compilation of Presidential Documents of Apr. 7, 1986. ■

Relations With Developing Countries

Interdependence is a reality. Strong economic performance in the OECD countries is crucial for growth in the developing countries. Conversely, economic performance in developing countries will increasingly affect growth in the OECD area. More dynamic and broadly shared economic development entails action across a wide range of policies in both developing and developed countries.

Debt burdens remain onerous for a number of countries and severely hamper their process of development. Growth-oriented structural adjustment and expanding trade are essential for resolving this problem and overcoming other obstacles. OECD countries welcome and encourage the efforts already made by many developing countries in difficult political and social circumstances. They also welcome the progress that is being made in implementing the debt initiative proposed by the United States in Seoul. They urge the continuation of co-operative efforts by debtor nations, the commercial banks, and the international financial institutions to realize the objectives of this growth-oriented debt strategy on a case-by-case basis. Debtor countries, working in co-operation with the IMF (International Monetary Fund) and the World Bank, need to develop and put into place comprehensive policies to permit sustained growth and sustainable external

balance. This will contribute importantly to improve financing by mobilizing domestic savings, by stemming capital flight, and by attracting bank credits and foreign direct investment—which should play a more prominent role in future capital flows.

For their part, OECD countries need to promote an international economic environment which will support developing countries' policies. OECD countries must, therefore, strive to improve the dynamics of their own growth and adjustment, to ensure freer access to their markets, to co-operate regarding the resumption of export credit cover on a case-by-case basis to countries implementing effective adjustment policies, to support the creation of the multilateral investment guarantee agency (MIGA), to encourage new investment in developing countries, and to provide adequate concessional and non-concessional financial flows, in terms of quality and quantity.

Oil price developments are benefiting energy-importing developing countries. However, the financial situation of a number of heavily indebted oil-exporting developing countries has deteriorated and should be addressed through appropriate measures within the overall debt strategy. The downward trend of non-oil commodity prices has increased the need for more open and stable markets, for action to remove measures distorting trade in these commodities, and for diversification of production and processing in commodity dependent economies. For this, enhanced attention by the international community is required.

The plight of the poorest countries, and especially those in sub-Saharan Africa, continues to give rise to serious concern. For these countries also, it is essential to undertake growth-oriented policy reform and structural adjustment measures. Special efforts are, however, required to support such endeavours through improved and better co-ordinated aid programmes. OECD members agreed to exert their best efforts in providing additional official development assistance, through both bilateral and multilateral channels, to support growth and significant adjustment programmes in the poorest countries. Multilateral assistance has a key role in this respect. Hence the World Bank's Special Facility for Africa and the recent establishment of an IMF structural adjustment facility are welcome. Hence, too, the importance of a substantial replenishment of IDA (International Development Association) bilateral donors, for their part, must improve current aid policies and practices in order to provide flexible, timely, and better co-ordinated financial support for development-oriented programmes.

Ministers look forward to the forthcoming session of the United Nations General Assembly on the critical economic situation in Africa. This session provides an opportunity to improve co-operation between African governments and the international community on the basis of a thorough review of past efforts in solving that continent's problems. It further provides an opportunity to set out

orientations for future action aiming at the rehabilitation of the medium- and long-term development of Africa.

Trade Policy

Ministers vigorously endorsed the need to launch a comprehensive new round of multilateral trade negotiations. Ministers noted with satisfaction the preparation in GATT for a Ministerial meeting in September for this purpose. Member countries' governments are determined to do their utmost to support the new round and the process leading to its launching. All countries, developed and developing, have a stake in the early launching and successful completion of a new round. The general purpose of the negotiations should be to improve the provisions and disciplines of the GATT, expand its coverage, extend its application to new areas, promote a substantial further liberalization of trade, and consider trade aspects of other international economic policies. In this context it was recognized that parallel efforts in other areas of international economic co-operation would be conducive to achieving the objective of trade liberalization. Ministers support a comprehensive agenda for the negotiations, including issues to keep the GATT relevant to changing world trade conditions, which would provide the possibility of achieving balanced results. The new round should, *inter alia*, address the issues of trade in services and trade-related aspects of intellectual property rights and foreign direct investment. The negotiations should lead to a fuller participation in the open multilateral trading system of developing countries which should contribute to the liberalization process in a manner commensurate with their stage of economic development.

Effective commitments on standstill and rollback are necessary to create a positive negotiating climate and to further the achievement of the overall objectives of the trade negotiations. Ministers, therefore, expressed their preparedness to contribute to an effective and credible standstill undertaking by all GATT contracting parties and to discuss with their partners a meaningful monitoring process for the application of that undertaking. They also underlined the importance of the rollback of protective trade measures in order to contribute to the achievement of the liberalization objectives of the new round.

Progress on actions to relax and dismantle existing trade restrictions was reviewed. Against a difficult economic background, protectionist pressures have persisted and trade restrictions have continued to be introduced, although at a markedly slower rate than previously. At the same time, efforts to liberalize trade have resulted in the abolition of certain restrictions and in the relaxation of others. The results, though modest, represent a useful effort in themselves and contribute to confidence for new multilateral trade negotiations. In the face of the continuing threat of protectionist pressures, Ministers reaffirm their commitment to avoid new restrictive measures and to pursue their efforts

to reduce trade-restrictive and trade-distorting measures. More specifically, Ministers undertook to seek as much liberalization as possible within the renegotiation of the multi-fibre arrangement, a number of them with the final objective of applying GATT rules to trade in textiles.

In order to assist developing countries, Ministers expressed hope that the contracting parties in the new round would explore means of giving appropriate recognition in the GATT context to trade liberalization measures adopted by developing countries under structural adjustment and sectoral programmes.

Services

Ministers also reviewed the Organization's wide-ranging activities on trade in services. Inclusion of services in a new round of multilateral trade negotiations would contribute importantly to trade liberalization. Related work in OECD should be pursued actively. In this regard, Ministers stressed the need to intensify and broaden ongoing conceptual, analytical, and statistical work on the complex issues involved, particularly on the application of general concepts to individual service sectors. Similarly, they underlined the importance of extending and making more effective the code of liberalization of current invisible operations and other existing instruments, which are applicable to trade in services among OECD members, in order to promote liberalization in as many sectors as possible. Ministers requested the Secretary-General to report on progress at next year's council at the Ministerial level.

Investment

Ministers observed that member countries encourage the further liberalization of restrictions on direct investment in both developed and developing countries. The Ministers observed that further liberalization of investment policies within the OECD would contribute to the success of broader multilateral efforts in this important area. In this regard, the Ministers welcomed improved efforts being made to strengthen the OECD Code of Liberalization of Capital Movements and National Treatment instrument.

Conclusion

In order to remove international frictions and imbalances through the efficient distribution of resources, it is important to advance worldwide structural adjustment from a medium- and long-term perspective, as well as to promote the further opening up of markets within the free trading system. International co-operation, including industrial co-operation through direct investment, technology exchange, and joint research and development, is very important because it promotes structural adjustment on a global scale and facilitates the formation of a harmonious division of labor, thereby contributing to the deterrence of protectionism. ■

Structural Adjustment and the Trading System: Europe's Role

by W. Allen Wallis

Address before the London Chamber of Commerce in London on March 7, 1986. Mr. Wallis is Under Secretary for Economic Affairs.

At the Tokyo economic summit May 4-6, 1986, one of the important issues that will be discussed is the relationship of economic growth to structural adjustment and the efficient operation of markets. Since I am in London to help prepare for the summit, I am especially pleased to have this opportunity to give you an American's perspective on Europe's role in structural adjustment and the relation of that to the international trading system. My central point is that policies which inhibit adjustment to change not only hamper domestic economies but also damage global trade and economic growth.

In Europe, the United States is the usual scapegoat for international economic problems. In particular, our Federal government's budget deficit is often described as the root of all the world's economic ills and most of its imperfections. Whether or not there is an element of truth in the scapegoating, it certainly is true that the United States can make a major contribution to the health of the world economy, and the main way we can do that is to keep our own economy strong. Our four principal economic priorities are:

- To increase competition by continuing to deregulate our domestic economy;
- To reduce the drag of government by curtailing the growth of government expenditures;
- To reform our tax system so as to strengthen incentives to work, to save, and to invest; and
- To resist protectionism at home and abroad, in part, through a new round of international trade negotiations.

EUROPE AND THE WORLD ECONOMY

Europe has responsibilities in the international economic system second only to America's. Europe faces profound

challenges in the remainder of the century, many of them with international repercussions. Europe's high average unemployment, now at 11.2% EC [European Community]-wide, masks regional pockets of even higher unemployment, youth unemployment levels over 20% in most countries, and growing longer term unemployment. Increasingly, my European colleagues identify structural problems as major reasons for Europe's failure to create new jobs in recent years and promote new, dynamic industries—such problems as overly generous unemployment and employee benefits packages, rigid hiring and firing practices, housing programs that hamper worker mobility, disincentives to employment-generating investment, and interference with business decisions on when and where to open or close plants.

Key sectors of Europe's markets have been closed to import competition in efforts to protect existing jobs, especially in such sectors as agriculture, telecommunications, steel, and automobiles. By freezing labor and capital into inefficient activities, Europe has reduced its opportunities to grow and expand into more dynamic activities where it might compete better in international markets.

We view these developments with alarm for two reasons.

First, as your friend and strategic partner, we care about European security, prosperity, and liberty. Such practices have made those economies more rigid, less able to adjust to change, and hence less dynamic than they otherwise could be. Economic weakness, in turn, diminishes the alliance's ability to meet its joint security responsibilities.

Second, as your economic and trading partner, we see from a different perspective than you the disruptive impact of European practices on the international economy. In particular, Europe's rigid economies and anemic growth have generated protectionist pressures to insulate your inefficient industries from overseas competition. Imports are restricted, exports are subsidized, and the industries concerned become even more inefficient, requiring even more protection. These policies not only retard economic growth in Europe but also generate adverse effects on Europe's trading partners.

Agriculture

European agriculture is a case in point. We acknowledge, of course, the historic importance of the Common Agricultural Policy (CAP) in forging European unity. Our quarrel is not with the CAP, but with the manner in which it is being implemented, its effect on European growth, and its impact on international trade. "We believe," in the words that Michael Jopling [U.K. Minister of Agriculture, Fisheries, and Food] used in an excellent speech in Washington last Tuesday, "that the CAP poses serious problems for the Community's consumers, its taxpayers and its trading partners." But, like Minister Jopling, we "do not accept that the policy itself is illegitimate."

The CAP has evolved into an entitlement program under which government assures a market for virtually all EC agricultural production at prices far above world levels. These high price supports have been accompanied by variable levies and other import restraints. The excess production stimulated by the high prices is then dumped on world markets through export subsidies. Imports are reduced and exports expanded, all at the expense of its trading partners.

For example, despite relatively inefficient farms and high production costs in a number of member states, EC wheat production recently has averaged about 130% of self-sufficiency. The Community's imports of wheat have fallen to less than one-third the levels of the 1970s. Its subsidized wheat and wheat flour exports have increased nearly sevenfold and now take some 17% of world markets.

The opportunity cost is an enormous burden for Europe to bear. The direct budgetary cost of EC agricultural supports and subsidies has grown to over \$18 billion annually. More important, the indirect costs—that is, the total transfer to farmers from European taxpayers and consumers—are estimated to be on the order of \$60-\$70 billion annually. Roughly 60% of the value added in European agriculture is now attributable to these transfers and subsidies. The United States, of course, also supports agriculture, but our income payments are combined with acreage reduction programs to reduce production.

There can be no doubt about the effects of protection on such a large scale. By keeping internal EC prices higher than market forces justify, the CAP fosters excessive levels of production and investment in agriculture,

siphoning off funds that could be used more productively elsewhere in the economy. Employment in agriculture is maintained at an artificially high level. Not including Spain and Portugal, agriculture accounts for 7.7% of total civilian employment in the EC compared with just 3.6% in the United States. The jobs "saved" in agriculture and other protected areas are more than offset by the greater number of jobs lost (or never created) in other sectors of the economy. For example, while the U.S. economy created over 27 million net new jobs during the last 15 years, Europe actually lost jobs, and European unemployment increased fivefold. The irony is that such a situation makes many in the Community even more reluctant to undertake necessary CAP reforms out of fear that displaced farmers would have nowhere to go.

The CAP also generates direct negative effects on international trade. A study commissioned by the Australian Government estimates that EC policies have depressed international prices for temperate zone agricultural products by 16%. Despite the fact that its production costs for these products are high, the EC has become one of the largest growers and exporters of wheat and the largest exporter of poultry, eggs, beef, veal, refined sugar, and dairy products. Every increment to EC output of these products has cost European taxpayers and consumers dearly.

Moreover, subsidized EC exports take away markets from the Community's nonsubsidizing trading partners. For example, subsidized EC grain exports cost other grain-exporting countries some \$2-\$3 billion annually in lost sales. The EC's sugar program costs other sugar producers, including some of the poorest LDCs [less developed countries], several hundred million dollars annually in lost revenues.

The CAP has undercut support for free trade among U.S. farmers, traditionally a pillar of the free trade coalition in the United States. Farm state legislators strongly insisted that our new farm legislation mandate export subsidies to help American farmers recover lost markets. President Reagan opposed those provisions and will seek their modification. However, the provisions became law because of the frustration of farmers and the Congress with obstacles to U.S. exports and lack of progress toward serious negotiations on agricultural trade.

We are concerned also about certain EC agricultural trade measures taken in connection with the enlargement of the Community to include Spain and Portugal. As you know, the United States has long supported the entry of those countries into the EC, and we congratulate the Community, as well as the two countries, on their accession. As a consequence of enlargement, however, the United States now faces major new restrictions on its agricultural exports to Iberia. These include high variable levies on Spain's grain imports, where before there were fixed tariffs bound under GATT [General Agreement on Tariffs and Trade]; Portuguese import quotas on soybeans and other oilseeds; and a requirement that Portugal guarantee its other EC partners some 15%-16% of its grain market. These measures cover about \$1 billion worth of annual U.S. exports to Iberia. They have been implemented by the Community without adequate GATT notification or review and before negotiations over compensation that are required by the GATT. Moreover, the quantitative restrictions imposed on Portugal simply are not permitted by the GATT. It is essential that the EC respond quickly to our concerns if we are to avoid a major trade dispute.

Primarily as a result of agricultural policies in the United States and Europe, there is global oversupply of virtually every major commodity. Nevertheless, the EC continues to expand production and, in so doing, shifts to others the burden of adjustment.

We need to change our ways. In its new farm legislation, the United States has begun to move slowly but surely toward more market-oriented agricultural policies. Price supports have come down and will go down further. We are doing this for sound reasons of domestic policy, not to attack the CAP, but it must be recognized that an indirect effect of our new policies will be to raise the cost of the CAP subsidies.

In recent years the high value of the dollar has sheltered the CAP from the full effects of U.S. efficiency in agriculture. Since the dollar peaked last February, it has declined about 30% against the ECU. Further strengthening of Europe's currencies relative to the dollar would increase further the cost of the CAP and put greater pressure on EC policies and budgets. Already, the EC Commission has indicated that a 750 million ECU supplementary budget will be needed for the CAP this year to offset the effect of the dollar's decline.

That will be 750 million ECU which will not be available for use in developing greater competitiveness in other sectors. Would not CAP reform be a better course of action?

Reform will be difficult. But in confronting the task, Europe should recognize the opportunities as well as the difficulties. Putting agriculture on a more market-oriented basis would provide important economic benefits to Europe. It would release for more productive purposes capital and labor now used relatively inefficiently. It would lower costs confronted by non-agricultural enterprises and improve their competitiveness. It would increase European incomes and foster a more dynamic, growth-oriented economy. By facilitating a better international division of labor based on comparative advantage, it would help the world economy achieve higher levels of growth.

Beyond our internal efforts, we need effective GATT rules against the use of export subsidies in agricultural trade, as well as new rules on market access. This is one of the priorities for the United States in the new trade round, and, for the reasons I have outlined, I believe that it is at least as important for the EC.

Basic Industries

A similar situation exists in basic manufacturing industries. Consider steel. Technological and economic change has had a major impact on the steel industry. Much of the steel capacity in industrial countries is becoming obsolete. At the same time, growth in demand for steel has not kept pace with overall economic growth. World steel capacity substantially exceeds world demand for steel. Secretary of Commerce Baldrige has estimated that excess capacity currently approaches 200 million metric tons. As we move toward an economy based on information and services, and apply more sophisticated techniques to manufacturing and construction, less steel will be needed for each additional increment of gross national product. The market's message is clear.

On both sides of the Atlantic, restructuring and reducing the steel industry is a difficult task, involving a substantial loss of jobs. We estimate that U.S. steel firms, for example, have shed almost 50% of their jobs since 1979. Europe, according to the OECD [Organization for Economic Cooperation and Development], has shed about 40%

of total jobs in steel industries over a longer, 10-year period.

We will have to rationalize our steel industries further. The EC steel restructuring plan had some success in closing outmoded facilities and rationalizing production. This plan called for an end to government subsidies as of January 1, with exceptions to meet environmental regulations, conduct research and development for certain purposes, and assist in plant closings, as well as to provide regional aid in some circumstances. Production quotas are to be removed from a few products.

However, EC governments have carried out the steel plan unevenly. British steel is among the more successful; it has reduced its workforce from 210,000 in 1975 to 64,000 today and is now profitable. German efforts similarly have resulted in more efficient and profitable steel plants. Some other countries, however, are sluggish. Already \$29 billion in public funds have been spent on subsidies to European steel industries during the last 10 years. Some countries appear willing to continue to spend funds to protect jobs in inefficient plants, rather than to use those funds more wisely to create jobs in other sectors.

The United States and other countries are affected by this hesitancy to rationalize. Europe's steel imports have been held down to about 5% of demand, while the United States permitted its imports to reach about 25% of total domestic demand in 1984 and 1985. The EC accounted for about 20% of U.S. steel imports in those 2 years. Since much of Europe's steel production was subsidized, exports to the United States, in effect, spread the distorting effect of these subsidies to the disadvantage of U.S. steel producers.

We are also affected by European sales of steel projects to LDCs. New mills, frequently financed with the help of subsidized credit, exacerbate the problems by contributing further to excess world steel capacity. LDC steel exporters, however, have not been given a fair opportunity to market their steel in the EC. As a result, they turn to the more open U.S. market and thus feed protectionism in the United States.

In steel, as in agriculture, costly policies insulate the European industry from foreign competition; they subsidize inefficient production; and they generate serious distortion of the world economy. In view of the outlook for the steel industry, it is not too soon for governments in Europe and the United States

to consider methods and timetables for getting governments out of the international steel industry when the current U.S. program expires and relying on the market to direct the allocation of resources in this important industry.

High Technology

Protection of agriculture and heavy industries inevitably limits Europe's ability to shift resources into activities such as high technology. In fact, Europe's position in many fields of technology has eroded. The EC estimates that the Community's share in OECD high-technology manufactured exports fell from 58% in 1963 to 43% in 1983. If Europe wishes to keep up in the race for the future, it will have to abandon some relics of the past.

To be sure, European nations and the EC have great interest in policies to promote high technology and emerging industries. But to American eyes, Europe's efforts seem to be headed in the wrong direction. In our experience, innovation thrives in a climate that fosters risk-taking, entrepreneurship, and competition. We believe that the "magic of the market" will channel innovative energies and resources into the most productive channels.

Many Europeans seem to believe that Europe can compete only by resorting to an "industrial policy." They advocate forming intergovernmental consortia and pouring in large amounts of public funds. In our view, this is a recipe for expensive white elephants. Such large multigovernment efforts tempt governments to protect their new elephants by restricting competitive imports. We see this unhealthy tendency also afflicting new products developed by Europe's private firms, such as in consumer electronics, where the EC nearly doubled tariffs on video cassette recorders to insulate its market from Asian competition. We are particularly distressed also by restrictions on market access in such sectors as telecommunications, where the United States is highly competitive.

Trade in civil aircraft is another high-technology area where both the United States and Europe have important interests in ensuring that trade and competition are free and fair. As you know, the United States objects to government subsidies of the development and sale of commercial aircraft and to political inducements for their purchase. These activities have distorted the competitive environment and are

contrary to the GATT agreement on trade in civil aircraft. It is clear that we need to develop better understandings on the observance of the GATT aircraft code. We are pleased, therefore, that later this month we will be meeting with representatives from the European governments concerned to discuss this issue.

Availability of venture capital to entrepreneurs willing to undertake risks is also important to the rapid development of new high-technology industries, especially for small firms. Numerous representatives of European governments and industries, struck by the successful example of the United States, are looking to venture capital to help facilitate innovation. Venture capital markets have expanded rapidly in some European countries in the last few years, notably the United Kingdom and the Netherlands. Most markets remain relatively small, however, and most are dominated by conservative financial institutions which prefer to lend to larger enterprises, often state run. The markets are still hampered also by tax law disincentives, by absence of uniform financial practices throughout the EC, and by excessive regulation.

TOWARD A BETTER GLOBAL BALANCE

It is widely agreed that there needs to be a better balance in a number of areas of the international economy. At the Bonn economic summit meeting, and later at the September 22 G-5 [Group of 5—Federal Republic of Germany, France, Japan, United Kingdom, and United States] meeting in New York, the major industrial countries identified these imbalances as including the large U.S. trade deficit; the appreciation of the U.S. dollar; and the large, growing current account surpluses of Japan and Germany. The participants identified respective national economic measures that would contribute to improved international economic balance. Vigorous implementation of those measures would lead to stronger economic growth in Europe and would enhance the sustainability of growth in the United States and Japan.

Notwithstanding frequent press comments to the contrary, the United States does not advocate that Europe reflate through old-fashioned pump-priming. Rather, we believe that Europe should strengthen its overall economic performance by hastening the pace of structural adjustment, by letting

The Oil Market and U.S Energy Security

by E. Allan Wendt

Statement before the Senate Committee on Energy and Natural Resources on March 25, 1986. Mr. Wendt is Deputy Assistant Secretary for International Energy and Resources Policy.¹

I am pleased to have this opportunity to testify before the committee on the current international oil market situation and the implications for our energy security. I shall focus on the foreign policy impacts and leave different aspects for consideration by other witnesses.

CURRENT OIL MARKET

In less than 4 months, spot crude prices for benchmark West Texas Intermediate slipped from \$31 per barrel to \$13—a decline of over 60%—to levels last seen in 1979. In real terms, spot oil prices are now at the level of the last half of 1973. The North Sea's Brent price has experienced a similar fall. Although only a small portion of world oil moves on the spot market, this market is a public indicator of price movements and exerts a strong influence on the direction of contract prices.

Movement toward the current price slide actually began last September with the Saudi decision to abandon the role of swing producer for OPEC. Concerned by the failure of other OPEC members to respect production quotas and official prices, the Saudis began to sell crude on a "net back" basis, in which the price of a barrel of crude is determined by the price of the final products derived from it. In December 1985, OPEC announced its intention to regain a "fair share" of the world market, a sizable part of which had been lost to non-OPEC producers since 1979.

A key factor in world oil price movements is the level of OPEC production. With the announcement of its intention to regain market share, OPEC increased production to just over 18 million barrels per day (b/d)—most of this increase coming from Saudi Arabia. January OPEC production dropped to just over 17 million b/d, owing, in part, to difficulties in selling oil in a glutted market but also because of damage to Iranian oil facilities from Iraqi air strikes and Nigeri-

an Government problems in negotiating with oil companies. February production rebounded to an estimated 18 million b/d.

In the second quarter of this year, the usual seasonal decline in demand—expected to be 2-3 million b/d—is certain to put additional downward pressures on oil prices in a market already characterized by supply overhang and increasing competition. In the short term, moreover, companies may choose not to shut in production since restarting can prove expensive and, occasionally, impossible. In the absence of effective action by producers to restrain production, the most likely outlook is for continued price weakness and uncertainty.

THE IMPACT OF FALLING OIL PRICES

OECD Nations

The OECD [Organization for Economic Cooperation and Development] community of nations stands to benefit from lower oil prices. According to International Energy Agency (IEA) estimates, oil prices averaging \$20 per barrel would cut OECD inflation and interest rates by about 1% a year over a 2-3 year period. About \$30 billion in net income would be transferred to the OECD area, raising OECD GDP [gross domestic product] by 0.4%. As an added benefit, there will be downward pressure on interest rates due to lower inflation, increased savings caused by income transfers, and easing of monetary policies facilitated by improved external account positions. The diversified economies of OECD net oil-exporting nations should enable them to adjust to lower oil prices. In fact, for some OECD net oil exporters, the price decline's benefits may outweigh its negative effects.

Consumer Countries. As the most oil import-dependent IEA nation, Japan will be a big winner from an oil price decline. According to Japanese Government estimates, if oil prices average \$15 in 1986, Japanese GDP would rise by 0.9% above previously forecast levels; inflation would decline by 0.9%; and the current account surplus would increase by \$20.8 billion. Much the same story would be repeated in other IEA net oil-importing countries. Italian economists

domestic markets work more freely, and by opening up to competition, foreign and domestic. We also advocate rearranging tax structures, where possible, to reduce the drag on the economy. Tax cuts, such as those planned for the United Kingdom and the Federal Republic of Germany, can improve growth and generate employment.

We realize that the United States, too, has an essential role to play. At Bonn, President Reagan said that his principal domestic objectives were "to achieve a rapid and appreciable cut in public expenditures and thus a reduction in the budget deficit." He also stressed "the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources." A great deal has been accomplished in each of these areas during the 10 months since the Bonn summit, and I assure you that we intend to do much more.

Since Bonn, the summit countries have made significant progress on trade. President Reagan has blocked protectionist measures, most notably in footwear and textiles. Together we achieved in Geneva in November an international consensus that there should be a preparatory committee to work out the agenda and modalities for a new round of trade negotiations. That committee has now started its work, and we hope that the new round will be launched in September.

Let's not let our problems obscure the fact that by building on this progress we can reinvigorate our markets and make our domestic economies more productive. Not only can we do it, we are doing it. We recognize that change is not only inevitable but also desirable, and that our future lies in exploiting change, not hampering it. Adjustment to change is not easy, but one region's resistance to change not only saps its own vitality but also endangers the open international economic system on which the prosperity of all of us depends. ■

estimate that \$18-\$20 per barrel oil would wipe out their national trade deficit and put the current account into surplus for the second time since 1979.

Several IEA net oil-importing nations have taken the opportunity presented by falling oil prices to raise energy taxes and thereby correct fiscal imbalances. According to our information, the new revenue measures are all aimed at internal consumption rather than imports and are, therefore, not protectionist in nature. The IEA has reported petroleum excise tax increases in Denmark, Australia, and Italy while, according to the trade press, there have been similar tax developments in Ireland, Greece, Spain, and Portugal. The IEA also reports a Swiss tariff increase on heating oil and natural gas that will have the effect of an internal excise tax as it will fall in a non-discriminatory manner on indigenous natural gas production and heating oil refined in Switzerland.

Both the French and German Governments have said they will not impose new taxes or import surcharges on oil in response to the drop in oil prices. The Japanese have not raised taxes, but it is still unclear whether the full benefit of yen appreciation and the oil price decline will be passed on to consumers.

Exporting Countries. Norway may see its 1986 economic growth halved from its previously forecast 3% level if oil prices average \$15 per barrel for the year, while the United Kingdom and Canada should, on balance, benefit from lower oil prices. Though its diversified industrial economy should help Norway weather the impact of lower oil prices, several years of \$15 per barrel oil would delay development of new Norwegian production capacity.

Though each dollar decline in the oil price costs the United Kingdom \$700 million in export revenues, U.K. economists see such negative effects outweighed by the beneficial impact of lower oil prices on GNP [gross national product] growth, inflation, industrial production, unemployment, and the export competitiveness of U.K. manufactures. Falling oil prices, however, have already caused the U.K. Government to reconsider its plans to cut taxes. In addition, a long-term fall in exploration and development in new North Sea fields could cause U.K. production to drop off sooner and more sharply than would otherwise be the case.

Canada, on balance, will benefit from falling oil prices, though the western energy-producing provinces will be hurt. Falling oil prices could jeopardize the development of such expensive frontier oil discoveries as Hibernia, Sable Island, and the Beaufort Sea, as well as render current oil sands and heavy oil projects uneconomic.

Middle East Exporters

Since almost every economy in the Middle East and North Africa depends, either directly or indirectly, on revenues from oil exports, falling oil prices will create difficulties throughout the region.

In the oil-exporting countries, revenues will decline directly as oil prices fall, especially in the Persian Gulf region but also in the other Middle East oil-producing countries (such as Egypt, Syria, and Tunisia). If, as appears likely, the present downturn in the oil-exporting economies continues and, perhaps, deepens, the result will mean diminished export and other opportunities for U.S. business in what has been an extremely important market. Falling oil revenues will also mean lower government revenues, which, in turn, will mean these governments will undertake fewer new development and infrastructure projects and will abandon or stretch out projects already underway. Moreover, some of the wealthier oil-exporting countries, which have been important donors of international aid, are cutting back on such assistance.

Falling remittance incomes from foreign workers in Persian Gulf countries will create additional problems for a number of countries outside the gulf. Egypt will be particularly hard hit, as sharp drops in oil income and overseas remittances are being accompanied by a decline in Suez Canal and tourist receipts.

On balance, oil-producing countries in the Middle East with large foreign exchange reserves and production flexibility should be able to withstand most of the stringencies imposed by the drop in oil revenues. However, many of the other countries in the region—both oil exporters and importers—will be hurt. These governments are already cutting expenditures and subsidies, a course that will only serve to deepen the recession. Popular expectations could clash with economic realities and lead to heightened tensions and political strains.

High-Debt Oil Exporters

Mexico. Oil accounts for 70% of Mexican merchandise export earnings and 45% of Federal Government revenues. Mexico will suffer on two counts—falling prices and reduced export levels, which have dropped from the traditional 1.5 million b/d oil exports to 1.1 million b/d owing to weak demand. If 1986 prices average \$15 per barrel, Mexican export earnings from oil this year will be \$5 billion below the 1985 level. In response to the oil price decline, the Mexican Government in February announced cutbacks in government expenditures and moved toward a market-oriented exchange rate. The government has announced, nonetheless, that it still needs \$4 billion in new money from commercial banks and international financial institutions.

Venezuela. In Venezuela, oil accounts for 90% of export earnings. While Venezuela's foreign exchange reserves of \$13.7 billion should help absorb the impact of lower oil prices, the government will still have to reduce expenditures and cut imports. The sharp fall in oil export earnings will make it difficult to service Venezuela's debt, even though much of it was recently rescheduled.

Ecuador. With \$7.5 billion in foreign debt, Ecuador depends on oil for almost two-thirds of its export earnings. The oil price decline has caused the Ecuadorean Government to adopt austerity measures, and further steps are likely to prove necessary.

Indonesia. In 1985, petroleum provided 65% of Indonesia's total export earnings dollars and 60% of government revenues. Indonesia's non-oil commodities (e.g., natural rubber, tin, and tropical timber)—which have traditionally accounted for 30% of the country's total foreign exchange earnings—will provide some relief, but world markets for those commodities are also depressed. The country's debt service ratio—already at 25%—will rise this year, but traditionally sound management should continue to allow access to international credit markets.

Nigeria. Nigeria will face growing pressure if prices stay below \$20 a barrel. In 1985, Nigeria depended on oil for over 95% of its total export earnings and 70% of government revenues. Falling oil prices have driven external income down from a high of \$24 billion in 1980 to \$11.3 billion in 1985. Lower oil

prices will further reduce foreign exchange earnings. Meanwhile, Nigeria's 1986 service on its approximately \$19 billion external debt is estimated at more than \$5 billion, and annual imports probably cannot be reduced much below \$7 billion.

U.S.S.R.

The Soviet Union receives 60% of its hard currency earnings from oil and gas exports to Western countries. The oil price decline could eventually cause the Soviets to curtail imports of hard currency items—mainly food and capital goods—and make it more difficult for Moscow to carry out its program to modernize industrial plants and increase production. The Soviets are likely, nevertheless, to continue achieving modest rates of economic growth.

Non-OECD Importers

Most developing countries are net importers of oil and, as such, stand to benefit from the decline in oil prices. As a group, the oil-importing developing countries are expected to import about 3.2 million b/d in 1986. Those imports, which cost them some \$33 billion last year, would cost only \$19 billion at average oil prices of \$15 per barrel. These savings will free up foreign exchange for additional debt service, new investment, or consumption. The developing countries will also find opportunities for increased exports as a result of higher GNP growth in the OECD countries.

Brazil, for example, is dependent on imported oil for 40% of its total petroleum consumption. Each dollar decline in oil is a savings of about \$125 million. Brazil will also benefit indirectly from lower interest rates on its debt repayments and from increased exports to OECD countries. The country's extensive alcohol production program, however, will require serious adjustments, and layoffs of alcohol industry workers will exacerbate unemployment.

ENERGY SECURITY

The central concern now for our long-term energy security is whether Persian Gulf oil exporters will regain the critical role in the oil market that they played for nearly a decade. The gulf, including Iran and Iraq, has 57% of the world's oil reserves. It also has an advantage over the rest of the world in terms of low cost of oil discovery and direct

production costs. Reserves outside the Persian Gulf are relatively costly to find and exploit, and they are likely to go undeveloped or be shut in when prices fall.

A fundamental objective of U.S. energy policy is to assure an adequate supply of energy at reasonable cost while avoiding undue dependence on any single fuel or supplier. We believe this goal is best achieved by minimizing Federal control and interference in energy markets and by allowing market forces to promote conservation and fuel diversification. We are also members, along with 20 other industrial democracies, of the International Energy Agency, which provides an institutional framework for cooperation among its members in improving energy security.

Our first line of defense against an oil supply disruption is the Strategic Petroleum Reserve (SPR). If our vulnerability to an oil cutoff were to grow significantly, we would need to reevaluate the adequacy of the SPR, which now holds over 100 days of current U.S. imports (a total of almost 500 million barrels). In the interim, we can increase U.S. energy security by intensifying our efforts to remove barriers to U.S. energy production through natural gas deregulation, increased competition in inland coal transportation, streamlining of our nuclear regulatory regime, acceleration of offshore leasing, and removal of oil export prohibitions. The Administration has sought congressional help on these matters in the past and will be renewing its efforts in a number of these areas. We should also be ready to consider strengthened government support for energy conservation and basic research and development in all sources of energy—renewables, fossil, and alternative fuels and nuclear and fusion power.

Our energy security is linked with that of our IEA partners through the global nature of the oil market. Price shocks and economic disruptions in one country or area are quickly transmitted to others. We, therefore, try to monitor the market closely to detect early signs of increased IEA dependence on insecure energy suppliers. Sustained low oil prices are likely to slow conservation gains and reduce non-OPEC energy resource development and production. Low prices, thus, make it likely that IEA vulnerability will increase sooner rather than later, but they also decrease the costs of building stocks. We would like the other IEA member states to

strengthen our collective energy security by carrying more of the burden of stockholding and by joining with us in early, coordinated stockdraw in the event of a supply disruption.

CONSEQUENCES OF AN OIL IMPORT FEE

As you know, there have been calls recently for imposition of import fees on crude oil and refined petroleum products as a means of enhancing our energy security and facilitating tax reform. The President, however, has indicated his clear opposition to such import fees. The Department of State believes an oil import fee would have a number of negative consequences for our foreign policy, foreign trade, and industrial competitiveness.

World Oil Market Prices. While raising prices in the United States, import fees would, at the same time, tend to depress further world market prices for crude oil and products. The domestic price rise caused by an import fee would reduce U.S. imports and consumption, thereby bringing about a drop in prices outside the United States as the world market responds to this reduction. Lower international prices would depress revenues of producers, thus creating further problems for a number of countries already in serious financial difficulty. An import tax might, thus, strengthen the hand of unfriendly elements in key developing countries and could lead to default on debt obligations. We could be accused of using an oil import tax to deal with our own problems at the expense of others.

Competitiveness of U.S. Industry. An import fee would damage the international competitiveness of energy-intensive U.S. industries, notably the petrochemical industry and American agriculture. For the U.S. petrochemical industry, increasing the cost of petroleum feedstocks would undermine its competitiveness at a time when it is already faced with increased imports into the United States and deep penetration of its traditional export markets by new low-cost petrochemical plants in oil-exporting countries. American agriculture—a significant consumer of petroleum through tractor fuel, fertilizers, crop drying, and transportation to foreign and domestic markets—would also be hurt by an increase in its costs and rendered less competitive in important export markets.

GATT and Other Trade Obligations. An import fee would pose difficulties under the General Agreement on Trade and Tariffs (GATT). U.S. tariffs on many petroleum products are bound at current levels. Increasing the duties on those products would be inconsistent with our obligations under the GATT, unless it were justified under the GATT exception for essential security interests. Even if a judgment were made that imposition of an import fee was justifiable as such a measure, adversely affected GATT members that suffer demonstrable injury would be entitled to compensation or retaliation against U.S. exports.

Although the U.S. tariff on crude oil is not bound under the GATT, the United States has granted tariff rate concessions on crude oil, crude shale oil, distillate fuel oils, and residual fuel oils in a bilateral agreement with Venezuela. Exempting only Venezuela from higher tariffs, however, would violate our obligation to afford most-favored nation (MFN) treatment to GATT members among our suppliers. At the same time, we also have bilateral treaties granting MFN treatment to other suppliers who are not parties to the GATT. In short, there may be no way compatible with existing trade commitments to exempt only a few foreign suppliers from an import fee.

Bilateral Foreign Relations. An import fee would create problems with our neighbors and with some of our closest allies. The Canadian and Mexican Governments have already expressed strong concern about an oil import fee. Exempting these neighbors, however, would discriminate against our third and fourth largest suppliers, Venezuela and the United Kingdom. Venezuelan officials have also expressed concern about possible fees, and it is important to remember that Venezuela—although an OPEC member—did not participate in the 1973 oil embargo. The United Kingdom, which has steadfastly refused to cooperate with OPEC on fixing prices artificially, also opposes the fee. Last year, [British] Prime Minister Thatcher personally expressed concern to President Reagan on the issue; and the Prime Minister of Norway, a close NATO ally that has also rejected cooperation with OPEC, recently registered similar concern. Moreover, at last year's summit meeting in Quebec, President Reagan and Canadian Prime Minister Mulroney agreed to reduce barriers to

energy trade between the United States and Canada. An import fee would be a retreat from that undertaking.

IEA Commitments. The main goals of the 21-country IEA are to pursue long-term policies designed to reduce oil import dependence and to cooperate in the event of major oil supply disruptions. At an IEA ministerial meeting in July 1985, the United States successfully pushed for communique language calling for open market-based trade in oil products. Imposition of an import fee would be a retreat from that commitment and might well trigger similar actions by our IEA partners seeking to shelter their own domestic oil and refining industries, thus magnifying downward pressure on oil prices as well as creating additional trade problems.

Market Pricing Distortions. Crude oil is not a homogeneous commodity, and the marketplace accurately takes the characteristics of different crudes into account through price differentials. A flat import fee, however, would distort that process. It would discriminate against "heavy" (below average) crude oils, which are sold more cheaply because they tend to be more expensive to refine and have lower yields of high value products. Market forces would respond to the import fee by driving up the relative prices of heavy crudes, such as those produced in Mexico, Venezuela, and California. As a result, the trend toward greater U.S. consumption of heavy crudes—a trend that has contributed to diversification of our sources of crude imports and reduced our dependence on Middle East suppliers—could receive a significant setback.

CONCLUSION

The benefits of the oil price decline will accrue to oil-importing countries, particularly those in the OECD community. The noninflationary economic stimulus arising from lower oil prices will promote global economic growth, increase

trade, and provide relief for many countries with financial and balance-of-payments problems.

The costs of the price decline will be borne principally by oil-exporting countries. Although for some of them the damage will be offset, in part, by general improvement in the world economy, potentially serious problems for U.S. interests could arise among some LDC [less developed country] debtor countries—such as Mexico, Egypt, and Nigeria. Government action to prop up oil prices, however, would be an inefficient way to help these countries.

In addition to the economic aspects of declining oil prices, there are also important energy security implications. The central question here is whether lower oil prices now may hasten the day when Persian Gulf exporters—with extensive reserves and low production costs—regain the dominance they exercised for nearly a decade. We must monitor carefully our vulnerability to a supply disruption and press our IEA partners to bear more of the burden of holding stocks. Early, coordinated use of stocks is our best defense in an energy emergency.

If we consider its total impact, we are convinced an oil import fee would not enhance our energy security. A more constructive approach to the impact of low prices on future supply would be to renew our efforts to simplify or remove regulatory and other impediments to domestic energy production. U.S. oil production cannot be expected to increase, but the United States has vast resources of coal, natural gas, and nuclear energy that can help us limit dependence on oil imports from less secure sources. Progress in promoting these alternative energy sources will require a concerted effort to free up energy markets, an effort that depends on continuing interest and action on the part of Congress.

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. ■

Environment in the Foreign Policy Agenda

by Richard E. Benedick

Address before the Ecology Law Quarterly Symposium on Environment and International Development on March 27, 1986. Ambassador Benedick is Deputy Assistant Secretary for Environment, Health, and Natural Resources.

Last week, at Georgetown University, I encountered an eminent statesman, Kenneth Rush, under whom I had served quite a few years ago, when I was a junior Foreign Service officer and he was U.S. Ambassador to Germany. He inevitably asked me what I was doing now, and when I told him, his face brightened with enthusiasm and interest. We both realized that when we were in Germany, my present position did not even exist in the State Department; environment was simply not on the foreign policy agenda. And this distinguished diplomat, the architect of the famous accord that finally guaranteed the freedom of West Berlin, clearly recognized the contemporary importance of environmental issues for U.S. foreign policy—and was delighted to learn that I was in the middle of them.

It is certainly true that this is not traditional diplomacy. Although, like Kenneth Rush, we negotiate treaties with foreign countries, we are not redrawing frontiers but, rather, are dealing with exports of hazardous chemicals or protection of wetlands. We go to the United Nations to argue not about border conflicts but about possible damage to the marine environment from ocean disposal of radioactive waste. And when the professional diplomats in this new field sit down at the negotiating table, we are flanked by a new breed of international lawyers, as well as by an imposing array of atmospheric physicists, zoologists, or molecular biologists. In the course of a week, my personal portfolio can range from the ocean depths to stratospheric ozone; from recombinant DNA [deoxyribonucleic acid] to African rhinos; from sewage treatment in Tijuana, Mexico, close to our border, to the impact of population resettlement on the tropical rainforests of the outer islands of Indonesia.

A New Dimension of Diplomacy

Why is it that such esoteric themes are now on the foreign policy agenda? To answer that question, let me share with you an impression from last year's meeting of the UN Environment Program's (UNEP) Governing Council in Nairobi. The highlight of this meeting was the joint appearance of an American astronaut and a Soviet cosmonaut to inaugurate a new UNEP program utilizing space technology to monitor global environmental trends. The audience—which comprised seasoned UN and government officials from all over the world, international press, and Kenyan schoolchildren—was universally transfixed by the simplicity and sincerity of the message of the space voyagers. For both the American scientist and the Soviet Air Force major made vivid, for all of us in that hall, what is possibly the most inspiring and poignant image of our century: planet Earth as seen from outer space—this beautiful blue sphere, radiating life and light, alone and fragile in the still vastness of the cosmos. From this perspective, the maps of geopolitics and diplomacy vanish, and the underlying interconnectedness of all the components of this unique living system—animal, vegetable, mineral, water, air, climate—becomes evident.

It is this sense of interdependence that has fostered a growing realization in foreign ministries around the world that many international activities—trade, industrial investment, development assistance—have profound implications for the environment. Nations share a responsibility to protect human health and to preserve the common natural heritage. In the State Department, we have come to recognize that U.S. national interests in promoting human freedom and economic growth can be undermined by instability in other countries related to environmental degradation, population pressures, and resource scarcity.

Thus, a new dimension has been added to our diplomacy. This is reflected in the growing number of international agreements concerning the environment: efforts to promote cooperation in scientific research and exchange of data; to develop internationally accepted guidelines or principles; to harmonize regulatory measures.

The negotiations on such accords are heavy in scientific and legal content; indeed, international environmental law is itself a rapidly growing field. Negotiations are monitored closely—and frequently attended—by representatives of Congress, industry, and citizens' groups.

For the issues are complex, sensitive, and often emotionally charged. Human health may be at stake, but so, too, are jobs. Trade patterns can be affected. The quality of life and the esthetics of flora and fauna and landscape are also involved.

Against this background, I would like to highlight for you today five aspects of U.S. international environmental policy, illustrated by examples from our current agenda. These are:

- Maintaining the tradition of U.S. leadership;
- Reconciling economic growth with environmental protection in the Third World;
- Working to improve the international system;
- Promoting, and relying on, the best possible science; and
- Pursuing a balanced, nonconfrontational approach that engages the private sector.

U.S. Leadership

The United States has been the leader among the world's nations in recognizing—and acting upon—environmental problems. Following passage of the Clean Air Act, for example, emissions of sulfur dioxide declined by 28% from 1973 to 1983. Over the past 15 years, approximately \$70 billion has been spent on stringent motor vehicle emission controls, which have substantially improved the air quality of our cities, whereas Europe is just beginning this process. U.S. laws regulating pesticides, industrial chemicals, and toxic wastes—originating in the 1970s, or even earlier, and continually amended to reflect newer science—have served as models to other countries.

This leadership is also reflected in our participation in some 20 international treaties, ranging from the Convention on International Trade in Endangered Species to the Cartagena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region.

The United States cooperates with over 70 countries through 275 bilateral agreements which either are wholly environmental in scope or which have significant environmental components—for

example, one with China on acid rain research, another with Nigeria on water quality. The United States also contributes funds or support in kind to 70 specialized environmental or natural resource programs carried out in 40 international or regional organizations, such as the International Register of Potentially Toxic Chemicals and the International Union for the Conservation of Nature.

Leadership also implies involvement in environmental issues at the top. This was exemplified in the headlines last week describing President Reagan's full endorsement of the report and recommendations on acid rain produced by Special Envoy Drew Lewis and his Canadian counterpart. The President also joined with other leaders of the major industrial countries at the Bonn economic summit last year in a formal declaration which began, "New approaches and strengthened international co-operation are essential to anticipate and prevent damage to the environment, which knows no national frontiers," and concluded, "We shall work with developing countries for the avoidance of environmental damage and disasters worldwide."

Environment and Development

Thus, my second theme, environment and development—the subject of this symposium—is clearly on the agenda of world leaders. This was also a dominant issue at the 1972 UN Conference on the Human Environment, in Stockholm, which was an international landmark in drawing attention to the need for reconciling economic growth with protection of the environment.

Unfortunately, it is all too easy to find discrepancies between the well-intended rhetoric of Stockholm and the environmental reality in many developing countries today: deforestation in Thailand and Honduras, massive soil erosion in Haiti and Nepal, hazardous air quality in Mexico City and Ankara, the advance of the deserts in Sahelian Africa, destruction of wildlife habitat in the Amazon rainforests, industrial pollution of the Nile—these are only a sampling.

On the other hand, there is incontestably an evolution in attitudes toward environment in the Third World. The South was initially suspicious that warnings from the North about the environment were a disguised attempt to limit economic growth—and hence the industrial competitiveness—of the poorer

countries. Now, there is a new appreciation among Third World governments of the enormous human and financial costs if environmental considerations are ignored in the headlong rush for industrialization.

Since Stockholm, many developing countries have established new ministries to look after the environment; some of these have achieved reasonable prominence and effectiveness within their governments. Environmental education and training have much improved; better data have been compiled and disseminated; some legislation is in place. There is even growing awareness among the public in the Third World: citizens in Egypt are protesting against pollution, and a few weeks ago a local conservation group in Bolivia denounced—and was able to reverse—a government decision to sell monkeys of a threatened species to the U.S. Agency for International Development (AID) for malaria research.

Lest this last mentioned anomaly leave a false impression of AID, let me hasten to add that this development agency contributes significantly to environmental protection in the Third World, with programs involving biological diversity, guidelines for pesticides, environmental training, national conservation strategies, and support for nongovernmental organizations.

A particularly important development since Stockholm is the special attention being focused on the world's tropical forests. The Administrator of AID, Peter McPherson, sent a personal message to all overseas missions in November 1984, warning that "destruction of humid tropical forests is one of the most important environmental issues for the remainder of his century." The cable provided strong policy guidance for efforts to help other countries in preserving and properly managing their forests.

The World Resources Institute, a private, U.S.-based organization, released several months ago a meticulously documented study entitled "Tropical Forests: A Call for Action." This study, prepared in collaboration with the World Bank and the UN Development Program, stimulated the UN Food and Agriculture Organization (FAO) to produce a "Tropical Forestry Action Plan," which the United States strongly supports. The State Department has also encouraged UNEP and FAO to further improve data on the state of the world's forests, and we are giving tropical forest research highest priority

within the U.S. Man and the Biosphere Program. I would also note that the State Department, together with the U.S. Forest Service, reconstituted this year an interagency task force to update U.S. strategy for this sector. Finally, we are working much more closely with the World Bank and regional development banks to ensure that their lending is consistent with sound environmental management of forests.

Having mentioned the development banks in the forestry context, I should note that there is a growing recognition that their loan programs generally must take much greater account of the environment than has been customary in the past. Currently, the State Department, together with the U.S. Treasury Department and AID, uses an early warning system involving our overseas missions to uncover potential environmental problems in proposed loans. Meetings are being held with World Bank staff on such lending sectors as irrigation and forestry. And, evidencing the high level of attention to this issue, Secretary of State George Shultz sent a cable last October to all U.S. ambassadors requesting their personal involvement in efforts by American embassies to monitor the environmental implications of proposed development bank projects.

Let me conclude this consideration of environment and development linkages by stressing the ultimate responsibility of the Third World governments themselves for securing an environmentally sound future for their people. We have seen from international efforts on desertification in Africa that external assistance, technology, plans, and rhetoric are not enough—if the governments of the affected countries themselves will not pursue environmentally sound national economic, agricultural, and development policies.

International Organizations

A third aspect of our agenda is active U.S. participation in key multilateral organizations which deal with environmental issues. UNEP, mentioned earlier, is our principal forum for programs involving developing countries. In the OECD [Organization for Economic Cooperation and Development], we consult with the major Western industrialized countries. The UN's Economic Commission for Europe (ECE) is our forum for East-West dealings on transboundary environmental issues. In addition, we

work on environmental problems in such other international organizations as the UN Food and Agriculture Organization, International Maritime Organization, World Health Organization, World Meteorological Organization (WMO), and many others.

Our basic philosophy in these organizations is to improve their effectiveness in solving environmental problems. We encourage sometimes overeager international secretariats to focus on a limited number of high priority areas and to avoid duplication of effort with other organizations. We seek to prevent proliferation of new agencies. We try to upgrade program quality and administration and to place qualified Americans on the staffs of these organizations.

There have been notable successes. Within the last 12 months alone, negotiations have been concluded under UNEP auspices on two important and complex subjects: the Convention for Protection of the Ozone Layer and a South Pacific convention on the marine environment. The ozone convention represents the first time that the international community has acted in concert on an environmental problem before there are actual and costly damages. The OECD is about to release a report on safety considerations in biotechnology, over 2 years in the making, which has been lauded by scientists and policymakers as a major contribution to assessing and managing risks in this dynamic new industry. The ECE is bringing East and West together to reduce transboundary air pollution by sulfur dioxide and nitrogen oxides. The World Meteorological Organization is leading an expanded international research effort on the "greenhouse effect"—the possibility of global climate change caused by growing concentration in the atmosphere of carbon dioxide and various trace gases, much of it resulting from industrial processes.

The Scientific Basis

All of these activities underscore the crucial nature of my fourth theme: the necessity for our international negotiating positions to have the best possible scientific basis—especially if regulations are involved. In order to achieve broad consensus for rational policies to protect the environment, it is essential, in my view, to eschew emotional appeals and to establish the scientific rationale for addressing any potential threats to environment or health.

Unfortunately, this is often easier said than done: there are gaps in the data, and there are varying interpretations. What are the causes of tree damage in the Black Forest? (Even the Germans are less certain of the answer than they were a few years ago.) How safe is incineration of highly toxic wastes in special ships on the high seas, as opposed to land disposal? Why have many lakes in New York and New England become heavily acidified, while others have actually declined in acidity? How can experiments with genetically engineered organisms, which have such enormous potential for medicine, agriculture, and industry, be kept safe in ways which do not stifle innovative research? What are the sources of increasing methane in the atmosphere, and how will it interact with other gases?

In order to face such questions, the State Department, not a scientific institution itself, maintains close working relationships with such bodies as the Environmental Protection Agency (EPA), National Academy of Sciences, Smithsonian Institution, National Aeronautics and Space Administration (NASA), Rand Corporation, National Oceanic and Atmospheric Administration, and many other scientific agencies. We administer the U.S. Man and the Biosphere Program and encourage its multidisciplinary research on a range of natural ecosystems. In order to support our ongoing international negotiations on protecting the ozone layer, we helped promote the most up-to-date and comprehensive assessment ever made of the state and prospects of stratospheric ozone—a study cosponsored by NASA, WMO, UNEP, and others and completed just 4 months ago. We participate in the National Acid Precipitation Assessment Program, a multiyear inter-agency research effort into the causes and effects of acid rain, with a budget this year alone of \$85 million. We met with microbiologists and chemists from several countries to aid us in our successful OECD negotiations on the biotechnology report referred to earlier. And we are leading a U.S. Government interagency committee to develop policies for addressing the growing international concern over global climate change.

But, as mentioned earlier, the scientific basis for our work is frequently ambiguous. We are not dealing with black-and-white choices; we must realistically assess risks, probabilities, and costs—in an imprecise world.

A Balanced Approach: The Private Sector

Which leads to my final theme: the need for a balanced approach to environmental protection. By this I mean that in considering these many-faceted issues, we must avoid exaggerating either the risks of not regulating or the costs of regulating. We must neither act over-hastily nor refuse to consider acting. And we must engage in reasoned debate rather than confrontation.

What this means in practice at the State Department is that we seek counsel from both environmental and industrial groups. It was, for example, the concern of such organizations as the Sierra Club and the Natural Resources Defense Council that helped alert both Congress and the executive branch to environmentally poor projects of the multilateral banks.

We recognize, moreover, that private industry can make significant contributions to environmental protection; many industrial leaders are also dedicated environmentalists. Such environmental organizations as the Conservation Foundation and the World Resources Institute have reached out to establish linkages with private industry and have found an encouraging response. The industry-financed World Environment Center, for example, in cooperation with AID, is sending American experts to Third World factories to help improve environmental performance. When I testified last week before the Senate Foreign Relations Committee to urge ratification of the Convention to Protect the Ozone Layer, representatives of both environmental groups and the chlorofluorocarbon manufacturers also supported this treaty. And, when a U.S. scientific agency announced last month that, for budgetary reasons, it was grounding a satellite which monitored the upper atmosphere, there were immediate appeals both from EPA and the Chemical Manufacturers' Association—even though data from this satellite could be used to justify future controls over certain chemical products.

UNEP deserves particular recognition for its initiatives to involve industrial leaders more closely in Third World problems. I represented the United States last January at a followup meeting to UNEP's successful 1984 World Industry Conference on Environmental Management. This small, high-level meeting was sponsored jointly by the executive director of UNEP and the president of the International Chamber

of Commerce and included environment ministers from such places as Indonesia, Ivory Coast, and China, as well as chief executives of multinational companies. Its result will be the establishment this year of a special bureau, financed by private industry, to provide assistance to developing countries on environmental management.

Conclusion

To conclude, environment is now very much on the U.S. foreign policy agenda. And while our constituents on one side or the other of a given environmental issue may not always entirely agree with our ultimate position, we hope that at least they will acknowledge that they had a fair hearing and that we acted in good faith. On the international scene, we need constantly to balance environmental concerns with economic and political realities. To some, it may seem that we act slowly, but I maintain that

a measured, patient strategy is more effective in the long run than a hasty overreaction. In dealing with these issues, we must try not to let the perfect be the enemy of the good.

It seems hardly necessary to emphasize before this assembly that the challenges of protecting the global environment are formidable. Yet, there is no place for either complacency or despair. Governments cannot do it alone, especially in the current era of budget-tightening. New coalitions must be forged, involving citizens' groups, academic and research institutions, legislators, multilateral organizations, and private industry.

And I am just optimistic enough to believe that, with the support of individuals and institutions such as those participating here today, we will work together ever more effectively to promote both the betterment of the human condition and our stewardship of this planet for the generations to come. ■

a treaty. In March 1985, at a plenipotentiary conference in Vienna, Austria, where I represented the United States, 21 nations signed the Convention for the Protection of the Ozone Layer. This was a landmark event: it was the first time that the international community acted in concert on an environmental issue before there was substantial damage to the environment and health—in effect, acting together in anticipation of potential problems.

The Vienna convention creates a framework for international cooperation on research, monitoring, and information exchange concerning the ozone layer. It also creates general obligations to protect the ozone layer and provides procedures for eventually adopting protocols to the convention, which could contain specific measures to control, limit, prevent, or reduce emissions of ozone-modifying substances—should such measures be deemed necessary.

The convention text is now before the U.S. Senate for ratification, and we expect hearings on it later this month [see Negroponte statement on p. 59]. After 20 nations have ratified it, the convention becomes international law. It is noteworthy that both industry and environmental groups endorse this convention because of its potential contribution to development of better data. Surely it is in everyone's interest that any possible regulatory measures be considered on the basis of sound scientific and economic information rather than emotion.

Protocol To Control CFC Uses

As many of you may be aware, the question of a control protocol was the subject of considerable debate during the UNEP working group negotiations. In April 1983, Norway, Finland, and Sweden tabled a draft protocol for controlling all CFC uses. In October 1983, the United States voiced its support for that part of the Nordic proposal dealing with CFCs used as aerosol propellants. Eventually, the Nordics, along with Canada and Switzerland, joined us in supporting an international aerosol ban protocol.

On the other side of the debate, the nations of the European Economic Community—who represented the other major source of CFC production—were initially opposed to any further controls on CFCs. However, they eventually came out in support of a protocol—but like us, and not surprisingly, they supported one which mirrored what they already had in place: namely, a 30%

International Cooperation to Protect the Ozone Layer

Following are an address by Richard E. Benedick, Deputy Assistant Secretary for Oceans and International Environmental and Scientific Affairs, before the U.S. Workshop on Protecting the Ozone Layer on March 6, 1986, and excerpts from a statement by Ambassador John D. Negroponte, Assistant Secretary for Oceans and International Environmental and Scientific Affairs, before the Senate Foreign Relations Committee on March 18, 1986.

AMBASSADOR BENEDICK

I confess that, as a professional diplomat, it was with some diffidence that I accepted EPA's [Environmental Protection Agency] gracious invitation to address this impressive assembly of scientists. I have been told that the professional scientist, who is accustomed to dealing with great precision and clarity, finds it particularly difficult to listen with any patience at all to the professional diplomat, whose stock in trade is ambiguity. I think it was [former British Prime Minister] Harold Macmillan who once said that the conversation of a diplomat is disconcerting because it con-

tinually wobbles between the cliché and the indiscretion.

In any event, I will try today to avoid both dangers and to be both clear and brief in presenting a perspective on how your deliberations relate to a very innovative international process. I would like to share with you some thoughts about that process: where we have been internationally and where we are going.

International attention to the question of stratospheric ozone depletion began shortly after Rowland and Molina¹ published their now-famous theoretical paper. A number of international meetings were held on this subject during the late 1970s, at the same time as several nations began to issue domestic CFC [chlorofluorocarbons] regulations. In 1980, the Governing Council of the UN Environment Program (UNEP) decided to convene a working group of experts to discuss appropriate international action to address this potential problem.

The UNEP working group decided early on in their deliberations to develop a convention—that is, an international treaty—on the ozone layer. Four years and several long negotiating sessions later, they completed their work on such

reduction in aerosol use and a cap on future CFC production capacity.

During the debate on these two alternative control approaches, we pointed out many of the problems with their approach, and they, in turn, noted many of the flaws in our approach. The result was total gridlock, and there was no possibility for agreement on a protocol text at the Vienna conference.

However, because most of the conflict had centered on the economic and policy aspects of alternative control strategies, there was general agreement that it would be useful to convene a series of international workshops—outside a formal negotiating context—to examine in detail these questions. All parties also agreed to approach these workshops with an open mind and not wedded to their previous negotiating positions. And this certainly represents the U.S. position: we are prepared to reexamine the costs and benefits of various protocol options, including the option of no further controls at all at this point in time.

The first international workshop will be held in Rome during the last week of May and will have the same scope as our domestic workshop here. The United States will host the second international workshop in September, the purpose of which is to evaluate alternative strategies for international control. Our discussions here today and tomorrow, and a similar domestic workshop in July, will help to prepare the U.S. Government for the international workshops.

Assessing the Risk

In addition, scientific assessments are proceeding on a parallel track: NASA [National Aeronautics and Space Administration] has just completed 2 years of work on an international assessment of atmospheric processes, and EPA and UNEP are sponsoring an international scientific conference this June to look at the health, environmental, and climatic effects of ozone modification.

Looking back on the past round of negotiations, I believe that the international community may have put the cart before the horse: we are trying, in effect, to make a risk management decision before conducting a risk assessment.

Now we have put the horse back out in front where it belongs: these international workshops, together with their domestic counterparts, are all components of what is essentially an international risk assessment on modification of the ozone layer.

As far as I am aware, this is the first time that such a process has been deliberately established at the international level and, as such, it is truly an innovative approach. Regardless of the outcome of these activities with respect to CFCs, I believe that the process itself is likely to become a prototype for other global environmental issues. And all of you participating in this workshop can take satisfaction for contributing importantly to this process.

AMBASSADOR NEGROPONTE?

It is a pleasure for me to testify before you today on the Vienna Convention for the Protection of the Ozone Layer. . . . We believe that this convention is an important step to coordinate international research, monitoring, and information exchange relevant to the issue of ozone layer modification. The convention represents an unusual effort by the international community to establish cooperative machinery and anticipate, before actual damage takes place, a potentially serious environmental problem that could affect all countries. Modification of the ozone layer would result in increased ultraviolet radiation and possible climatic changes, with potentially adverse effects on human health, crops, and other life on earth. Because of admitted gaps in our knowledge about potential depletion of the ozone layer, there is agreement that coordinated scientific research and international cooperation on this issue needs to be continued. That is why we strongly advocate the approval of the ozone convention by the committee.

Purposes of the Convention

The ozone convention, negotiated under the auspices of the UN Environment Program, is essentially an agreement to promote the international research and exchange of data on chlorofluorocarbons and other chemicals that may affect the ozone layer. As we study the environmental, scientific, and economic aspects of this problem, we need as much information as possible. Such data is needed if we are to attempt to make realistic projections of future CFC supply and demand.

For almost 10 years we have not had reliable worldwide data on CFC production. Since 1976 the Soviet Union, a major CFC producer, has not supplied production data, despite requests by

UNEP and the U.S. Chemical Manufacturers Association, which attempts to publish CFC data annually on a worldwide basis. However, the U.S.S.R. participated in the negotiations and is a signatory to the convention. Other countries, such as China, may be producing CFCs, but they are not reporting this information. Once the ozone convention enters into force, perhaps within the next 2 years, it is expected that more countries, including the U.S.S.R., will provide CFC production data.

I must point out that the convention also provides procedures for development of possible future protocols aimed at controlling emissions of ozone-modifying chemicals. We should, however, make clear the distinction between the convention and any protocols that may eventually be negotiated under it. I should stress that our minds are open as to what further steps, if any, might be taken under the convention to protect the ozone layer, pending further consideration of the scientific and economic studies currently in process. Any protocol eventually proposed would, moreover, not be binding on the United States unless we were formally to agree to be bound.

U.S. Support for Ratification

As far as we are aware, there is no domestic U.S. opposition to the convention. Both the U.S. chemical industry and interested environmental organizations, which have been consulted and briefed by the U.S. Government during the negotiations, support the convention because of its potential contribution to the development of better scientific data. There is general agreement that it is desirable that any possible future regulatory measures be considered on the basis of sound scientific and economic data rather than emotion. I would also stress that the convention is not in itself a regulatory agreement.

The convention is consistent with U.S. legislation. In fact, we strongly believe it addresses the sense of Congress expressed in the Clean Air Act on ozone protection. It does not commit the United States to additional regulatory undertakings. It will facilitate our active information and research program on the ozone layer. We have determined that the convention does not have any significant adverse environmental impacts and is, in fact, expected to be beneficial for the United States. We expect that after the convention enters into force for the United States, the

President Meets With Soviet Ambassador Dobrynin

*Following is a news conference Secretary Shultz held after the President's meeting with departing Soviet Ambassador Dobrynin on April 8, 1986.*¹

The President and Ambassador Dobrynin met this morning for about an hour and a quarter. The President congratulated Ambassador Dobrynin on his new post, and Ambassador Dobrynin expressed his appreciation in view of his 25 years of experience here in the United States.

In the substance of their meeting, they touched on all of the issues of substance. They talked about the prospective upcoming summit meeting in the United States. Both parties wish to see a successful and substantive meeting, and we recognize that a lot of preparation is necessary for such a meeting.

In that regard, we discussed the meeting of Foreign Ministers which was agreed to in Geneva—that there would be more meetings at the foreign ministry level—and it was agreed that the next meeting involving Mr. Shevardnadze and myself will take place here in Washington in mid-May as part of a preparatory process.² We consider the meeting, I think, on both sides to be quite a satisfactory exchange. Ambassador Dobrynin is here until the end of the week, and no doubt we will have further conversations with him.

Q. When you say that it will take time to prepare for the summit, does that mean that it's less likely now that it will take place in June or July? Are you ruling that in or out?

A. I wouldn't rule anything in or out. It's not meant to imply any particular date.

Q. Can you give any indication of when the summit will take place?

A. No, I can't give you any more. There was nothing more that would give you that—

Q. Are the Soviets committed, though, to a summit this year in the United States without preconditions?

A. You have to ask them that question. But out of this discussion and earlier ones, I think it is clear that both agree that there should be a next meeting. It will be in the United States. It

needs to be something that will be successful, have something significant connected with it. Both parties agree on that. Beyond that, there are no particular preconditions.

Q. Is it still the U.S. first hope and first priority that it be here this summer, or have we changed that as our major goal here?

A. I think from our standpoint, before the real summer starts in August is the most desirable time. But we'll just have to see.

Q. Was there any discussion of nuclear testing at this meeting?

A. All of the subjects that are very much on our agenda, including the subject of testing, were touched on in various ways in the meeting.

Q. Didn't Mr. Dobrynin react in any particular way to today's explosion?

A. I don't want to characterize the particular subjects beyond just identifying them.

Q. May I [inaudible] arms control? Up to this point, as far as we can see publicly, there has been no great movement in Geneva despite the hope expressed last November when there was a summit. Did Ambassador Dobrynin give you any suggestion that there would now be some accelerated movement on the Soviet side in Geneva?

A. There wasn't a discussion that would allow you to make that implication. I would comment on your characterization just to this extent: There has been basically no movement in START; there has been basically no movement in the space defense area. We feel that we have proposals on the table that need a response.

In INF [intermediate-range nuclear forces talks] there was a Soviet proposal, and there was a U.S. response. So there has been some further narrowing of positions in the field of INF during the Geneva talks and as a result of the exchange.

Q. Did you discuss the subject of terrorism with the Ambassador? And, in particular, did you discuss with him the evidence that you say you have against Libya in these latest terrorist incidents?

United States will make a modest financial contribution—perhaps up to \$60,000 annually beginning in FY [fiscal year] 1988—to help pay for a small secretariat and regular meetings of the contracting parties.

The United States, both as a government and through the private sector, is the leading contributor to world scientific knowledge on the ozone layer and the impacts of potential depletion. For more than 3 years the United States played an active and significant role in the convention negotiations. The United States was one of 20 countries—plus the European Economic Community—signing the convention last March in Vienna. Since then, an additional six countries have signed.

Consistent with our global environmental responsibilities and interests, the United States should ratify the convention expeditiously to show that the research and information exchange which it will facilitate are important to us. Other countries expect us to take a leadership role here. Therefore, I urge that the Senate Foreign Relations Committee move to approve the convention soon so that the Senate can give its advice and consent to ratification this year. Early ratification by our country would encourage other countries to follow our example.

¹ Molina, Mario J., and F.S. Rowland. "Stratospheric Sink for Chlorofluoromethanes; Chlorine Atom-catalysed Destruction of Ozone," *Nature*, Vol. 249 (1974), pp. 810-812.

²The 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. ■

A. The problems around the world in different regions were among the things talked about, and specifically problems connected with Libya were discussed.

Q. Can you characterize those discussions?

A. No, I can't. I won't. I could, but I won't.

Q. Are you now satisfied that progress at the arms control talks is not necessary to a summit in the United States this year?

A. I think that it is important for us to try to move forward in all of the areas of significant substance where we are talking and negotiating, and that includes arms control. So certainly that's something that we want to push on, just as we feel that the flashpoints around the world need a lot of attention; and we will give it that attention, just as we think the general atmosphere is important. And, for that matter, the problem of human rights behavior is a significant element here.

We have made a fair amount of progress in some of our bilateral areas, and so we want to encourage that.

Q. What about the meeting with Dobrynin? Was there some kind of ceremony, a toast, an exchange of gifts? Anything besides the substance of the meeting to mark his departure?

A. The fact of the dean of the diplomatic corps being received by the President—and I might say a meeting that, according to my little schedule card, was to be a relatively brief one which turned into an hour and quarter, I suppose speaks volumes.

But I don't know whether—I heard the President say something about thanking Ambassador Dobrynin for a gift, so I assume there was one but I don't—there was no toast. It's a little early in the day for that.

Q. You said that both sides believed that this Reagan-Gorbachev meeting should have something connected to it to be successful. What were you speaking of? What does it need to have connected to it? An agreement?

A. I think that when you have a meeting of the President of the United States and the General Secretary of the Soviet Union, each one of them expects that all the effort that goes into such a

meeting and the important questions that are at issue between the United States and the Soviet Union are going to get addressed, and that we will be trying certainly to have some significant, substantive results. We both want that.

Q. But are the Soviets making that a precondition? I think that's the question. Are the Soviets making that a precondition for a summit, that there be an agreement in hand?

A. The question of the importance of having substantive results is something we both want. The need to prepare carefully if you're going to have those results is obvious. And so we are working at that. We have been wanting to have that process go forward for some time. We had made proposals, for example, for Foreign Minister-level meetings to have taken place considerably earlier in the year.

However, I'm glad to say what I said here already, that Mr. Shevardnadze will be coming to the United States, and that we will be meeting in the middle of May. So we'll have a major push beginning then.

Q. Do you expect the Soviets to resume their nuclear testing after today?

A. That is a question you have to ask them.

Q. We've been told here very often that since the President issued his invitation to Mr. Gorbachev to come in June, the Soviets have not replied. Have they now responded?

A. I have reported to you basically the essence of the discussion on that subject.

Q. Would you call that a response?

A. It's a discussion of a major summit meeting, and the conditions that we both—or the atmosphere that we both think should accompany that. I'm staying away from the word "conditions" because I think Mr. Dobrynin was at some pains to say we're not setting any precondition; that's misinterpretation. But both want to see significant results from a meeting and both want to see it carefully prepared.

Q. Your major push in on arms control?

A. I believe I indicated in my earlier response that we believe the issues are rather comprehensive, and so preparations need to go forward across the board.



(White House photo by Bill FitzPatrick)

Ambassador Anatoliy F. Dobrynin makes a farewell call on President Reagan on April 8, 1986, before returning to the Soviet Union to become a member of the Secretariat of the Central Committee of the Communist Party. He had served as the Soviet Ambassador to the United States since March 1962, the last 7 years as dean of the diplomatic corps.

Q. Do they agree with that?

A. We have set times, for example, for expert-level talks on various regional issues. I have no doubt that when Mr. Shevardnadze comes we will, by pre-agreement, concentrate on one or two or possibly three of the regional issues, in addition to areas of arms control. So it is a comprehensive picture that we have to keep in front of us, and there isn't any argument between us about that.

Q. By saying that you wouldn't rule anything in and out on dates, and by stressing that the agreement is that the next meeting be in the United States, were you at all—

A. That was arranged long ago, that the next meeting would be in the United States. It is not an issue. And I think both would like to see it in 1986.

Q. Was Ambassador [for the Federal Republic of Germany Richard] Burt privately rebuked for what he said on television yesterday morning?

A. Not that I know of.

Q. Was there any message from the General Secretary that Mr. Dobrynin carried to President Reagan—any letter or anything?

A. Yes, he brought a letter from the General Secretary to the President.

Q. Is there anything you can say about the tone?

A. No.

Q. Is there anything you can say about the tone of the meeting, of the discussion, not the—

A. I said that the meeting with Ambassador Dobrynin was a very substantive and constructive one and, I thought, advanced matters.

Q. Would you expect any new initiatives in the arms control area from either side as a result of this meeting?

A. The process of negotiation on all of the various issues, including arms control, is something that has been going on and will continue to go on. And meetings like this take place, and they tend to highlight things. But no, I wouldn't say that this meeting produced any particular proposal of one kind or another that will move them forward.

Q. Would you expect that one will be forthcoming?

A. If we are going to get anyplace on any of these issues, then there has to be more back and forth. So we will try to achieve that.

Q. Were regional issues discussed, and specifically Nicaragua—

A. The nature of the discussion and length of it was not one in which it was possible to go into detail on a particular region of the world or other area. But, as I said earlier, all of the different areas of subject matter were made reference to or touched on in one way or another, so that the broad agenda that somebody here asked about a minute ago, that is very much in both parties' minds and very much before us.

Q. Are the atmospherics in preparing for this summit different than they were in preparing for the summit last year? Are relations better now, worse, than they were before?

A. I don't quite know how to answer that statement. There have been things happening since Geneva, in the bilateral area particularly. There has been some back and forth in the INF field. There has been probably some increasing strain in some other areas, so that things haven't gone as well as either party would like in that sense.

So there have been some pluses; there have been some minuses. We know each other better, and so as we start the process of rolling up our sleeves and getting to work on these things, I think we have a little bit more to work with.

Q. You referred twice to progress in the bilateral area. Could you specify what you are talking about there?

A. There has been a lot of good discussion on the cultural exchange and people-to-people field. We have had good forward motion in the consulate area. We expect to see the civil aviation agreements produce flights pretty soon, just to name three things. That doesn't mean there aren't others, but those are the three that just come to mind offhand.

Q. Doesn't the fact that you are not going to meet with Mr. Shevardnadze until the middle of May suggest that because of all the preparation time, that at least a June summit would have to be ruled out?

A. I don't want to get drawn into discussion of any particular date. You'll have to draw your own inferences. So I'll just leave it at that.

Q. Can you say whether we are any closer to a summit today, right now, than we were a few days ago?

A. We haven't set any date, so it is impossible to know whether we are closer or not closer. We have agreed on a meeting of Foreign Ministers, and probably that might very well have been earlier. We tried to find a date that was earlier, but particularly because of my own travel schedule in connection with the President's trip to Indonesia and Tokyo, it just didn't seem to be possible to arrange it.

Q. Did Dobrynin mention a date?

A. A date for what?

Q. For the summit. Did he specifically mention a date that the Soviets would like to see a summit?

A. I have said everything I am going to say on the question of a summit, and the only date that was set had to do with the mid-May meeting of Foreign Ministers.

Q. Did you get a chance to ask Mr. Dobrynin for Soviet help in fighting terrorism? And did he have anything to say about the recent loss of American lives in terrorist attacks?

A. We discussed, as I said a number of times, a full range of issues, including the question of terrorism.

¹Press release 74 of Apr. 9, 1986.

²On Apr. 15, the Soviets cancelled this meeting. ■

Dealing With Gorbachev's Soviet Union

by Michael H. Armacost

Address before the World Affairs Council in Dallas on April 8, 1986. Ambassador Armacost is Under Secretary for Political Affairs.

It is a pleasure to speak in Dallas' "Salute to the World" before a distinguished audience on a topic I hope you will find timely: dealing with Gorbachev's Soviet Union.

Our relationship with the Soviet Union shapes the atmosphere of international relations. The Soviets are our principal rivals as well as a necessary partner in averting nuclear war and preventing conflicts from escalating into global confrontation.

U.S.-Soviet Relations Since the Summit

Public perceptions of this relationship oscillate between euphoria and despair. Neither is appropriate. The November Geneva summit between President Reagan and General Secretary Gorbachev raised our relations to a somewhat higher plateau. Progress was modest, to be sure, but new hopes were aroused. To date, they have not been fulfilled.

On the positive side, we have concluded bilateral agreements which promise to expand educational, cultural, and people-to-people exchanges. We are exploring possibilities for increasing trade in nonstrategic areas. Civil aviation agreements have been signed which will permit U.S. carriers to fly to the Soviet Union and which will increase cooperation in ensuring the safety of flights in the North Pacific air corridor. We will soon open a U.S. Consulate in Kiev.

In the human rights area, we welcome the Soviet release of Anatoliy Shecharanskiy; the decision to permit the wife of Andrey Sakharov, Yelena Bonner, to receive medical treatment in this country; and the resolution of a number of divided family cases. We note with regret, however, that the rate of Jewish emigration remains at a trickle.

In the arms control area, we welcome dialogue with the Soviets on the nonproliferation of chemical and nuclear weapons. At the same time, however, there has been no progress on the key nuclear and space arms issues under discussion in Geneva, despite General

Secretary Gorbachev's summit agreement to accelerate work in these areas.

Specifically, Mr. Gorbachev agreed to early progress in areas where there is common ground, including deep reductions in nuclear arms and an interim agreement on intermediate-range nuclear forces. Unfortunately, the Soviets have been unwilling to engage in serious give-and-take on these issues at the negotiating table in Geneva. Instead, they have devoted themselves to propaganda statements and public diplomacy. They have yet to respond in Geneva to specific proposals we tabled last November.

Finally, there has been little progress in attenuating regional conflicts, which involve Soviet troops and Soviet proxies in such places as Afghanistan, Nicaragua, Cambodia, Angola, and Ethiopia. Yet, there can be no lasting improvement in our relationship without concrete progress in resolving these regional disputes.

In sum, developments on bilateral issues, human rights, arms control, and regional conflicts present a mixed picture. They suggest that, without sustained efforts on both sides, the competitive elements in our relationship will tend to overshadow the cooperative ones. In this connection, the Soviet failure heretofore to set a date for the Washington summit can only retard progress.

Gorbachev's Soviet Union at the Crossroads

The absence of forward movement in our bilateral relations in recent months may be attributable in part to the Soviet leadership's involvement in preparations for the 27th Party Congress which convened in Moscow in late February. The Party Congress afforded Mr. Gorbachev an opportunity to consolidate his domestic position and set forth his domestic and international priorities. The results of the Party Congress suggest the following conclusions.

- Mr. Gorbachev is well on his way to consolidating a younger, more energetic, and more professional Soviet leadership. In the last year, he has appointed a new prime minister, a new foreign minister, five new full Politburo members, five new alternate Politburo members, and seven new members of the Central Committee secretariat.

In addition, he has brought much new blood into the Central Committee; 40% of the full members were elected for the first time at the last Party Congress. These men and women are generally younger and better educated than their predecessors. And they appear to be determined to reverse the stagnation that has afflicted Soviet policy in recent years.

- Mr. Gorbachev professes to favor change in both domestic and foreign policy. On the home front, he has challenged the Soviet Union to double its agricultural and industrial output by the year 2000. While he urges "radical reform" in economic management and appears intrigued with high technology, he has stopped short of embracing policy measures that promise the revival of rapid growth. He portrays himself as a reformer but has adopted only modest palliatives such as temperance and discipline campaigns rather than announcing fundamental structural changes.

- Such palliatives are unlikely to revive an economy stultified by centralized planning, excessive military expenditures, low labor productivity, and an obsolescent industrial base. Meanwhile, the fall in the price of oil has cut Soviet usable hard-currency earnings by a third. Compounded by a shortfall in Soviet oil production, this development further jeopardizes Gorbachev's plans to finance a swift modernization of Soviet industry.

Whatever its long-term economic challenges, the Soviet Union retains short-term reserves of economic resiliency. And Moscow remains a first-class military power with sophisticated strategic capability and an ability to project a global conventional force.

- Mr. Gorbachev has also tried to inject new dynamism in Soviet foreign policy. In his trips abroad, he has displayed an aptitude for public relations rarely seen in a Soviet leader. He has accorded high priority to relations with the United States. For the first time in 10 years, a Soviet foreign minister has visited Japan. And, as evidenced by the recent increases in Sino-Soviet trade, the Soviets have intensified efforts to improve their relations with China.

To date, however, these changes appear to be tactical rather than substantive. Mr. Gorbachev has injected new

energy into the implementation of policies that are reasonably familiar. He has hinted at more far-reaching changes. But these hints have not yet been confirmed.

This is especially true in the Soviet approach to regional conflicts.

Soviet Approach to Regional Conflicts

In the 1970s, the Soviet Union embarked on a series of regional adventures. We are all familiar with the results: 30,000 Cuban troops in Angola, thousands of Cubans in Ethiopia, a Soviet Army at war in Afghanistan, Soviet-bloc advisers in Nicaragua.

Under Gorbachev's leadership, Moscow's involvement in Third World regional conflicts has not diminished. Indeed, there is some evidence that it has intensified.

In Afghanistan, the quality and quantity of Soviet arms, facilities, and troops have increased, and Soviet battlefield tactics have become even more brutal.

In Indochina, the Soviets daily provide more than \$3 million in aid to Vietnam and have further entrenched themselves in military facilities at Cam Ranh Bay and Da Nang.

In Northeast Asia, the Soviets have increased their presence by providing advanced MiG-23 fighters to North Korea, increasing port calls with military ships, and securing rights from Pyongyang for intelligence purposes against our friends and allies in the area.

In Angola, the Soviets have substantially increased military supplies to the MPLA (Popular Movement for the Liberation of Angola) government in Luanda for use against Dr. Savimbi's

freedom fighters. Their aid has amounted to \$2 billion since 1984.

In Nicaragua, a significant influx of Soviet-origin munitions, vehicles, armored attack helicopters, and radars which form the nucleus of an air-defense network has provided the war materiel for more than 60,000 Nicaraguan regulars.

In South Yemen, the Soviets intervened in January in an attempt to preserve a dominant role in that country and to protect access to port and air facilities needed to project military power in the region. First, they forced their clients to repatriate an opposition leader, then they abandoned him in the midst of political conflict. The result was a bloody civil war, the full human toll of which is still unknown.

Thus, the Soviet determination to consolidate and, where possible, extend their influence in the Third World persists. But Moscow's ability to sustain such policies is being challenged in a new way. They now confront growing indigenous resistance movements in the regional outposts of influence they established in the 1970s.

In Afghanistan, the *mujahidin*—the insurgents who have successfully held the Soviet Army at bay for over 6 years—struggle valiantly against the Soviet occupation army and the forces of the puppet government installed there.

In Indochina, democratic forces in Cambodia, once all but annihilated by the Khmer Rouge, are now increasing their participation in a brave fight against a puppet regime imposed by communist Vietnam.

In Angola, Jonas Savimbi and his UNITA (National Union for the Total Independence of Angola) forces have extended the territory under their control in their armed struggle against the Soviet- and Cuban-backed Luanda regime.

In Nicaragua, democratic resistance forces are holding their own, despite lack of significant outside help in the face of a massive influx of sophisticated Soviet weaponry and thousands of Soviet, Cuban, and Eastern-bloc advisers.

The Reagan Doctrine

The United States cannot fail to respond to these emerging democratic resistance movements. Our reason is simply stated: freedom for others means greater peace and security for ourselves.

Conference on Security and Cooperation in Europe

PRESIDENT'S STATEMENT MAR. 27, 1986¹

I met with Michael Novak, a distinguished scholar and writer who will head the U.S. delegation to the Experts' Meeting next month of the Conference on Security and Cooperation in Europe (CSCE) in Bern, Switzerland. That meeting, part of the Helsinki process of lowering the barriers dividing East from West, will discuss expanding contacts across borders.

Mr. Novak reported to me on his recent consultations with our NATO allies, the Swiss hosts, and the Soviet Union. In Moscow he also met with a number of individuals divided from their spouses.

Since 1 out of every 10 Americans has roots in Eastern Europe and the Soviet Union, the issues to be discussed at Bern—family reunification, family contacts, binational marriages, travel for personal and professional reasons, and emigration—are not abstract political questions. They are subjects touching the heart of our society: the family. Progress between the CSCE countries

in this area would do much to carry forward my discussion last November with General Secretary Gorbachev in which we agreed on the importance of resolving humanitarian cases in a spirit of cooperation.

Today, in the Soviet Union and other East European states, there are too many individuals and families who are separated from relatives in the West or prevented from traveling abroad. The Berlin Wall is a physical embodiment of the cruel and unnecessary policies that separate peoples from one another. At Bern we have a chance to pursue the process of bringing down the barriers to human contacts that separate East from West.

I have instructed Mr. Novak to speak forthrightly at Bern about the continuing problems in the field of human contacts and the need for the Soviet Union and Eastern Europe to work harder to resolve them. We would like to see practical results that will bring benefits to the citizens of East and West.

¹Text from Weekly Compilation of Presidential Documents of Mar. 31, 1986. ■

Our efforts to promote freedom, prosperity, and security must accommodate the differences among these regional conflicts and the conditions under which they arose. The form and extent of our support must be carefully weighed in each case. Since popularly supported insurgencies enjoy some natural military advantages, our help need not be massive to make a difference.

But our assistance must be more than symbolic; our help should give freedom fighters the chance to rally the people to their side. As President Reagan has made clear, "...resistance forces fighting against Communist tyranny deserve our support." And in Afghanistan, Angola, Cambodia, and Central America, where people are fighting for national independence and freedom, we should provide support.

Diplomatic efforts are underway to promote political solutions to each of these regional conflicts. In Afghanistan, Angola, Cambodia, and Central America, we strongly support diplomatic efforts—conducted variously under UN, regional, and bilateral auspices—to find peace and resolution on terms satisfactory to the parties involved. But our diplomacy for peace can only work when real pressures create genuine incentives for our adversaries to negotiate.

If Mr. Gorbachev is serious about putting Soviet policy—both domestic and foreign—on a new footing, we invite him to reconsider Soviet involvement in regional conflicts and accept forthrightly the requirements for peaceful solutions.

Afghanistan

Afghanistan is a good place to begin.

The Soviet Union has little to cheer about in Afghanistan. After more than 6 years of bloody fighting, Moscow and its Afghan clients have been unable to overcome heroic Afghan resistance. Yet there is little evidence that the Soviets have given up their resolve to subjugate the Afghan people. On the contrary:

- The Soviets have increased somewhat the size of their Afghanistan garrison, which now includes special forces used in extensive offensive operations, and upgraded the weaponry available.
- The Soviets are expanding their efforts to subvert the rural population, and their attempts to eliminate the resistance in heavily contested regions are carried out without regard for civilian casualties.

- Cross-border bombing and strafing raids by Afghan and Soviet aircraft, coupled with sabotage activity in the tribal areas of Pakistan, have become more frequent as the Soviets have increased efforts to reduce the flow of supplies to the resistance.

- The Soviets are annually sending 10,000-15,000 Afghans to the Soviet Union for study and training in hopes of creating reliable cadres to serve their cause in Afghanistan over the longer term.

- The Soviets continue efforts to give their puppet regime a fig leaf of legitimacy. The regime has been cosmetically broadened with the addition of ministers described as nonparty members and a revolutionary council which includes retired civil servants—albeit men and women with close links to the regime.

The Resistance. Meanwhile, the Afghan resistance has increased its effectiveness. During the past year, it has employed larger, better organized, and better equipped units to take the field against Soviet garrisons and their Afghan allies.

The resistance has also begun to develop national political institutions. The emergence of the resistance alliance is a sign that a new Afghan nationalism, forged on the battlefields of Afghanistan, is coming of age.

The continuing military standoff in Afghanistan represents an impressive success for the resistance and a telling failure for the Soviet Armed Forces. The political and military cost to the Soviets of their occupation continues to mount. It was perhaps with this reality in mind that Gorbachev at the recent Soviet Party Congress referred to the war in Afghanistan as a "bleeding wound."

U.S. Policy. Soviet occupation of Afghanistan brought their forces closer to areas of vital strategic importance to the United States, namely the Persian Gulf and Indian Ocean; and it converted our long-time friend, Pakistan, into a front-line state, thereby upsetting the fragile balance of power in South and Southwest Asia. Aggression unchecked in Afghanistan is aggression encouraged elsewhere, perhaps closer to home.

U.S. policy toward Afghanistan for the past 6 years has been directed toward one clear-cut objective: a negotiated political settlement which

promotes the early and complete withdrawal of Soviet forces and permits the Afghan people the opportunity to choose their own government.

This objective is widely shared by other nations. The UN General Assembly has passed, by overwhelming margins, seven resolutions calling for a political settlement based on four basic points:

- Complete withdrawal of Soviet forces;
- Self-determination for the Afghan people;
- Return of the Afghan refugees in safety and honor; and
- Restoration of Afghanistan's independent and nonaligned status.

These four points are closely related. Without the complete withdrawal of Soviet forces and the establishment of a government in Kabul reflecting genuine self-determination for the Afghan people, it is unlikely that the 3-4 million Afghan refugees presently in Pakistan and Iran would voluntarily return to their country. Nor is it likely that the *mujahidin* would put down their arms. The restoration of Afghanistan's independence and nonaligned status would allay Moscow's concerns about having a hostile government on its southern border, as well as relieve major security concerns in Pakistan.

Since 1982, the UN Secretary General's personal representative, Diego Cordovez, has been conducting negotiations between the Government of Pakistan and the Kabul regime. The so-called proximity talks are conducted indirectly, rather than face to face.

This reflects Pakistan's refusal to recognize the regime of Babrak Karmal, which was installed and is maintained solely through Soviet military force. The Pakistani position is entirely understandable. Their government is currently caring for the 2-3 million Afghan refugees who have fled the excesses of the Soviet occupation and the Karmal regime. They experience daily the consequences of the Afghan Government's lack of legitimacy.

Last week, UN negotiator Cordovez announced the May 5 resumption of the seventh round of UN sponsored proximity talks. Mr. Cordovez stated that "for the first time... the crucial issue of the interrelationship between noninterference and withdrawal of Soviet troops" would be discussed. He also confirmed that he had received a suggested timetable for troop withdrawal from the

Kabul regime. We hope this development is not a mere propaganda play but reflects a political decision by Kremlin policymakers to negotiate a settlement that protects the legitimate security interests of all parties.

The next round of talks represents a clear test of Soviet intentions. If they are serious about healing "the bleeding wound," they should commit themselves to a prompt timetable for troop withdrawals to be implemented simultaneously with other elements of an agreement. Beyond this, they must accept this basic political reality: until there is a government in Kabul that inspires enough confidence among the refugees that they will be prepared to come home voluntarily, millions will remain along the border, providing the infrastructure of resistance.

We have made it clear to Moscow that if it makes the political decision to withdraw, we will work to facilitate a negotiated solution. We have affirmed

that we seek no unilateral advantage in Afghanistan. Our objective is not to "bleed" the Russians in Afghanistan but to get their troops out of Afghanistan. So long as the Soviets pursue a military option, we will continue to support the Afghan cause through all appropriate means. And Afghanistan will remain an obstacle to the overall improvement in U.S.-Soviet relations.

Humanitarian Assistance. Let me say a word about our humanitarian aid to the Afghan refugees. Our assistance has relieved human suffering and continues to bolster the impressive efforts of Pakistan's people and government. Pakistan has generously and responsibly shouldered the burden of hosting what is the largest refugee community in the world today. Their actions are in the best traditions of their culture and of Islam.

With the strong support of the Congress—Congressman Charlie Wilson

has given a strong lead—we are supporting a number of programs to assist war-affected Afghans. These include support for voluntary Western medical teams, the provision of food for Afghans in areas controlled by resistance commanders, and a dramatic expansion in the training of Afghan paramedics for service in their own country. And we have just begun.

Conclusion

Let me sum up. Soviet-American relations have not fulfilled the expectations generated by the Geneva summit. Yet, opportunities for progress exist, and we shall continue to work on a broad agenda involving arms control, bilateral issues, human rights, and the resolution of regional conflicts.

What the Soviets call the "correlation of forces" has changed, and in our favor. Nevertheless, the Soviet Union remains a formidable military power and global adversary.

The growth of indigenous resistance to Soviet domination in the Third World also reflects a new reality: the age of imperialism is over. The tide of history is a freedom tide. It will lift the hopes and fortunes of those around the world determined to shape their own destinies.

If the Soviet Union is prepared to end its occupation of Afghanistan and heal the "bleeding wound" in that country, a negotiated solution can be achieved. However, if they are determined to persist on their current course, they will have to shoulder the long-term military and political costs of a bitter, divisive, costly, and inconclusive struggle.

The essence of statesmanship is to recognize and adjust to new realities. We stand ready. We invite Moscow to join us in placing U.S.-Soviet relations on a more stable and cooperative foundation. Let history record that this was a time when both our countries seized the possibilities at hand. ■

25th Report on Cyprus

MESSAGE TO THE CONGRESS, FEB. 3, 1986¹

In accordance with Public Law 95-384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

Since my last report, the U.N. Secretary General has continued his good offices mission. U.N. officials held working-level meetings with the Turkish Cypriot side in London November 18 and 19, 1985, and with the Greek Cypriot side November 30 and December 1.

These discussions were to review the positions of the parties, elicit their views on outstanding issues, and help him prepare a framework agreement for a Cyprus settlement which he plans to submit to both sides for their consideration. The Secretary General subsequently termed these meetings useful and said both parties had agreed to continue these discussions.

On December 14, 1985, the U.N. Security Council renewed the mandate of the United Nations Forces in Cyprus (UNFICYP) for another six months. Prior to the vote the Secretary General sent the Council a report

on U.N. operations in Cyprus, including a review of his good offices mission over the June 1–November 30, 1985, period. I am enclosing a copy of the Secretary General's report.

U.S. officials have continued to consult closely with the interested parties. In December Deputy Assistant Secretary James Wilkinson, the Department of State's Cyprus Coordinator, visited Turkey, Greece, and Cyprus and held discussions on bilateral questions and on the Cyprus issue. In Cyprus he met with Greek and Turkish Cypriot leaders. During his trip, Mr. Wilkinson expressed our support for the U.N. Secretary General's initiative as the most realistic and productive approach to achieving a Cyprus settlement and urged all concerned to cooperate with the Secretary General's efforts.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Richard G. Lugar, Chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Feb. 10, 1986). ■

Foreign Policy Challenge: A 25-Year Retrospective

by Michael H. Armacost

Address on the occasion of the 25th anniversary of the International Fellows Program at Columbia University in New York City on March 25, 1986. Ambassador Armacost is Under Secretary for Political Affairs.

It is a great honor to join you today in celebrating the 25th anniversary of the International Fellows Program. I was in the first class of Fellows. I am, consequently, one of the oldest beneficiaries of the program. I am reminded of the *New Yorker* cartoon of two fellows sitting at the Algonquin bar. With a melancholy look one says to the other, "How quickly one gets too old to be youngest anything."

In the spring of 1960, I was contemplating a transfer to Harvard. I had no special motive other than the belief, inspired by a Fulbright year in Germany, that one's graduate study benefited from exposure to a variety of students, libraries, and faculties. I then happened across a notice about the incipient International Fellows Program and was impressed by the exposure it promised to people with practical experience in policymaking and diplomacy.

I applied, won a fellowship, and stayed at Columbia. I had no regrets. My interest in public service germinated during those years. Following a sojourn in academe, I have been at it since 1969.

Although I spend most of my time at the other end of the Eastern shuttle, I have been back to Columbia only infrequently. Yet, I have not lost touch with the Fellows program. Dick Gardner, a distinguished member of the law faculty, was among our instructors in 1960. I regularly seek his counsel. David MacEachron, another of the Fellows program teaching faculty, has been a collaborator over the years on matters relating to Japan. David Smith, the original director of the program, is now a fellow Washingtonian and a former Ambassador to Sweden. And Zbig Brzezinski, who often lectured to our Fellows group, was later my boss at the NSC [National Security Council]. As for the 1960 Fellows, a shared interest in public affairs has ensured that our paths cross. For me, that was one of the great dividends of the program. I am sure it will be for you as well.

Columbia in the Early 1960s

In looking back at the intellectual and political environment that marked my years at Columbia, I recall three overriding developments which preoccupied the charter members of the fellowship.

First, it was the era of Sputnik and the "missile gap." Soviet success in putting the first missile in orbit jarred American self-esteem and jolted complacent assumptions about the stability of deterrence. We reflected darkly about how the shorter warning of time afforded by missile delivery systems robbed decisionmakers of the time needed to respond intelligently to ambiguous strategic challenges. We cut our teeth on the conceptual work of civilian strategists like Herman Kahn, Albert Wohlstetter, Bernard Brodie, Tom Schelling, and Henry Kissinger. Their work was notable because it integrated an interest in military strategy, defense budgeting, weapons technology, and arms control.

In those days, arms control was not exactly a novel concept, but the subject was given much greater intellectual rigor. It was considered a corollary of defense policy, not an alternative to it. Prominent strategists assumed the nuclear arms race was driven by a collision of political wills; it was not itself the central source of tension between the major powers.

In my own introduction to the subject—from Professors William T. R. Fox, Sam Huntington, and Warner Schilling—I do recall what seemed to me an appropriate concern with those sources of uncertainty or strategic instability inherent in new weapons technology, and an interest in practical arrangements to reduce the risks of accidental war, to diminish reliance upon hair-trigger deterrent systems, and to discourage nuclear proliferation.

The emphasis was upon rationalizing and stabilizing deterrence. It was generally assumed that nuclear weapons were here to stay and that it took less ingenuity to figure out how to live with them than how to eliminate them.

Second, these years were marked by the often tumultuous transition to the postcolonial era. Scores of states were achieving their independence. The United Nations grew in numbers if not

in power. I recall one of my professors defining a developing country as a nation with a national university, a national airline, and a UN delegation three times the size of its foreign ministry.

The classroom reflection of this flowering of new countries was our immersion in theories of economic development, strategies of nation-building, and the tactics of guerrilla warfare and counterinsurgency. In retrospect, many of these studies were marked by extraordinary confidence in America's capacity to engage in large-scale social engineering in other societies. Often, one encountered the casual—even unstated—assumption that foreign aid could assure rapid economic development which, in turn, would facilitate the emergence of democratic political institutions in the LDCs [less developed countries]. Regrettably, such assumptions were rarely confirmed by events.

Third, there was a perennial fascination with the Soviet Union—a fascination punctuated by anxiety. In those days, our fear was that the "correlation of forces" was shifting against us. There was the recent display of Soviet technological prowess in space. There were apprehensions—based on straight-line extrapolations of postwar growth rates—that Moscow could outpace us economically while diverting substantially greater portions of its national budget into military programs that threatened our security. There was a keenly felt danger that a clash over Berlin could bring a superpower confrontation; many classmates were, in fact, mobilized in the Berlin crisis of 1961. And there were concerns that the Soviets would exploit turmoil in the Third World to tip the global political balance against the West.

It is ironic that the Soviets later spoke of the years 1959-63 as years of "missed opportunities" in East-West relations. Khrushchev's prime objective may have been to curb China and delay its emergence as a nuclear power. But his brutal tactics conveyed the impression of a bully rather than a wooer. I remember that period principally for two Berlin ultimatums, Khrushchev's histrionics at the failed Paris summit, his efforts to intimidate Kennedy in Vienna, and the Cuban missile crisis.

The "Geneva spirit" which had inspired hopes that wider contacts with the Soviet leadership could improve the East-West atmosphere was largely dissipated by these events.

Lots of water has run under the bridge since the early 1960s. The problems that preoccupied us in those days have been substantially transformed. Yet, they represent enduring challenges.

- We continue to wrestle with the implications of new weapons technology for the stability of strategic deterrence.
- We continue to face delicate policy issues involving the use of American influence to shape the economic and political evolution of developing countries.
- And we continue to manage a relationship with the Soviet Union which contains elements of conflict as well as cooperation.

New Weapons Technology and Strategic Deterrence

In 1960, new weapons technology compounded the problems of defense and heightened awareness of the need to reduce the vulnerability of our land-based deterrent. In 1985, the effort to test the efficacy of non-nuclear strategic defenses may usher in a new phase in the age-old race between offensive and defensive techniques of warfare.

The inspiration for our SDI [Strategic Defense Initiative] program was the President's unwillingness to assume that strategic deterrence must rest indefinitely upon catastrophic threats of mutual annihilation. He has raised questions which are simple but profound, thereby forcing people to think about the unthinkable. Can East-West deterrence be redesigned to rely more heavily upon defensive systems?

The answer is not yet in. Our SDI research program, apart from its prudence as a hedge to match comparable Soviet efforts, is designed precisely to discover whether strategic defenses are technically feasible, cost-effective, and survivable.

There is little doubt that our SDI research program provided a major inducement with which to prod the Soviets back to the bargaining table in Geneva. To date, however, Moscow has resisted any serious discussion of:

- The offensive-defensive relationship;

- The utility of striving for a deterrence system based more heavily upon defense; and

- The problems of managing the transition to such a system.

These are all formidable intellectual as well as policy problems. They require thoughtful analysis. I hope they stimulate your own thinking.

Too much of the debate about SDI has been consumed by conjecture about technological possibilities; too little about how a stable transition to a new strategic balance can be arranged within the confines of a highly competitive political/military relationship with the Soviet Union. These problems are as deserving of attention in academic circles as in government.

American Power and Democratic Transitions

The colonial era is a thing of the past. The new nations of 1960 are now well-established members of the international community.

In the early 1960s, the Soviets appeared to be a strong political competitor in the Third World. Leninist parties appeared to offer a method of imposing discipline in societies with strong centrifugal tendencies. Statist economic planning was then in vogue. And Moscow was still taken seriously in many nonaligned circles when it proclaimed itself a champion of national liberation.

Over the years we have consistently encouraged democratic development. The results of our efforts have been quite mixed. Today, however, we can take satisfaction from the growing numbers of those around the world who share our commitment to popular rule as well as national independence.

In our own hemisphere, we have recently witnessed a rather dramatic transition to democracy. Over 90% of the population of Latin America and the Caribbean now live under governments that are democratic. In Central America alone, popularly elected democrats have replaced dictators in El Salvador, Guatemala, and Honduras in the last 5 years.

In Asia, the ASEAN [Association of South East Asian Nations] countries exhibit a level of representative government, economic growth, and regional cohesion which stand in stark contrast to the internal repression, military conflict, and economic stagnation which prevail in Indochina.

In South Asia, with the exception of Afghanistan, democracy is flourishing. India's institutions withstood the test of Indira Gandhi's assassination; in Pakistan, the transition to civilian rule has proceeded smoothly; and the South Asian Regional Council is off to a solid start.

In other regions as well, freedom is on the march. Nor is there any doubt where we stand. We are affirming our interest in human rights and our opposition to tyranny in all its forms. We are using our influence to encourage democratic change while acting in a careful way which respects the cultural traditions, the political realities, and the security threats faced by governments confronted by pressures for change.

We recently had a hand in two democratic transitions—in Haiti and the Philippines. In both cases, events on the ground precipitated and revealed the erosion of domestic support for Duvalier and Marcos; in both, we encouraged a process of free and fair elections as a means of facilitating peaceful political change. In both, we assisted the incumbent leaders to draw appropriate conclusions flowing from inescapable realities; in each, we were instrumental in transporting them out of the country, thereby facilitating nonviolent resolutions to these political crises. In both cases, I might add, we are looked to as sources of additional assistance and support to help new governments meet their immediate economic requirements and accommodate high political expectations.

Some have expressed fears that the Reagan Administration is reverting to a Carterite approach to human rights. Journalists speculate that we have a "hit list" of other governments ripe for American-sponsored transitions. Such is not the case. We approach these issues with hope but also humility.

We experienced some luck in both Haiti and the Philippines. The decisive influences in each case were indigenous. But I like to think that we also exhibited a degree of consistency, purposefulness, discretion, and subtlety. We also avoided serious mistakes.

Since we face recurring challenges of this sort, it is worth examining more systematically the factors that contribute to peaceful, democratic transitions. Recent experience suggests that the following elements are important:

- Failure of the existing government—whether caused by repression, corruption, mismanagement, or war—thereby undermining the legitimacy of the old order;

- A popular desire for representative institutions and democratic procedures;
- Elites that accept democratic institutions as a desirable objective or a practical necessity;
- The availability of external political and economic support;
- A capacity for political reconciliation and a willingness to accord priority to "binding up the wounds" from the past;
- A military establishment which is prepared to facilitate, or at least acquiesce in, a democratic transition;
- Ecclesiastical institutions that vigorously support human rights and democratic institutions and serve as a vehicle for bestowing legitimacy on the process of democratic change;
- Vigilance in frustrating the efforts of Marxist-Leninists seeking to grab the levers of power and skill in separating the democratic left from the Marxists; and
- Strong leadership willing and able to shape a consensus which transcends partisan differences while providing a representational framework in which political forces can compete on a more even footing.

Needless to add, it helps if societies facing such transitions have a literate populace, a functioning economy, and a strong middle class.

The outcome in each case will be determined primarily by the interplay of political forces in those societies. Yet, we can exert influence, and we have. To do so effectively requires knowledge of the details of the local political situation, command of the levers of our own influence, and a clear sense of the relationship between promoting democratic change and serving other national objectives.

There is no greater challenge for American diplomacy than nurturing the democratic aspirations of other peoples. I encourage you to devote your own attention to the intellectual challenge this task entails. It is a subject worthy of your interest.

U.S.-Soviet Relations

East-West relations remain at the forefront of American concerns in the mid-1980s. Alexander Dallin, Marshall Shulman, Zbig Brzezinski, and John Hazard were among those doing frontier work in the field at Columbia when I was a student. They are all still at it. The policy challenges have, of course, changed.

In looking back, what is most striking to me is the degree to which the balance of forces and perceptions of Soviet power have changed. In my student days there appeared a relentlessness about Soviet advances that was truly menacing. The Soviets believed the future was on their side; and many in the West feared they might be right.

Halfway through the 1980s, the Soviets scarcely appear to be riding the tide of the future. Mr. Gorbachev presides over a country whose economy exhibits little dynamism; whose ideology scarcely inspires emulation; whose institutions assert little attraction in developing countries; and whose outposts of influence in the Third World confront growing indigenous resistance.

By contrast, our own military power is growing; our economy displays an extraordinary resilience; our alliances are in solid shape; our ideas—democratic policies and market economics—enjoy greater salience.

To be sure, the Soviet Union remains a great power. Its military capabilities are formidable. Moscow possesses the capacity to affect events in most regions of the world. The Russians are a force to be reckoned with; and reckon with them we will. Yet our relationship with Moscow will continue to be marked by competition as well as some cooperation.

In the future, our competition will be shaped especially by our respective abilities to accommodate the information revolution, which is changing the world in the late 20th century as decisively as the industrial revolution transformed it in the last century. The computer or the robot may be the symbol of this new age; information is its international currency. In this new era, innovation is the engine of progress and the determinant of success. Those societies will flourish which encourage entrepreneurial risk-taking.

We face this competition with confidence. Free nations are best positioned to encourage the entrepreneurial spirit. Confidence in their citizens enables such nations to stimulate rather than stifle technological development. Innovation flourishes where the market determines the economic winners and losers. Innovation has never been the long suit of central planners.

By contrast, leaders of closed societies approach this competition warily. New information technologies threaten to undermine the state's control over its people. Pluralism—central to innovation

and entrepreneurship—threatens the role of the party. Little wonder that the Soviet leadership keeps familiar means of communication like the Xerox machine under lock and key. The black-market price for videotapes smuggled from the West runs up to \$450 on the Moscow black market.

Soviet leaders must also wrestle with the question of how to compete in the research, development, and marketing of information-age technologies. Is it likely that information technology will improve rapidly in countries in which creative writers are invariably suspected of subversion? Will the Soviet Union be able to compete with the West in an age when scientific breakthroughs will require the accumulation and manipulation of data bases which must be widely shared among the scientific community?

The Soviets face an agonizing dilemma: to compete effectively with the West they must open their societies to the freedom necessary for technological and scientific advance. Yet, what would such an opening mean for the future of the party? If they accord primacy to the existing institutions in the Soviet system, on the other hand, can they avoid falling farther behind in East-West competition? The potential for opening a once closed society is being tested in China. The economic results have been stunning. None of the reforms Mr. Gorbachev has enunciated to date come close to Deng Xiaoping's in their boldness or creativity.

This is why we look upon the evolution of the information age with confidence and hope. The development of information technology not only strengthens the economic and political position of democracies; it reinforces pressures upon totalitarian leaders to open their societies in order to compete internationally.

A Summing-up

While I don't believe in the inevitability of progress, I find in these developments some encouraging notes. I, for one, see no reason to fear non-nuclear-weapons technologies which shift the balance of advantage to the defense. I am heartened by the flowering of democratic institutions in our own hemisphere and beyond. I feel confident that the East-West correlation of forces will continue to shift in our own favor as information-age technology places a premium upon the social and political systems indigenous to the West.

Arms Sales Policies Toward the Middle East

by *Richard W. Murphy*

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on April 22, 1986. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.¹

A little more than a decade ago, a major effort was undertaken to work out a broad modus vivendi with the Soviet Union. That attempt—broadly characterized as detente—did not succeed. It is not my intention to diagnose the causes of failure. I would merely note that the attempt took place against the backdrop of decline in America's relative position in the East-West balance. The temporary accommodations envisioned were, consequently, easier to contemplate for a Soviet leadership accustomed to assuming the inevitability of its own international primacy.

We continue to look for opportunities to broaden cooperative arrangements with the Soviet Union. A broader modus vivendi in the 1980s, however, must be accomplished against the backdrop of a relative decline in the Soviet position. Soviet leaders will need to adjust to the limitations of their own power. This could be a difficult psychological adjustment and political challenge.

Finding a basis for such a modus vivendi is an overriding challenge for our foreign policy. It will require some subtlety on our part as well. The challenge will be to acknowledge the legitimate interests of the Soviet Union and to recognize where our interests converge without removing the pressures for change in the Soviet system itself. It is one in which we can use all the help we can get from our colleagues in the universities.

I have laced my comments with questions. That was intentional. During the Fellows program I remember a lecture by Isidore Rabi, the great Nobel Prize winner. He attributed his own intellectual curiosity to the fact that his mother greeted him at the door when he returned from school not with the usual "What did you learn today, Izzie?" but "Did you ask any good questions today, Izzie?"

The test of policy as well as science is in asking the right questions. I am indebted to the Fellows program because it put me in touch with people with a lifelong interest in seeking to ask the right questions. I am not sure that I've got them right. I am confident that people like yourselves with one foot in the university and another in public service of one kind or another perform a great service by raising hard questions about our policies, subjecting our premises to critical scrutiny, and reminding those of us in government of the broad and enduring purposes this Republic was created to serve. ■

I welcome this opportunity to join you today to discuss U.S. interests in the Middle East which concern us all. Rather than review recent events that have occurred throughout the region since our last session together, I would like you to consider some thoughts and observations about broader trends in the region and how they affect our interests. I would particularly like to address the relationship between such trends and our arms sales policies to friendly Arab states such as Saudi Arabia.

U.S. Policy Over 40 Years

Since the 1940s, the United States has been the crucial external force in the effort to establish and maintain peace and security in the Middle East. The depth of our political, economic, and strategic concerns in the region, which eight Administrations, both Democratic and Republican, have consistently sought to protect, reflects this fact.

A fundamental commitment to Israel's security and well-being has long been a constant in our Middle East policy. Simultaneously, since the post-World War II period we have maintained close ties with pro-Western Arab states. We have worked hard to build these links to promote these important U.S. strategic objectives: to deny opportunities to the Soviet Union in this critical geographic region; to protect free world access to the world's largest reserves of oil—a long-term interest, I might note, that is in no way diminished by the current surplus of oil; to check the growth of radical anti-Western movements; and to promote the process of building peace between Israel and its neighbors by relying on our relations with both sides.

Friendship with one party to the Arab-Israeli dispute has not diminished the reliability of U.S. ties to the other. There are those on both sides of the Arab-Israeli dispute who assert that

U.S. policy is a zero-sum game; that ties with one side preclude friendship with the other; that by aligning ourselves exclusively with one side, we can compel the other to make concessions. These notions are wrong, and our experience proves that they are.

We have sought to maintain close ties to both Israel and Arab states. For this reason, we are the only superpower trusted by both Israel and the Arabs. By establishing friendship and confidence on both sides, we have made it possible to help move both Arabs and Israelis toward greater peace and security. We have brokered six peace agreements serving Israeli, Arab, and Western interests.

In recent years there has been a growing sense of realism and pragmatism in the Arab world concerning Israel. The peace treaty between Egypt and Israel was the first breakthrough on this. The political and diplomatic initiative by King Hussein, which continues, is further evidence. This sense of realism is based in part on recognition of the strength of our relationship with Israel, but it is also based on our close relations in the Arab world and the interest we have shown in Arab security and welfare. Our influence as a mediator in the peace process is based on the trust, confidence, and friendship we have on both sides, as well as our ability to help support their needs.

In contrast to the role the United States has played, the Soviet Union, without diplomatic relations with Israel and with limited diplomatic ties and bilateral relations in the Arab world, has had only a peripheral role to play.

Military security is a major element in our relationship with both Israel and the Arab states. Israel is, of course, the largest recipient of U.S. security assistance in the world. Egypt is the second largest. Both of those programs have been well understood and strongly supported by the Congress as major elements in our strategy of peace in the Middle East.

I am concerned, however, about less understanding of the importance of our military programs—including training, assistance, U.S. personnel, and sales of major equipment—elsewhere in the region. There is not enough understanding of the strategic importance of such sales to the United States. Our close

military ties with Saudi Arabia and other gulf states, for example, have been a key factor in guaranteeing that our friends have the means to protect their own security, containing threats posed by the Iran-Iraq war and Iranian extremism, guarding against Soviet inroads, and cooperating with the United States in ensuring free international access to oil supplies.

These points merit elaboration. Security assistance, arms, and technology transfers have been an important instrument in constructing bridges to both parties of the Arab-Israeli dispute. We all take pride in the economic and military assistance we have provided to Israel over the years. We must not forget the great value of the support we have given to the Arab states over the years. For 30 years Arab states friendly to the United States have turned chiefly to us as a source of arms and technology—to the near exclusion of the Soviet Union. Arab intelligentsia are schooled in American universities; their technicians are skilled on our systems.

Perhaps most important, members of their military learn our doctrine, train on our systems, and develop lasting professional and personal ties with American counterparts that they carry back to their own countries.

These relationships have worked to our mutual interest. "Mutual interest" is a two-way street. We make choices regarding our security partners and the commitments we make to them. They, too, make choices—based on their perceptions of the long-term advantages of ties to the United States and the alternatives, including closer relations with the Soviet Union.

Impact of Trends and Events on the Situation Today

For the first time in three decades, recent events threaten to undermine our balanced approach, challenging the long-standing policy that has worked so well for advancing U.S., Israeli, and Western interests. I am deeply concerned that the impact of these events and trends could cost us dearly in the region. During my recent visits there, I have been increasingly challenged by questions about American motives and credibility.

For example, and allow me to speak frankly, our inability to gain congressional support for the Jordan arms sale is perceived in the region as a sign that the United States has unilaterally terminated a 30-year arms supply relationship with an Arab state with which we have

a close and friendly relationship. The perception of withdrawal of U.S. support for King Hussein at a delicate moment in the King's effort to move the peace process forward was especially troubling. Opponents of the peace process are citing the withdrawal as proof that the King cannot count on the United States politically or militarily.

At the same time that some Arab states are moving to a more realistic view of Israel's place in the Middle East, it would be a great irony if the United States did not take advantage of this trend in Arab thinking to maintain and develop our overall relations with the Arabs. The history of U.S. involvement in the Middle East affirms the wisdom of our policy of maintaining close ties with both Israel and the friendly Arab states.

U.S.-Saudi Relations: Military Sales

We now face a time of testing whether this successful policy of 30 years is relevant, or if we will turn around and pursue a more parochial, narrow, and, in my view, extremist policy. Such a test now faces us with our current intention to sell Saudi Arabia a limited quantity of defense articles.

U.S. interests in the region are best served by continued strong, open, and credible relations with moderate Arabs. In the business of diplomacy I am often struck by what is sometimes called the law of unintended consequences. Specific decisions and actions perceived as good and just causes in one narrow context sometimes produce undesired results in a broader arena, decisions which come back to damage even the original limited concern. It is, therefore, essential that both the Administration and the Congress be sensitive to the overall security system which is affected by U.S. actions—and inactions. Otherwise, we cannot guard against negative consequences to U.S. interests, and those of our Israeli and Arab friends, caused by decisions made for discrete purposes.

A case in point is the Administration proposal to sell arms to Saudi Arabia, which was formally notified to the Congress on April 8. The proposal consists of some standard follow-on items for support and upgrade of systems already existing in the Saudi inventory. These arms would be part of an ongoing arms supply relationship which we have maintained with the Saudis for over 30 years. They represent no major enhancement of Saudi capability.

Our reasons for supporting this important friend are simple and cannot be overemphasized. They bear repeating. Maintenance of our longstanding arms supply relationship with Saudi Arabia strengthens defense of the gulf, an area vital to U.S. interests. I would remind you that two Administrations have pledged to use force, if necessary, to protect the free flow of Persian Gulf oil. We still stand by that policy. The Saudis have taken the lead, with other Gulf Cooperation Council states, in protecting the shipping and oil installations of the upper gulf. It is important that we not lose sight of the fact that Saudi self-defense reduces the probability of direct U.S. military involvement to defend our interests. Further, our support for Saudi self-defense has been an important element of deterrence—Iran has clearly had to take into account the fact that the Saudis have significant U.S. backing. If that perception is called into doubt, if it appears empty rhetoric, the costs to the United States could be substantial.

Since the 1940s our mutual security ties with Saudi Arabia have been the foundation of the overall bilateral relationship—a relationship now under attack by radical and extremist forces in the region, some of whom exploit religion for political purposes. The continued sale of U.S. equipment to replenish and update Saudi forces strengthens our relationship and responds to a clear need for the continuing defense of Saudi Arabia.

Iran remains a formidable threat to the gulf states. It is clearly in U.S. and our friends' interests to see that Saudi Arabia and other moderate states are adequately equipped to counter potential Iranian aggression. The evidence is clear. Royal Saudi Air Force pilots flying F-15s and using American-made equipment downed intruding Iranian aircraft in the spring of 1984. This single act of vigorous defense deterred further Iranian attacks on gulf states. It was far preferable that this defense of the gulf was undertaken by Saudi pilots in Saudi planes rather than U.S. pilots in U.S. planes.

Saudi Arabia is a major anticommunist power on the peninsula. Strengthening Saudi defensive forces, especially with equipment that is interoperable with our own, is a significant strategic advantage. The Saudis are, for example, the major deterrent against any adventurism on the part of the new and even more radical South Yemen regime. As I noted in the beginning of my testimony, our arms supply relationships

with important strategic partners like Saudi Arabia are longstanding and mutually beneficial. Severance of this key linkage would cause unintended and harmful costs to U.S. security.

Continued U.S. supply of arms to Arab states is in Israel's interests. Israel not only retains but is increasing its qualitative military edge over any combination of Arab forces. We are committed to the maintenance of the Israeli advantage and ensure that it is kept by carefully reviewing all arms transfers to the region and obtaining appropriate safeguards whenever required.

LETTER TO THE CONGRESS, MAR. 26, 1986¹

On March 23, United States forces in the Eastern Mediterranean began a peaceful exercise as part of a global Freedom of Navigation program by which the United States preserves its rights to use international waters and air space. This exercise is being conducted entirely in and over areas of the high seas, in accordance with international law and following aviation safety notification procedures.

On March 24, our forces were attacked by Libya. In response, U.S. forces took limited measures of self-defense necessary to protect themselves from continued attack. In accordance with my desire that the Congress be informed on this matter, I am providing this report on the actions taken by United States Armed Forces during this incident.

Shortly before 8:00 a.m. (EST) on March 24, two SA-5 surface-to-air missiles were fired at U.S. aircraft flying over the high seas in the Gulf of Sidra from a Libyan missile installation in the vicinity of Sirte on the northern Libyan coast. During the course of the next few hours, several surface-to-air missiles were fired at U.S. aircraft operating over the high seas. At approximately 3:00 p.m. (EST) these missile installations again activated their target-acquisition radars with the evident objective of firing upon U.S. aircraft. Two HARM air-to-surface missiles were thereupon fired by a U.S. Navy A-7 aircraft, apparently resulting in the destruction of the radars controlling the missile battery. After a short outage, the radar returned to active status and still posed a threat to U.S. forces. At 6:47 p.m., A-7 aircraft again fired two HARM missiles at the SA 5 radar at Sirte. After another short outage, the radar has returned to active status.

Meanwhile, a Libyan missile patrol boat equipped with surface-to-surface missiles came within missile range of U.S. ships on the high seas well away from the Libyan

coast. The U.S. commander determined, in light of the Libyan attacks on U.S. aircraft, that this vessel was hostile and therefore ordered U.S. aircraft to engage it. At approximately 2:00 p.m. (EST), U.S. Navy A-6 aircraft fired two Harpoon missiles, which struck and heavily damaged the Libyan vessel. At approximately 4:00 p.m. (EST), a second Libyan patrol boat approached U.S. forces, and was driven off by U.S. Navy aircraft. Shortly after 6:00 p.m. (EST), a third Libyan patrol boat approached the USS YORKTOWN at a high rate of speed; the YORKTOWN fired two Harpoon missiles, which hit the Libyan craft.

Shortly after 12:20 a.m. (EST) on March 25, U.S. Navy A-6 aircraft armed with Harpoon missiles attacked another Libyan craft, apparently resulting in the sinking of that vessel.

All U.S. aircraft returned safely to their carriers, and no casualties or damage were suffered by U.S. forces. The extent of Libyan casualties is not known.

U.S. forces will continue with their current exercises. We will not be deterred by Libyan attacks or threats from exercising our rights on and over the high seas under international law. If Libyan attacks do not cease, we will continue to take the measures necessary in the exercise of our right of self-defense to protect our forces.

The deployment of these United States Armed Forces and the measures taken by them in self-defense during this incident were undertaken pursuant to my authority under the Constitution, including my authority as Commander-in-Chief of U.S. Armed Forces.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Strom Thurmond, President *pro tempore* of the Senate (text from Weekly Compilation of Presidential Documents of Mar. 31, 1986). ■

understandings on basing the Tornados close to Israel's borders. Additionally, some independent academics estimate that the Saudi purchase of Tornados, a ground attack aircraft, rather than the additional F-15s they preferred, cost the American economy from \$12 to \$20 billion.

In short, the reasons for continuing our arms supply links with moderate Arab states are compelling and numerous. The United States provides arms to Saudi Arabia based on its defensive requirements and because a defensively sound Saudi Arabia is in the best interest of the United States.

I am disturbed by assertions now circulating that would attempt to tie a formal and direct linkage between our routine arms supply to Saudi Arabia and peaceful resolution of the Arab-Israeli dispute. This is a narrow approach to a complex set of issues. If followed, it would bring into action the "law of unintended consequences" I noted earlier. We, Israel, and the moderate Arabs would lose. In the final analysis, the Soviets would be the winners.

U.S. policy has succeeded in promoting peace and stability in the Middle East when it has differentiated between cases where linkages are appropriate and effective, and cases where they are neither. Some arrangements, such as the U.S. contribution to peace between Israel and Egypt, have clearly benefited from explicit U.S. willingness to provide security assistance to the parties in the settlement. Such a relationship was fully consistent with U.S. interests and, in fact, inherent in the development of the agreement itself. In other cases, including Saudi Arabia, our security relationship is based on considerations of regional peace and stability that go beyond the specific Arab-Israeli issue. Neither we, nor the cause of peace, would achieve anything from an effort to compress U.S.-Saudi security ties into an Arab-Israeli mold.

In 1981 when the Administration notified Congress of its intention to sell AWACS [airborne warning and control system] to Saudi Arabia, President Reagan sent a letter to the congressional leadership. In it, he provided assurances that certain conditions would be met before transfer of the AWACS. The required technical assurances either have or will shortly be completed. Additionally, the letter assured:

...that the sale contributes directly to the stability and security of the area, enhances the atmosphere and prospects for progress toward peace, and that initiatives toward the peaceful resolution of disputes in the region have either been successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia.

There is a good deal that can be said about Saudi Arabia's contribution to peace in the region.

Iran-Iraq War. The Saudis have supported every major diplomatic effort over the past 5 years to end the Iran-Iraq war, including mediation missions by the United Nations, the Organization of the Islamic Conference, and individual third governments. The Saudis seek a just and quick resolution of the bloodshed. They have made clear their preference that the war end without effect on the sovereignty of either Iran or Iraq.

Lebanon. Saudi Arabia has made major, and often highly visible, efforts to bring peace to war-torn Lebanon. For example, they played a major role in arranging the cease-fire in the Shuf Mountains in September 1983 when Crown Prince Abdullah and Prince Bandar engaged in high-profile shuttle diplomacy. Saudi observers were present at the Geneva and Lausanne talks and worked with the Lebanese and Syrians to encourage development of national reconciliation. Furthermore, they were supportive of Lebanese Government efforts to negotiate with Israel on security arrangements in southern Lebanon. The Saudis supported Lebanese efforts to win Syrian consent to proposed compromises and were active in exploring additional proposals for compromise between the parties.

Arab-Israeli Peace. Although the Saudis have only occasionally played a high-profile role in working toward resolution of the Arab-Israeli dispute, private Saudi efforts have had significant effect at critical periods. Notable Saudi initiatives are the Fahd peace plan and its successor, the Fez communique. These declarations may not have gone far enough, but they are, indeed, a substantial assistance in the search for peace. Let me explain.

The Arab desire for consensus has been a central reality in the peacemaking effort—even though that consensus has so often proven elusive. Prior to the Fahd plan and Fez communique, the Arab consensus was the three "NOs" of Khartoum which rejected recognition, negotiation, or conciliation with Israel.

Saudi advancement of the Fahd proposal in November 1981, followed by 10 months of active Saudi diplomatic effort, achieved a significant new Arab consensus—one that permitted negotiation. It turned the discussion from a rejection of peace to a debate on how to achieve peace. It is the largest step toward peace that the Arabs have taken as a group. Its existence provided an essential context for King Hussein's initiative. It was and remains a major and constructive step forward for the Arabs. Indeed, the Fahd proposal reflects language drawn from UN Security Council Resolution 242, that all states in the region should be able to live in peace.

We have often cautioned all who support peace in the Middle East not to expect dramatic progress in the peace process. Advance is made in incremental steps. Only through steady, dogged effort will the parties collectively move toward peace and security. Positive Saudi efforts must not be belittled. There are other examples.

Saudi Arabia's support for King Hussein's efforts have been substantial. The Saudis have assured Jordan that they would back any arrangement to which both Jordan and the Palestinians could agree. Over strong Syrian opposition, the Saudis sent official observers to the Amman Palestine National Council meeting where they publicly stated their support for Hussein's decision to host it.

Political reintegration into the Arab world of Egypt—the only Arab state to share a peace agreement with Israel—is symbolically important to moderate Arab states. The Saudis have felt that an Arab summit decision is required formally to reestablish Arab-wide relations with Egypt. Meanwhile, they have taken a number of positive steps toward integration. For instance, by supporting

the essential motion for a secret ballot, they helped make possible Egypt's reintegration into the Organization of the Islamic Conference.

Peace is still in the making. The parties have made a good deal of progress already, but there is undeniably a long way to go. Achievement of our shared goal, Israeli-Arab peace, requires risk-taking, good will, and hard work from all the parties. We are all hopeful we will succeed. But I am certain that any campaign to denigrate the genuine efforts of one or some of the parties is counterproductive to achieving our objective.

Conclusion

In conclusion, as you consider Middle East issues over the next several months, I ask that you examine them from the perspective of the overall political and strategic context of the region. In our system of government, decisions are perforce taken on discrete issues. But if we are to avoid unintended consequences for U.S., Israeli, and Arab interests, we must keep the overall context in view as we make those decisions. We must return to a policy of proven success. We must avoid moving down a road which excludes important security partners and which, however inadvertently, plays into the hands of Middle Eastern radicals—the Cassandras who say real peace is not possible, that our interests are limited to the peace process, and that the United States cannot be friends with Israel and friendly Arab states alike.

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., Canada, and Japan Agree on Salmon Harvests

The International North Pacific Fisheries Commission (INPFC), which is composed of delegates from the United States, Japan, and Canada, held an extraordinary meeting in Vancouver, British Columbia, April 8-9, and agreed to formally adopt the terms of the March 8, 1986, salmon interception agreement between the United States and Japan. The INPFC unanimously recommended to

the governments of the three member countries that the annex of the Convention for the High-Seas Fisheries of the North Pacific Ocean be amended to include the time and area restrictions for Japan's high-seas salmon fisheries which are contained in the U.S.-Japan agreement. The amended annex will become effective upon receipt of final approval

The Benefits of Collective Security

from all three governments, which is expected later this month.

Representatives of the three governments also signed two memoranda of understanding containing the provisions in the U.S.-Japan agreement relating to increased enforcement and research of the high-seas fisheries. These memoranda of understanding were revised to include Canadian participation in the enforcement and research programs.

The recommended amendment to the annex of the convention will provide increased protection for North American salmon on the high-seas. Japan's mothership salmon fishery will be phased-out of international waters in the Bering Sea, where a large number of North American salmon are harvested, over a period of 8 years. The land-based salmon fishery in the North Pacific Ocean will be moved westward by one degree to 174° E to restrict it from those areas with the greatest concentration of North American salmon. U.S. scientists estimate that these measures will result in a substantial increase in the returns of salmon to U.S. fisheries.

The enforcement and research provisions contained in the memoranda of understanding will also provide additional protection for North American salmon on the high-seas. Japan will now assign six patrol vessels to monitor the land-based fishing area, including three vessels which will patrol the eastern boundary of that fishery, while U.S.-Japanese cooperative enforcement activities will be increased.

The three INPFC member countries will also initiate in 1986 a 3-5 year study of salmon origins in the land-based fishing area. The results of this research program will be used for future negotiations, if necessary, on additional movement of the land-based fishery's eastern boundary.

Press release 86 of Apr. 17, 1986. ■

by Paul M. Cleveland

Address before the New Zealand Institute of International Affairs in Wellington on April 15, 1986. Mr. Cleveland is U.S. Ambassador to New Zealand.

When I arrived here in your beautiful country 3 months ago, it seemed wise to take a look around, to listen for awhile to what you New Zealanders had to say, and to reflect on that before giving you my own thoughts about the problems we face. It has been an intense personal experience. I have met hundreds of you, had hundreds of interesting conversations, and, as is the rule in our democracies, heard at least as many opinions. I still have much to learn, and I will go on listening and learning as long as I am here, for these are interesting times in New Zealand. However, according to George Bernard Shaw, "silence is the most perfect expression of scorn," and that certainly is not the sentiment we want to convey. Moreover, there are some things that need to be said, or rather that need to be asked, for it is often the questions we pose, more than the answers we reach, that are of significance.

Thus when this distinguished forum was offered, I was pleased to seize the opportunity to discuss the subject most often raised when Americans and New Zealanders gather these days, to describe some of my own first impressions since arriving here, to review some of the bidding on ANZUS (Australia, New Zealand, United States security pact), to give you a U.S. perspective on what is happening between us, and to raise some questions, particularly about the benefits of collective security.

Inevitably not all of you are going to agree with all I have to say. Nevertheless I urge you to keep in mind that I speak as a friend, in the spirit of openness and honesty that has, and I hope will always, bound us and that is essential if we are to bridge our differences, as I sincerely hope we can.

Old and Good Friends

At the outset, I want to say some things that we have been saying to one another one way or another probably for as many years as we have known each

other but that bear repeating, never more perhaps than at this juncture. Only the rainbow trout in the Tongariro River and maybe a handful of the hundreds of New Zealanders I have met have greeted me as someone they would rather avoid. The rest of you, regardless of your view of the ANZUS issue, have been friendly and open. I deeply appreciate that. Your greetings reaffirm to me that our two peoples have always been more than close friends and allies. We are truly part of a family, members together in a historically unprecedented association of five English-speaking nations, born free of Mother England, sharing common values, the Common Law, the wisest approach to government the world has ever known.

Like close family members, we have listened to each other, even when we have not seemed to, and we have had substantial influence upon one another—some good, some less so. The bedrock of that influence, apart from our common historical inheritance, has been our willingness to be fair with one another and to respect one another's views and positions even when we disagree. That is a good and valued thing to have: the knowing that others in the family will understand and help, rather than attack or exploit you. Because of that, as many of your officials can testify, U.S. Presidents, Cabinet Secretaries, and officials have always spoken to you candidly, listened to you carefully, and, whenever able, heeded what you said. You have done the same for us.

While virtually everyone in New Zealand has been hospitable, I have more than just an impression that clearly not everyone here is happy with the United States these days. Not a few of you have politely scolded me since my arrival, saying that the United States is bullying and pushing New Zealand around, that we have lacked proper respect for New Zealand's sovereignty and national pride, that we have forgotten your past and ongoing contributions to maintaining freedom. I can accept that in part.

The United States is a big country; it rarely pleases everyone, nor should it; it often speaks with more than one voice; not all of us have always selected the most diplomatic language in the heat of debating our current differences. But we firmly believe that in the main, we

have been fair as well as true to our own very real multiple interests in this matter. There could be no profit or joy for us in pummelling New Zealand for the hell of it; that makes no sense. You have been too good an ally. Accordingly I urge you not to become overly exercised by excessive rhetoric but rather to focus on analyses of the issues. What we have done, in fact, in response to your rejection of our ships has, in our view, been restrained, confined to the military and intelligence areas, and commensurate with your action and U.S. interests.

At the same time, let me also assure you that we are, indeed, sensitive to your sovereignty, staunch character, and interests and that we have not forgotten your contributions, nor will we forget. True we are trying to persuade you to change your current approach to the ship ban, but no American official has or ever will deny your right to decide what you believe is right. It is utter bunk to suggest otherwise.

We also recognize that no nation has done more with what it has had in the construction and defense of world freedom than yours, nor done it more heroically. The Kiwi military man has proven himself one of the bravest and most resourceful world history has known. We hope you will continue your contributions in the future and, in that connection, we are well aware of your ongoing contributions in Singapore and the Sinai.

Idealism and Security

No one can be in New Zealand long and not be impressed also with the Kiwi sense of idealism and progressivism that has marked your history and marks your society today. You have often been on the cutting edge of social change in the world, and you are now going through a major shift toward market liberalization, which, among other things, will make a welcome contribution to deterring protectionism in the world. Americans are sensitive to and sympathetic to your idealism. While a lot of organizations work hard to prove the opposite these days, we have always infused moral purpose into our domestic lives and also, as you are now doing, into our foreign policy. In one manifestation of that moral sense, many in my country have opposed nuclear weapons in various ways and to various degrees almost since their inception. Your government, supported by a large portion of your population, is currently putting

highest priority on the ban of nuclear weapons and power in all of its forms in New Zealand. We have no problem with people anywhere who want to reduce the chance of war and the number of nuclear weapons. We work daily for those ends, and we work hard. But idealism obviously has to be tempered with realism; otherwise, history shows us our idealism will be exploited by those with different attitudes and goals, and we will tend to further the ends we most wish to avoid. In a recent article that appeared in the *Dominion*, Henry Kissinger put it this way: "Security without idealism in foreign policy is like a boat without a rudder, but idealism without security is like a rudder without a boat."

Your government alone among the U.S. allies has pursued its moral revulsion against things nuclear to the point of effectively banning American and British warships from your ports and of moving to incorporate the terms of this ban into legislation. That has raised questions not only in a large majority of American minds but in the minds of our common allies and in many New Zealand minds as well. Is it enough simply to oppose nuclear ship entry? Isn't the real challenge the larger question: How can we most effectively achieve a secure peace in the world where freedom and diversity will flourish?

The answer to the first question in the minds of not only the current U.S. Administration but also of a large majority in Congress, of other Americans I have talked to, and in the minds of allied governments is "no." An abbreviated American and allied answer to the second question is: We must maintain effective deterrence through our collective security arrangements.

ANZUS and the Ship Visit Question

It is difficult, however, to get as clear-cut an answer from New Zealanders as to whether they are more strongly opposed to admitting nuclear ships than in favor of maintaining ANZUS. I have asked the question many times. The government tells me a majority is more strongly opposed to admitting nuclear ships; the polls, as best as I can decipher, would have it about 50-50; many New Zealanders tell me about a silent majority who favor ANZUS over a ship ban.

I think time may well see further development on this question, for despite the extensive—some would say exhausting—debate on the ANZUS

issue, there are still a lot of questions in the minds of more than a few New Zealanders I have met. Two distinguished New Zealanders have summed up this notion for me. One, a Labor Member of Parliament, while supporting the government's policy in opposing nuclear ship entry, also told me that it was not clear to him where the policy would finally come out. This individual self-confessed that he had not thoroughly thought the question through, having been preoccupied by other aspects of the government's policies and programs.

The second, a former senior official, told a U.S. visitor: "I dreaded this interview. I knew you would ask me to choose between ANZUS and the nuclear ship ban. I just can't decide. I find it so hard to think this issue through."

Can either of us afford not to think such a fateful question through and to consider all sides before deciding? This is a question of major importance to Americans I can tell you, and I cannot help but think it is of greatest importance to you. It is, after all, a decision which could determine the entire thrust not only of your defense policy but of

U.S. Ambassador to New Zealand



Paul Matthews Cleveland was born in Boston on August 25, 1931. A 1953 graduate of Yale University, he received a master's degree from the Fletcher School of Law and Diplomacy in 1965. He served as a pilot in the U.S. Air Force (1953-56).

He joined the Foreign Service in 1957. His overseas assignments have included postings as economic and political officer in Canberra, economic officer in Jakarta, and political/military officer and political counselor in Seoul. He was Deputy Chief of Mission in Seoul from 1982 to 1985.

Ambassador Cleveland also has served in a number of Pacific-related positions in the East Asian and Pacific Affairs Bureau in the Department of State, including special assistant to the Assistant Secretary, Director of Regional Affairs, Director of Thai Affairs, and Director of Korean Affairs. He holds the rank of Minister-Counselor in the Senior Foreign Service.

He was sworn in as Ambassador to New Zealand on December 26, 1985. ■

your foreign policy for years to come. Your final answer on the ship ban will determine whether you will continue to be a fully trusted member of the Western alliance system or not. As I have said, we have no intention of trying to dictate the answer to you. We are both working hard trying to find some path through our current difficulties that will meet both sides' requirements. Obviously I do not wish to do anything to disturb that process, so I will not get into details. But I think it might be useful for me to set out again the problem in general terms as we see it and to draw some of the broad implications it entails.

Just why it is, if we have been such close family members who have communicated openly and with respect, that one spat between us on ship entry has landed us in divorce court? The answer, in our view, lies in the changes in practice and law regarding port entry that your government has introduced. Let me be specific.

First, to repeat, the problem derives from the New Zealand Government's effective denial of normal port access and from its initiative in moving to put its ban on nuclear ships into law. New Zealand's Government, not ours or Britain's, altered the fundamental alliance relationship, which in our case has existed for over three decades. In our view, New Zealand has chosen to curtail its cooperation as an ally.

How, you may ask, did your government do so, and why has curtailment led to such a major problem? First of all, the Government of New Zealand turned down a visit by the U.S.S. *Buchanan*, then it began to set its policy in concrete by introducing draft legislation that would require the Prime Minister to ban all nuclear ships. For reasons of deterrence and operational security, we, the British, and the French never confirm nor deny the presence of nuclear weapons on board ships; such a declaration would make a potential adversary's targeting task easier and could set a precedent that would complicate worldwide port access, that is, antinuclear movements elsewhere could seize on New Zealand's example to argue for similar law and practice. By requiring your Prime Minister to satisfy himself a ship has no nuclear explosive devices before admitting it, legislation as now drafted would lead us, for the first time in the history of our alliances, to an unacceptable dilemma: Either we would conform to the new law and render

neither-confirm-nor-deny useless, or we—or your Prime Minister—must deliberately flaunt the laws of New Zealand. Our allies, many of which share your nuclear phobia to one degree or another, plus many neutral nations, have refrained from putting us in such a position because they universally recognize that it would render effective alliance cooperation impossible or degrade our deterrent posture.

What then has been and will be the consequences of a continued port ban and/or passage of the draft legislation? Because your government's requirements effectively block entry of our warships, we see no way to fulfill our alliance obligations effectively. Why can't we have a "non-nuclear alliance" as your government requests? The answer is that we are not asking to involve you in planning or other consultative arrangements involving the potential use of nuclear forces, as is the case among the NATO allies; nor do we believe there is a high nuclear threat now in the South Pacific. We simply want to bring our ships here as we have for several decades in the past without erosion of our neither-confirm-nor-deny policy. But that we must have if we are to be able to meet our obligations as allies and maintain the *status quo*. Because we were denied entry, we took carefully calculated, deliberate action a year ago to limit our military/security relationship. As we approach the possible codifications of the port ban, let me say as we have before: In the event the draft legislation is passed in its present form, the United States will fully review its security relationship with New Zealand with the likely outcome being the suspension of its ANZUS security commitment to New Zealand. You may hear some accompanying unhappiness from some Americans if that happens, but believe me, there will be no real anger in that step. We will only take it with the deepest regret over the loss of such a valued ally and "family member" and only because we see it as essential to protect the free world's vital interests.

Why an Alliance?

In my conversations over the past 3 months, some New Zealanders have seemed to think that we like the alliance for the wrong reason—that it enables us to push you around or control you. Anyone who has had anything to do with the inner workings of our relationship would, I think, agree that that simply is not the way it works. Of course, each

party to an alliance as to any contractual arrangement—we as much as you—gives up some freedom of action. An alliance, like any close working partnership, entails responsibilities and obligations, at times considerable sacrifice, but ANZUS entails no derogation of independence or sovereignty. To the contrary, collective security arrangements like ANZUS provide mutual benefit by providing better guarantees of our individual sovereignty and way of life.

Assessment of the value of the ANZUS alliance must be made by each of its members based on estimates of strategic, political, economic, and other considerations. We cannot make that assessment for New Zealand. We can, however, legitimately point to some of the benefits of the alliance, some of which accrue to us both, some of which accrue principally to New Zealand, and some of which have, in my view, been given rather short shrift in public and private discussions since my arrival.

What then are the benefits of ANZUS as we see them and that we hope to preserve?

First of all, the benefit of greatest importance that accrues from all of our alliances, ANZUS included, is the enhanced ability to deter war and to maintain global peace and stability and the opportunity they foster for worldwide reduction of armament and tension. A week ago, Baroness Young presented to this institute a precise and full rationale for our, the U.K.'s, and our other allies' approach to deterrence and disarmament. We believe today that there is a real opportunity in Geneva to take some initial steps toward progress. We believe, to be realistic, one must recognize that Geneva is where the solutions will be found. We believe, moreover, that the Geneva process of seeking verifiable mutual balanced arms and force reductions has been enhanced and is at a promising juncture because the Soviet Union has seen clearly that there has been no failure of collective will on our side and, therefore, no promise that obduracy will produce divisions among the Western allies. The UN Charter honors a maxim as old as the hills: that united strength contributes to peace and security. Our alliances do that in the view of all their many members, none of which, to date, have chosen independent, isolated approaches. On the other hand, we do not believe New Zealand's ban on nuclear ships, weapons, and power will produce reciprocal commensurate moves from potential adversaries.

Regional Implications

The Asian and Pacific regional benefits of our alliance have also been of importance. Many in Asia feared in the wake of Vietnam that a general security and political disintegration of the area might ensue. Developments, however, have turned out otherwise. Supported by its alliances and buoyed by the determined response of the Asian nations not to give in to these fears, the United States did not withdraw, as many expected, or leave a vacuum. Instead the Pacific has progressed dramatically in the past few years. The reaffirmation of their belief in democracy by the Philippine people last month is but one more piece of evidence of the underlying importance of collective security to peace and stability in the region. How much of a chance would the Filipinos have had in the absence of relative regional harmony and stability?

Pacific economic development also benefits from our interlocking alliance structure. How much economic advancement do you think there would have been in the Pacific in the absence of basic stability? Insofar as our alliance system, ANZUS included, contributes to overall harmony, it has contributed to the economic growth miracle underway in the Pacific and to a continuing free trade region, where New Zealand, by the way, markets more than two-thirds of its exports. The United States has fought hard against protectionism; we have the most open market in the world. And as I have noted, New Zealand's own revolutionary effort to create more open markets is contributing substantially. These efforts and the welfare of all people in the Pacific are dependent on a continuing climate of peace and stability best fostered by close security cooperation among the nations of the region.

The Benefits of ANZUS

In addition to the broad global and regional benefits that flow from ANZUS to both of us, and to many third nations as well, the treaty brings a number of benefits to New Zealand specifically. Some New Zealanders I know would argue that the costs and risks far outweigh any gain from ANZUS, but according to the national polls and the discussions I have had since arrival, a substantial majority of New Zealanders appear to want to maintain the treaty. But the real question, as we know it, is not just whether you want ANZUS; it

is whether New Zealanders want full treaty status badly enough to pay the price of several annual U.S. and U.K. ship visits without challenging the American and British neither-confirm-nor-deny policies. I hope all New Zealanders will assess this question for themselves fully—and consider the status ANZUS confers on you with greatest care. For without the status you have enjoyed, not only your defense policies but your foreign policies, indeed, the way you have become accustomed to live, could change. Let me suggest four benefits that I believe New Zealand receives and that we hope will be preserved.

First, the security protection afforded you, without going into all the provisions of the contract, is, in my view, the cheapest and most reliable in the world. Barring our ships is tantamount to forgoing part of our premiums, never a good way to keep the insurance company happy and willing. I certainly would not count on it remaining so, not when your survival may be at stake. You will have to find a substitute defense policy, and that is liable to be quite expensive or of lesser quality. You will inevitably get what you pay for.

You can, of course, simply say to yourselves that the threat is minimal or does not exist—make it disappear like a Cheshire cat. Or you can rely on your relative geographic isolation. But there is a very widespread view out there in the world that that is less than prudent, particularly in an age when the world is becoming smaller and remoteness is becoming a less real concept. At best such an approach is a hope, not a policy. Prudent, foresighted people ensure against both known and unknown threats. Can you afford to take that kind of a gamble? During his recent visit, Prime Minister Lee Kuan Yew of Singapore made clear that he was unwilling to take that risk.

ANZUS not only ensures against future disasters; like any good modern insurance policy, it has provisions for preventing disaster—exchange programs, training exercises, information exchange.

In the words of one of your ablest senior military officers, the ongoing training and updating on new equipment your forces receive from the United States makes the difference between New Zealand having military forces or a constabulary. I am not a military man, and I am not the one to affirm this, but it is a sufficiently arresting thought that any country should want to examine it very carefully.

Second, ANZUS not only provides good insurance, it enables New Zealand to contribute meaningfully to the worldwide disarmament effort. As a highly respected member of the inner councils, your voice on disarmament, on security, as well as on a wide range of other issues has not only been heard, but it has been heeded. Your small size has in no way diminished the value and intelligence of your contribution. But what will you do if left outside the ANZUS and Western nations security discussions, where you will not have the opportunity to press your views, your idealism, your hopes for the world? It is human nature often to wish to remake mankind in our own image. Will you be tempted to push your views on nuclear questions and ship bans at the expense of your former allies? Some New Zealanders would like to do so, I know. But how would that be in New Zealand's interest? You need to ask.

Third, ANZUS has provided you even more than simply security insurance and a role in disarmament councils; it has bestowed on you, I and many others believe, an ability to conduct a far more influential role in the world generally than you might otherwise. It has had, in short, importance for all aspects of your foreign policy.

New Zealanders sometimes look skeptical when I have asserted how much clout the ANZUS calling card has given you in Washington. Few, if any, nations your size have had more or better influence, access, and ability to make their voices heard on international security, political, and trade issues in Washington. We are not going to punish New Zealand for denying normal port access. We have repeatedly said we will not impose trade sanctions. Inevitably, however, the special clout you have had has already begun to erode. That is not unfair; it is straightforward accounting—balancing the books—it's the real world. Your clout will not only erode in Washington, the attitudes of some of your other friends and allies, perceiving your new "nonaligned" status, may also change. You may find other substitutes that are satisfying and in your interest, but I would think you owe it to yourselves to be aware of the magnitude of the foreign policy shift you are undertaking. As former Assistant Secretary of State for East Asian and Pacific Affairs Paul Wolfowitz said recently: "The quality of the overall relationship, the closeness, the willingness to listen to one another, is certainly going to be affected, if the alliance relationship disappears."

Conclusion

Closeness, the ability and willingness to listen to one another—to truly listen; how important those qualities are, how blessed we have been. Throughout my professional life, I have served in Asia, wrestling with invisible opponents in the shadowed jungles of vastly different cultures than mine. These opponents are not the peoples of Asia; they are my misunderstandings of Asia's ways. As a group, we Westerners have traveled some and still must travel farther on this road to understanding Asia. Relations between Asian nations and the United States are excellent today, but I am sure you who have worked in Asia will readily understand, it takes forbearance, understanding, daily hard work, to bridge the cultural chasms that threaten to divide rather than unite East and West. We have been remarkably successful really, despite the calamity that keeps jumping out of our morning papers and radios. While the trading situation between Japan and the United States is in worse shape today than in 1936, we and Japan remain the closest of trusting friends and allies because we have invested heavily in understanding rather than opposing one another.

New Zealand and the United States on the other hand, such naturals really, joined by culture, history, values, and deep friendship, seem on the verge of willful separation. We are members of a family who, in the past, have exchanged virtually everything we know, who have out of that exchange learned to trust one another along with Australia, Canada, and Britain like no other group of five nations in modern history. Have you given enough thought to the value of that interchange? In your own vital interest, you should be sure and make a precise accounting. It is trust that is the last and most precious benefit of ANZUS—the intangible belief in one another that sustains ties when we fail, that in the end sustains human relationships, that keeps mankind from blowing itself apart. What has happened to our trust in one another? What more will happen to it?

We still have time. We continue to talk with your government about a solution to this problem wherein we can go on in alliance as we have been and as we should be. I have tried to say here today why it is so important we succeed. But I also have to say time is now quite short and to paraphrase Robert Frost: "... we have miles to go before we sleep." We must get on with it soon, or we will fail. ■

Compact of Free Association With Palau

MESSAGE TO THE CONGRESS, APR. 9, 1986¹

There is enclosed a draft of a Joint Resolution to approve the "Compact of Free Association," the negotiated instrument setting forth the future political relationship between the United States and Palau, a political jurisdiction of the Trust Territory of the Pacific Islands.

This Compact of Free Association is the result of more than sixteen years of continuous and comprehensive negotiations, spanning the administrations of four Presidents. The transmission of the proposed Joint Resolution today, and congressional enactment of it, marks the last step in the process for approval of the Compact.

The full text of the Compact is part of the draft Joint Resolution, which I request be introduced, referred to the appropriate committees, and enacted. I also request that the Congress note the agreements subsidiary to the Compact. Also enclosed is a section-by-section analysis to facilitate your consideration of the Compact.

On March 30, 1984, and again on February 20, 1985, I submitted to Congress a Compact of Free Association relating to the Marshall Islands and the Federated States of Micronesia, two other jurisdictions of the Trust Territory. That Compact was approved as House Joint Resolution 187 by Congress on December 13, 1985, and with my signature on January 14, 1986, became Public Law 99-239. The people of the fourth jurisdiction of the Trust Territory—the Northern Mariana Islands—have voted to become a United States territory when the Trusteeship is terminated. The Congress approved their political status instrument as Public Law 94-241.

The defense and land use provisions of the Compact with Palau, and the right of the United States to foreclose access to the area for military purposes of third countries, are of great importance to our strategic position in the Pacific and enable us to continue

preserving regional security and peace. Under the Palau Compact, the minimum term of United States defense authority and responsibility will be fifty years; otherwise, the Palau Compact is very similar to the Compact that the Congress approved for the Marshall Islands and the Federated States of Micronesia.

For almost four decades, the Trust Territory has been administered under a Trusteeship Agreement with the United Nations Security Council, which the United States entered into pursuant to the Joint Resolution of July 18, 1947. This Compact of Free Association with the Government of Palau fulfills our commitment under that Agreement to bring about self-government in accordance with the freely expressed wishes of the Palauan people. Termination of the Trusteeship Agreement and the formal assumption of freely chosen political status arrangements by all parts of the present Trust Territory are important foreign policy objectives of the United States.

The Compact with Palau was signed for the United States by Ambassador Fred M. Zeder II and the President of the Republic of Palau on January 10, 1986. It was approved on January 24, 1986, by both houses of the Palau National Congress. On February 21, 1986, the Compact was approved by the Palauan people in a United Nations observed plebiscite. The President of Palau has certified that the approval process has been completed in full compliance with Palau's constitutional requirements.

Enactment of this draft Joint Resolution approving the Compact of Free Association for Palau will complete the enterprise of self-government we began with the peoples of the Trust Territory many years ago. It is the final step preceding full termination of the Trusteeship Agreement. Therefore, I urge the Congress to approve the Compact of Free Association for Palau.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 14, 1986. ■

Counterterrorism Policy

by John C. Whitehead

Statement before the House Committee on Foreign Affairs on April 22, 1986. Mr. Whitehead is Deputy Secretary of State.

I am pleased to be here with you today to talk about U.S. counterterrorism policy. Given the recent U.S. military reaction to Libyan terrorism, and the diplomatic activity surrounding our strike, I would like to take this opportunity to apprise the committee on the broader elements of our policy and how we expect it to evolve. I will then address the details of implementing current legislation on aviation security.

I would also like to thank the Chairman [Dante B. Fascell] and the committee for their vital support in combating terrorism. U.S. policy in this area must continue to be solidly bipartisan.

The Libyan Threat

Libya is not the only state which supports terrorism, but it is the most flagrant violator of international law—in its organization and direct support of terrorist activities and in its use of surrogates, such as Abu Nidal. More than 50 Libyan diplomats have been expelled since 1981 by the United States and its allies for reasons of terrorism, an astonishing statistic. Earlier this year, Libya's support for terrorism was the subject of a State Department white paper [Special Report No. 138—"Libya Under Qadhafi: A Pattern of Aggression"]. That white paper is already outdated due to continuing Libyan terrorist acts with even more direct official involvement, including the bombing of La Belle discotheque in Berlin, probably the shooting of an American Embassy employee in Khartoum, and the killing of two British professors who were innocent hostages in Lebanon. We also note the tragic murder of Peter Kilburn, in circumstances yet to be explained, and the continuing plight of the American hostages in Lebanon. The long list of Libyan-inspired threats and actions directed against the United States and Europe demonstrates that Libya is systematically using terrorism as a matter of government policy. Libya's official support for terrorism is underscored by

its clear pattern of using its diplomatic representations in more than 35 countries to organize and support this terrorism.

The threat from Libya is not new, but it has increased dramatically in recent months. Our initial reactions were to improve security and to work with host governments where we faced specific threats. The response from host governments was universally good from these governments—with one exception. In Berlin, we advised both the East German Government and the Soviet Union of the activities of Libyan Peoples' Bureau members accredited to East Germany. Both governments noted our concerns and stated their general opposition to terrorism; but they undertook no actions to curb the activities of the Peoples' Bureau members. And it was that bureau which delivered the bomb to the La Belle discotheque that killed and injured 250 people. I am not accusing the Soviet Union or the East German Government of complicity in the bombing of the La Belle discotheque, but these governments did not use their influence and legal position to stop illegal activity on the part of Peoples' Bureau members accredited to East Germany.

Our military response to Libya's continued policy of terrorism against us was measured. It was based on the objectives of demonstrating that Qadhafi's continued pursuit of his policies would not be without direct cost to Libya; that the United States was prepared to use force to fight terrorism along lines repeatedly and carefully defined by the President; and that the United States reserves the right to defend itself and its citizens against aggression by any state, even when that aggression takes new forms, such as terrorism.

As the President said, our action may not stop Libyan-supported terrorism, but it will give Qadhafi pause and make other Libyans question whether they want their government to support such heinous acts. It will make the Libyan people wonder whether the costs are not greater than the benefits. It will also give moderate governments in the Middle East and our European allies time to undertake new steps toward preventing terrorism.

Protecting U.S. Citizens

Our right of self-defense is more than just a right. It is also our duty to protect our citizens. In the months and years preceding our most recent action in Libya, we saw risks increase abroad for our military and diplomatic personnel, for American businessmen, and for tourists. All have been innocent victims of terrorists. We increased security to the utmost where there were specific threats in Europe, the Middle East, Africa, and Latin America, and we put all U.S. official installations abroad on high alert. We increased our outreach programs to the private sector and to tourists to alert them to the threat. From the State Department, we repeatedly urged travelers to use prudence and common sense when traveling, especially to areas where threats were highest.

America is an open and highly mobile society. Millions of Americans travel abroad each year for business and pleasure. We must not be afraid to travel abroad. Rather, we must provide the proper security so that terrorists cannot strike, so that commerce continues to expand and tourists can continue to learn about each other's societies and cultures. We have made great strides in aircraft and airport security, which I will address in more detail later. But, until terrorism has been stopped, we cannot say that we have done enough.

The Need for Multilateral Cooperation

We are more convinced than ever that effective prevention of terrorism requires multilateral cooperation. It is no secret that we have had differences with European states over what measures were necessary to deter Libya and other states from supporting terrorism. We have engaged in a long-term effort to deter Libyan support for terrorism through peaceful economic and political measures. In 1979, we designated Libya as a state supporting terrorism. In 1981, we decreed unilateral economic sanctions that decreased U.S.-Libyan trade from \$5 billion to a few hundred million dollars. In January, we invoked legislation that virtually cut all remaining economic and political ties to Libya.

In January, I emphasized to European leaders that Qadhafi needed to

understand that he could not support terrorism and enjoy normal relations with civilized nations. We recognized that our allies would have to take similar measures for our sanctions to be fully effective. We also recognized that our allies would have to make Qadhafi understand that Libya could not continue to have normal political and economic relations with civilized nations, if peaceful measures were to be effective. The measures adopted were uneven; Qadhafi's attacks increased in number, geographic range, and deadliness. As a result, America decided it need no longer stand idly by, that the time had arrived for a carefully designed military action.

Some of our European allies did not provide the support we would have liked to see. However, having just returned from extensive meetings with European leaders at the OECD [Organization for Economic Cooperation and Development] meeting in Paris and from a meeting with NATO allies in Brussels, I would urge that this is not the time for recrimination. We have had extraordinary contacts on counterterrorism cooperation with the EC [European Communities] through our Ambassador at Large for Counter-Terrorism, Robert Oakley, and through Attorney General Edwin Meese. European states agree that multilateral cooperation must be made dramatically more effective. In the past week and a half, EC states have been engaged in intensive sessions on counterterrorism. We welcome this development, and we welcome the invitations we have received to cooperate with European states as a group. Our allies have also gotten the message that the economic costs to them of allowing terrorism to continue can be very high, as American tourists plan their vacations elsewhere. Our strike against Libya may have helped to open a hopeful new chapter in multilateral cooperation between European states and the United States.

I know of this committee's interest in promoting an international coordinating committee to combat terrorism. This Administration shares that goal. Our strategy—the only one that we can follow given the large number and diverse policies of countries involved—is the building block approach. In this way, governments that need to reorganize internally—as do we on some issues—are

able to make these adjustments, and governments are able to work out the new arrangements necessary for multilateral cooperation. Rather than making pronouncements about bold new structures, we need to work constructively with the Europeans, not in a manner which will cause them to reject cooperation with us. We must allow time for old policies and habits to gradually give way to the new ones necessary for broader cooperation. This is a difficult set of transformations. There is hope again for cooperation in the economic summit context and for cooperative arrangements with the EC. Progress is now underway, but we must guard against governments reverting to old ways of doing business after the shock of a terrorist incident has worn off. Our task is to maintain the current momentum until effective international structures are in place to prevent terrorism.

We also need to do a better job of handling the flow of information regarding terrorism. Due to the sensitive nature of much of this information, I suggest that together we devise a way of providing that information directly to members that need to know. I would be happy to go into the details of how we are cooperating with the Europeans and how we might better inform you and members of the committee in closed session.

Aviation Security

Aviation security is a key strand in the fabric of multilateral counterterrorism cooperation. The Department of State has actively supported improved security for international aviation. We have raised aviation security to a top priority issue within the International Civil Aviation Organization (ICAO) and have established contact with all of our bilateral aviation partners to meet the goals established by the Foreign Airport Security Act.

Strong U.S. leadership within ICAO resulted in the adoption of a major revision to the Chicago convention's annex 17, which deals with aviation security. This revision, which will become applicable next month, sets tough new international standards and recommended practices for airport and aircraft security, including standards requiring antiterrorism coordination between states, thorough examination of baggage, strict control over individuals

allowed on the tarmac and in other restricted areas of airports, and, in late 1987, positive passenger-baggage match procedures. ICAO also produced a draft model aviation security article to be adopted between states that has become the foundation for a major U.S. negotiating initiative.

Since January, the Department has launched negotiations with some 80 of our bilateral aviation partners for the adoption of an improved aviation security article based on the ICAO model. Agreements on security have already been signed or initialed with eight countries, including the U.S.S.R.; we are close to agreement with other states, including many of our major aviation partners. Although what we are seeking—i.e., exposing oneself to tough sanctions—is not easy for many states to accept, no country has rejected the concept of improved measures for aviation security.

The Anti-Terrorism Assistance Program, an important tool in our overall efforts to combat terrorism, has also become important in improving airport security. We are currently providing assistance to airports in many countries, including Cairo and Athens. This program could become significantly more effective if we were given greater flexibility to provide training-related equipment within the overall program budget.

Our other major bilateral effort has been to work with the FAA [Federal Aviation Administration] and Department of Transportation to implement the Foreign Airport Security Act. U.S. Embassy officers worldwide have paved the way for the FAA's foreign airport inspection program and have negotiated arrangements to allow armed U.S. air marshals to fly overseas. No formal warnings have yet been issued under the Foreign Airport Security Act, but FAA inspectors have identified areas for improvement in a number of countries which have been rectified following strong, though discreet, FAA and Embassy representations.

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. ■

Ethiopia: The UN's Role

by Alan L. Keyes

Statement before the Subcommittee on African Affairs of the Senate Foreign Relations Committee on March 6, 1986. Ambassador Keyes is Assistant Secretary for International Organizations.¹

I deeply appreciate the opportunity to come before this subcommittee to address the subject of the UN's role in responding to the situation in Ethiopia. I believe that in the past 18 months the United Nations has clearly demonstrated the important and unique contribution it can make to international efforts to relieve dire human suffering. In the fall of 1984, the Secretary General took the lead in alerting the world to the shocking magnitude of starvation in Africa. Since then, the world community has responded to the challenge with a abundance of heart. The United Nations has played a crucial part in coordinating that response and in helping to assure its effectiveness.

- The Secretary General appointed a special representative to the UN's special coordinating office in Ethiopia.

- To encourage timely and sufficient donor response to the crisis, the Secretary General established the Office of Emergency Operations in Africa. That office made a major contribution to the relief effort by cutting red tape and facilitating cooperation within the UN system. It has also kept donor governments and nongovernmental organizations advised of emerging needs on a timely basis.

- Within the UN system, the World Food Program's (WFP) role in logistical coordination of food shipments increased, and the WFP issued weekly bulletins on food aid deliveries to Ethiopia and the other African countries affected by the drought. The WFP is managing a truck fleet which delivers relief supplies within Ethiopia, in coordination with the Ethiopian authorities and public and private donors. WFP has one an outstanding job of handling this new responsibility without incurring significant new expense.

The UN's response to the Ethiopian famine recalls the highest aspirations of the UN Charter. I would like to salute

all those—within the UN system and without, in governments, private voluntary organizations, and simply as individuals—who have given of themselves, exhausting their minds, their bodies, their grief—but never their spirit or faith, in living testament to that ideal. I would especially like to salute Kurt Jansen, who recently retired as UN Special Coordinator in Ethiopia. I would also like to note that, as Americans, we can take a special pride in the critical contribution made by a fellow American, Bradford Morse, who crowned a long career of service with his inspiring leadership of the UN's Office of Emergency Operations in Africa.

The UN's response to the African famine reminds us once again that the best principles of the organization were themselves the fruits of mankind's determination not to abandon hope even after the experience of awesome evil, tragedy, and self-destruction in World War II. Most important, it reminds us that the UN ideal is not one that waits merely upon the will and ambitions of governments. It is one that reflects and must respond to the needs and suffering, the compassion and dignity of individual people. The United Nations cannot prevent nature's disasters; it cannot resolve all the world's conflicts or dictate the solutions for its economic or social ills—but it could work actively

to assure that the victims of disaster and conflict are not abandoned, that the children of woe are not neglected, that the targets of injustice are never ignored or forgotten. It cannot be the savior, but it could be the watchful conscience of mankind.

Ethiopian Resettlement and Human Rights Abuses

It could be. But for this potential to be fully realized, the members of the organization, and particularly those who become part of its permanent secretariats, must remember that, though the United Nations is composed of governments, it must be dedicated to the service of individual people. It was not a suffering government that appealed so deeply to millions of people around the world. Rather, the mothers, children, fathers, and old men—too weak to move, reduced to silence, yet crying out with a voice heard round the world—those dying thousands and tens of thousands called forth the UN's work in Ethiopia. Their humanity was its mandate, even as it should be the mandate of the organization itself. In one fundamental aspect, however, the organization has failed to fulfill that mandate. That failure has aroused deep concern and just indignation about the UN's attitude toward the roots of Ethiopia's—and Africa's—suffering.

Assistant Secretary for International Organization Affairs



Alan Lee Keyes was born in New York City on August 7, 1950. He received his A.B. from Harvard College in 1972. From 1974 to 1978 he was a Teaching Fellow at Harvard, and in 1979 he received his Ph.D. in Government from Harvard University.

Ambassador Keyes joined the U.S. Foreign Service in 1978 and has served as vice consul at the U.S. Consulate General in Bombay; as desk officer in the Office of Southern African Affairs; and as a member of the Policy Planning Staff.

In 1983 he resigned from the Foreign Service to accept a position as consultant to the National Security Council. Later the same year, he was appointed U.S. Representative to the UN Economic and Social Council, with the rank of Ambassador, representing the United States at the UN General Assembly and at numerous international meetings and conferences. In 1984 he served as Deputy Chairman of the U.S. delegation to the World Population Conference in Mexico City, and he was a member of the U.S. delegation to the 1985 Women's Conference in Nairobi.

Ambassador Keyes was sworn in as Assistant Secretary for International Organization Affairs on November 13, 1985. ■

Since the beginning of 1984, reports coming out of Ethiopia have suggested that the Ethiopian Government's massive scheme to move 1.5 million Ethiopians from their traditional homes and resettle them in government-created villages has produced hunger, deprivation, and death. The Ethiopian Government justifies its resettlement scheme on development grounds. Critics contend that it is politically motivated, aimed at disrupting popular support for forces fighting against the communist government and concentrating populations so as to make them easier to control and coerce. Whatever the truth about resettlement, however, one cannot but be shaken and concerned by persistent reports that the implementation of this scheme has involved a widespread pattern of abuses directed against a people already burdened by the crushing weight of drought and starvation.

By November 1984, the U.S. Government had concluded from these reports that the resettlement program was woefully planned, prepared, and supported and that it involved pitiless coercion, including forced family separation and physical deprivation. We felt there was reason to believe that these abuses had resulted in thousands of deaths. That same month, we disseminated our conclusions to FAO (Food and Agriculture Organization), other international organizations, and donor governments in order to discourage a major FAO initiative intended to support the resettlement program.

Since then, reports originating both in Ethiopia and among Ethiopian refugees in Sudan have confirmed our worst fears. In interviews, all such refugees included fear of resettlement among their reasons for fleeing Ethiopia. The French-based private relief organization *Médecins sans Frontières* (MSF) compiled a report from its volunteers working in Ethiopia. They concluded that 100,000 people have already died as a result of the resettlement program. Another organization, Cultural Survival, based in Cambridge, Massachusetts, confirmed the reports of coercion, human rights abuses, and 50,000-100,000 deaths in a systematic analysis of interviews with Ethiopian refugees in Sudan. Two former officials of the Workers Party of Ethiopia who fled to Sudan stated that coerced recruitment, forced family separations, property confiscation, and severe physical deprivation are not isolated abuses but endemic to the program. Their estimates of the death rates agree with MSF and Cultural Survival.

The Need for UN Involvement

Based on this evidence, as well as on continuing reports from our own people in the region, the U.S. Government has expressed its alarm about the continuation of the resettlement program. We have called for suspension of that effort, and donor support for it, until these reports can be verified and a system is instituted to prevent abuses in the future.

In the UN context we have sought to secure the cooperation of UN officials in pressuring the Ethiopian Government to respect the human rights and dignity of the Ethiopian people. Unfortunately, there has been reluctance in the UN system to take responsibility for addressing this problem. In adopting this posture, the United Nations has refused to challenge the reluctance of many donor governments to speak out or take action regarding the reported human rights abuses.

The U.S. Government is fully aware of the concerns and fears which give rise to this reluctance. Many donor governments and private organizations fear that drawing attention to the human rights abuses involved in the resettlement effort will confuse and erode public support in donor countries for relief efforts. They fear that if the international community puts pressure on the Ethiopian Government to suspend the program, that government will retaliate in ways that make much more difficult international efforts to assist the millions of Ethiopians who are still in dire need.

Has the Government of Ethiopia subjected its already endangered people to life-destroying abuses of their rights? If so, it may well be true that it would not hesitate to hold them hostage in response to pleas that it cease such abuses. But does this mean that the international community should avert its gaze, allowing its well-intentioned aid to become the instrument and excuse for this massive, deliberate hostage-taking? Must the world accept the grisly alternatives of letting the people of Ethiopia die from starvation and disease or else remaining silent while their government shatters and destroys the lives we have worked desperately to save?

The U.S. Government has acted in the belief that the best escape from this awful dilemma lies precisely in overcoming the paralyzing silence it creates. We believe that the UN system can play a major role in that effort—if its officials and member states can find the wisdom

and courage to pursue it. At this moment, the UN Human Rights Commission is in annual session in Geneva. The United States is seeking to obtain passage of a resolution that would establish some means of verifying and monitoring the human rights situation in Ethiopia in light of the persistent reports of abuses connected with the resettlement program. Despite the fears I have outlined above, we challenge our fellow member states to support this resolution.

Some states claim that they lack concrete information about the situation in Ethiopia. But, precisely because we do not know that the reports are true, we should establish a mechanism to investigate them. Because we are not sure that the abuses have occurred on so massive a scale, we should take steps to prevent them from becoming more massive still. Because we may be suspected of political bias, must we risk complicity in moral atrocity?

Avoiding Political and Racial Bias

I believe that the United Nations, and especially the UN Human Rights Commission, was conceived precisely in order to help the world community to deal with such dilemmas as this. Precisely because action by particular states may be suspect, we have sought to create institutions through which conscience may act without suspicion of particular bias. Unfortunately, until very recently, it was clear that these institutions were themselves infected with political bias, easily taking action against states identified with the West but unwilling even to whisper against offenders identified with the Soviet Union or against the forces of terror and radicalism in the developing world. In recent years, with the passage of resolutions establishing monitoring mechanisms for Poland, Afghanistan, and Iran, we have seen some correction of this bias. However, the Ethiopian situation represents an especially critical challenge because the UN system has yet to prove that the universality of its declarations of human rights is not to be amended for reason of race or color.

Such a statement may seem strange given that condemnations of apartheid, racism, and racial discrimination are commonplace in UN statements and resolutions. Such a record would suffice if respect for human rights, human freedom, and the human capacity for self-government required only that we sympathize with those who are victims of

Hemispheric Cooperation in the Administration of Justice

racial oppression. However, such respect demands not only that victims be defended no matter what their race—it also demands that governments be held accountable no matter what color their leaders may be. Those who condemn the white government of South Africa for its injustice against blacks but who do not even wish to verify the injustices that may be perpetrated by Ethiopia's Government against its people obviously imply that a higher standard of human rights is to be applied to whites than to peoples of other races or colors. We reject this implication. If it is racist not to care when black people are denied their rights, then it is racist not to care when black governments deny them.

Those who excuse the actions of the Ethiopian Government because the country is undeveloped and the people poor, uneducated, or unfed, also imply by their excuses that the poor, the uneducated, and the unfed must also be unfree. We reject this implication, too. As a government which stands by the universal creed of our Declaration of Independence, as human beings who respect the universal scope of the UN's Declaration of Human Rights, we believe that rich or poor, black or white, ignorant or learned, skilled or untrained or unfed—human beings *as such* deserve their human dignity, and all are entitled to be free. This means, of course, that governments everywhere, whether white or black or red, must be held to a standard which respects the rights and dignity of their citizens, no matter how trapped or powerless those citizens may be.

The preamble to the Universal Declaration of Human Rights clearly summarizes the spirit that should guide the United Nations in these matters:

... the peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women and have determined to promote social progress and better standards of life in larger freedom....

Obviously, the United Nations cannot be concerned with only the physical survival of the individuals it is pledged to serve. Its concern should be not only with whether people are fed but with whether they are free.

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. ■

The countries of the Western Hemisphere all have constitutions or other fundamental laws that guarantee rights and offer remedies for a range of social wrongs. The implementation of these laws depends upon judiciaries to protect the innocent, punish the guilty, and resolve disputes in a timely, fair, and impartial manner. A strong, responsible, and independent judiciary is, therefore, a cornerstone of democracy and a positive force for just economic and social development.

The U.S. Government supports the growth of democracy throughout the Western Hemisphere. Cooperation with the Latin American and Caribbean democracies in efforts to improve the administration of justice helps make democracy work for everyone. The United States does not seek to prescribe particular solutions to judicial problems of the hemisphere. Our purpose is to promote international cooperation, to help strengthen national and regional institutions, and to respond to requests for assistance.

A number of Latin American and Caribbean countries have developed programs to strengthen the administration of justice. Others have shown interest in such programs. At the same time, most of the national legal traditions of the hemisphere are similar to one another but different from those of the United States. U.S. programs, therefore, support regional sharing of ideas, expertise, and resources as well as programs in particular countries.

Areas of Cooperation

U.S. cooperation in the administration of justice combines public and private resources. The Department of State, the Agency for International Development (AID), the United States Information Agency (USIA), the Department of Justice, and private U.S. educational and professional organizations are engaged in activities with hemispheric counterparts. Multinational institutions, such as the UN-affiliated Latin American Institute for the Prevention of Crime and Treatment of Offenders

(ILANUD), the Inter-American Institute for Human Rights (IHR), and the Organization of American States (OAS), also are involved.

Programs to improve the administration of justice are developing on both national and regional levels, reflecting both the specific interests of individual countries and broader regional concerns. The proposals and desires of Latin American and Caribbean governments and professionals determine the activities and participating institutions through which the United States collaborates to support this aspect of democratic development in the Americas. Specific areas of cooperation include:

Legal Reform Commissions.

A number of countries have formed national commissions representing various legal community sectors to determine the state of the administration of justice and develop a national plan for improving it, including proposals for necessary legislation. The United States is prepared to provide financial and technical assistance to aid such efforts.

Specialized Training Courses.

Regional institutions, such as ILANUD or the IHR, are offering courses to improve practical legal and functional skills and knowledge. Regional courses serving the countries' common needs may provide the highest quality training and certain economies of scale. Regional programs also can promote greater cooperation among individuals and institutions.

Judicial Recruitment and Selection. Many democracies of the region provide by law for the nonpartisan recruitment and selection of judges on the basis of merit. The United States is prepared to support national efforts to implement these impartial selection processes to assure recruitment of qualified candidates.

Judicial Careers and Career Development. Most nations whose legal systems derive from civil law traditions provide, in principle, for a magisterial career. The United States will assist

governments that want to design and implement performance-based career structures for their magistrates, with appropriate training and evaluation of the judicial cadre.

Prosecutors and Public Defenders. A functioning system of justice requires legal officers of the court capable of developing the prosecution and defense of cases. Their training and capability are in the public interest to assure the fair and equal application of the law and to guarantee basic rights. We will provide assistance to countries that wish to design and implement programs to recruit, train, and develop prosecutors and public defenders.

Investigation. A functioning system of justice requires competent professional collection, analysis, and presentation of reliable evidence. This helps assure humane law enforcement, conviction of the guilty, and protection of the rights of the accused and the public. It promotes confidence in the judicial system. We are prepared to assist through specialized training that promotes effective coordination among investigative, prosecutorial, and judicial authorities.

Court Administration, Logistics, and Operations. Court administrators and associated support personnel, normally not legal professionals, support the entire judicial process. They provide essential services, from building maintenance to docket management and from financial planning to recordkeeping. We are prepared to assist efforts to diagnose needs and improve support for the court system.

One way to fight the terrorists, the drug traffickers, and all who abuse human life and dignity, is to develop the capacity of our legal systems to render independent, fair, timely, and accessible justice.

... It is fundamental that in a democratic society all citizens have access to means for effective enforcement of their civil, political, economic, and social rights.

Secretary Shultz,
November 12, 1984

Information System and Records Management. Absence of systems for codifying and disseminating new statutes and other legal materials makes it difficult for a judge to determine applicable law in a particular case. There also is a significant opportunity to increase court efficiency and assure fair application of the law through up-to-date records management, from the safeguarding of evidence to the classification of court documents.

Professional Associations. Professionalism and commitment to the principles of justice within the legal profession are essential to the quality of justice. We seek to encourage these qualities through exchanges among fraternal institutions, specialized orientation visits and training in the United States and third countries, invitational travel to professional conferences and association meetings, and assistance to professional groups such as bar associations.

Public Information and Education. Equal protection under the law and equal justice within a social order that maintains vigilance over the individual's basic human rights require public knowledge of how the judicial system works and of how disputes and legitimate grievances can and should be resolved through peaceful legal means. The United States is prepared to assist efforts to this end.

Current Projects

The ILANUD Project. The largest new U.S. program entails a 5-year grant to ILANUD to provide assistance to El Salvador, Costa Rica, Honduras, Panama, the Dominican Republic, and Guatemala. ILANUD, located in San Jose, has been training Latin American judges, prosecutors, and others since 1975. An AID grant has enabled ILANUD to greatly expand its operations and be more responsive to specific requests for assistance.

The ILANUD program includes training and technical and material assistance. It aims to allow both ILANUD and participating countries to analyze specific needs of justice systems and to design region-wide and country-specific projects to address them. A national commission has been formed in each country to bring together representatives of the principal participants in the justice system—the judiciary,

public ministries, bar association, law schools, and others—to set national priorities for reform and to formulate measures to address identified needs, including requests to ILANUD.

ILANUD has conducted month-long courses for penal judges and prosecutors, taught by judges, prosecutors, and law professors from various countries in Latin America. ILANUD will continue and expand training, seminars, and workshops to reach court administrators, legislators, and others. It also will work with the Inter-American Institute for Human Rights to support popular education efforts in human rights and legal guarantees.

ILANUD is conducting detailed technical assessments of the justice systems in each participating country as a prelude to the design of region-wide and country-specific projects. The assessment teams are composed primarily of nationals of the country in question, assisted as necessary by outside experts.

ILANUD also has begun region-wide projects to improve the collection of uniform criminal statistics and to support law libraries. ILANUD is providing a basic collection of legal materials to one library in each country as well as other material assistance sorely needed by the justice systems, such as office equipment. Projects also are planned for court administration and digesting of laws and court decisions.

While not all of the national commissions have indicated their plans to ILANUD, some areas of likely support have been identified. Several countries are interested in providing training in-country for judges in specific areas of law, e.g., a new penal code. Likewise, there is interest in effective implementation of judicial career laws, which in some countries are pending before the legislature and in others are enacted but not implemented. ILANUD is prepared to assist in organizing seminars or providing experts who might help in drafting such laws or implementing regulations. Other areas of possible assistance include establishment of effective public defender services and improvement in systems of land titling and registration.

Criminal Investigation and Court Security in El Salvador. Under civil law, investigative work necessary for successful prosecution of criminal cases is the responsibility of the court. In contrast to the common law tradition,

where evidence is presented only by the prosecutor and the defense, the civil law judge directs the investigation.

To provide the Salvadoran judiciary with a core group of well-trained criminal investigators, the U.S. Congress authorized in FY 1984, on an exceptional basis, expenditure of funds to train criminal investigators. Under that authority, a group of 22 specially selected recruits of the various Salvadoran security services attended a 6-week intensive training course on basic investigative skills, such as collection and preservation of crime scene evidence, interviewing witnesses, and ballistics and fingerprint analysis.

The Salvadoran Government has now assigned these individuals and additional recruits to a new national investigative commission responsible for investigating particularly difficult or sensitive cases. Training for these investigators is continuing. The investigative commission also has a forensics unit which is receiving training, equipment, and other technical support from U.S. experts.

The physical security of Salvadoran judges and other participants in the judicial system is threatened by terrorists and other violence. To protect the integrity of the judicial process, in 1984 the U.S. Congress provided funds specifically for the purpose of training a judicial protection unit. In September 1985 the Salvadoran Government officially established the judicial protection unit to protect participants in sensitive criminal cases.

Support for Bar Associations. A strong national bar association can play a leading role in identifying weak points in the administration of justice and developing proposals for overcoming them. While the situation varies greatly from country to country, Latin American bar associations generally have been less active than their U.S. counterparts in pressing for judicial reform, but many are interested in a more active role.

AID has provided a grant to the Inter-American Bar Foundation to support a series of regional meetings of the bar associations of countries participating in the ILANUD program. USIA and AID provided grants to the American Bar Association (ABA) to invite Latin Americans to the ABA annual meeting and to organize a workshop for the visitors.

WHITE HOUSE STATEMENT, APR. 8, 1986¹

We made note of Nicaragua's intransigence there in negotiations. It is regrettable that Nicaragua has not engaged in serious negotiations in Panama City with the Contadora countries. It is clear that other Central American countries were prepared to have serious discus-

sions. The Nicaraguans refused to take part in constructive talks.

We note that the communique gives Nicaragua another week to reconsider its position. It is also interesting to note that the behind-the-scenes role of Cubans in advising the Nicaraguan delegation has come to light.

¹Text from Weekly Compilation of Presidential Documents of Apr. 14, 1986. ■

Funds also were provided to the Inter-American Bar Association to hold the First Inter-American Judicial Conference at the association's November 1985 meeting in Mexico. The program consisted of a series of workshops on practical problems of judicial structure and function. The participants discussed ways in which their bar associations had worked and could work to improve the administration of justice.

Scholarships. The United States has financed scholarships for graduate legal studies at the University of Costa Rica for Central Americans committed to the advancement of the administration of justice in their countries. This program is continuing within the ILANUD project described above.

Professional Exchanges. As part of its ongoing emphasis on democratic processes, USIA has supported exchanges to enable U.S. and Latin American jurists to meet and discuss issues ranging from constitutional law to court administration. For example, USIA provided a grant for the ABA and its Brazilian counterpart to organize a seminar in Rio de Janeiro on the American constitutional experience and enabled a senior U.S. court administrator to spend a month working with the University of the Andes and with the Colombian Government. USIA and AID also supported the American Enterprise Institute's Second International Conference on Constitutionalism.

In January-February 1986, USIA offered for the first time in Spanish a month-long program on the U.S. legal system, which gave Latin American judges and other practitioners an opportunity to travel together and learn firsthand about the administration of justice in the United States. Supreme Court Justice Sandra Day O'Connor traveled to Mexico as the 1986 Lincoln Lecturer, speaking on the "Shield of Freedom: The United States Constitution and Its Courts."

Next Steps

The Caribbean and South America. Plans for 1986 contemplate, among other things, a regional program for the Commonwealth Caribbean and the exploration of needs and interests in South America, particularly the Andean region. As in the ILANUD project, the initial emphasis is likely to be on training of judges, prosecutors, and court administrators; support for local law libraries; and other technical assistance required by the countries involved. We plan to provide funding to enable increased participation by South American countries in ILANUD courses.

Training for Criminal Investigators. Congress has recognized the importance of the investigative element to the administration of justice. Pursuant to a 1985 amendment to the Foreign Assistance Act of 1961 (a new Section 534), throughout Latin America and the Caribbean the United States may now support programs to improve criminal investigative capabilities under

judicial or prosecutorial control. AID has transferred funds to the Department of Justice to begin an International Criminal Investigative Training Assistance Program working with judicial, prosecutorial, and law enforcement officials responsible for the collection, analysis, and presentation of evidence for criminal justice systems. This new program will be integrated with overall programs of cooperation to improve the administration of justice.

USIA Exchange Programs. In conjunction with the bicentennial of the U.S. Constitution, USIA will carry out a number of regional and multiregional programs on the administration of justice. Practitioners from Latin America and the Caribbean will participate this year in month-long USIA multiregional programs on the administration of courts, legal education, and the American legal system. Other USIA programs will enable U.S. experts to address specific audiences, work with universities, or participate in other activities requested by organizations in the region. For example, a grant to Fordham University and the National University of Buenos Aires will support a multinational conference on common law and civil law approaches to criminal justice and human rights.

Organization of American States. The OAS General Assembly has authorized initiation of a legal development program by the General Secretariat. The Secretary General recently asked member states to identify specific projects in their own countries. Funding is available during the present budgetary period for a limited number of such projects. The United States is prepared to collaborate with the OAS on this program as it evolves.

Closing Comment

Efforts to help strengthen the administration of justice must recognize and respond to local circumstances and encourage local and regional solutions. U.S. contributions will not export "made-in-the-USA" solutions. The initiative must come from national or regional institutions.

Effective administration of justice is essential to flourishing democracy. Cooperation in support of justice has a permanent place in our relations with our neighbors in Latin America and the Caribbean.

The Alliance for Progress and Today's Development Policy

by Elliott Abrams

Address before a conference on "The Alliance for Progress Twenty-Five Years Later" organized by the Center for Advanced Studies of the Americas on March 13, 1986. Mr. Abrams is Assistant Secretary for Inter-American Affairs.

In 1958, Presidents Juscelino Kubitschek of Brazil and Dwight Eisenhower of the United States exchanged letters in which they agreed that regional cooperation should be broadened to stimulate more rapid development. Kubitschek had in mind "Operation Pan America," which he envisaged as a plan going beyond even the Marshall Plan in promoting economic and social progress.

The foreign ministers of Latin America and the United States established a Committee of Twenty-One to study the Brazilian proposal. One of the results of the committee's work was the launching of the Inter-American Development Bank (IDB). Dr. Milton Eisenhower expressed this growing interest in hemispheric development when he strongly urged his brother to increase the flow of development capital into Latin America.

Then, 25 years ago today, John F. Kennedy called for an Alliance for Progress, which he defined as, and I quote:

... a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools—*techo, trabajo y tierra, salud y escuela*.

President Kennedy's call marked the beginning of a magnificent undertaking. It took tremendous optimism and political cooperation to attempt to speed up the development of an entire continent and to attack longstanding economic and social inequities. The alliance earned a unique place in the history of inter-American relations. The celebration of its 25th anniversary is well deserved.

Then and Now

Today, our attention is again focused on the nearer parts of this hemisphere. Some of the causes of our earlier concern are still with us, such as inequitable income distribution and the Cuban threat to the peace and stability of the continent.

But Latin America itself has changed much in the last 25 years. And with those changes must come new ways of dealing with the new obstacles to growth and to democracy that we face today.

What are some of the differences between the situation 25 years ago and the situation today?

Thanks in part to the Alliance for Progress, some of the changes are both remarkable and positive.

- Despite recession and crisis in the past several years, over the past 25 years the real economic product of the Latin American region has increased fourfold in aggregate terms and doubled on a per capita basis.

- Latin America's population is now almost two-thirds urban and almost three-fourths literate.

- Life expectancy at birth has gone up from 56 years in 1960 to 65 today; infant mortality rates have fallen by 40%.

- Women have moved massively into the labor force and the educational system.

- In the larger countries, almost 90% of all households have radios, and almost half have television sets.

- Industry accounts for a share of the GNP [gross national product] similar to agriculture, and electric power generating capacity is doubling every 6 years.

- Improvements in transportation and communications are bringing the region together and are simultaneously incorporating the region into the world economy.

There are some equally dramatic negative differences. Foreign debt in 1961 came to about \$10 billion; today it totals \$380 billion; 10 of the 15 largest debtor nations in the developing world

are in Latin America. Servicing the debt greatly reduces, where it does not completely consume, the resources needed for development.

As an aside, I might note that perhaps we should not curse the debt problem completely. It has had the salutary effect of underscoring the interdependence of the United States and Latin America. The recognition of this interdependence and of the concomitant imperative of cooperation could remind us of the spirit of common effort that marked the alliance.

The rate of population growth in Latin America has put strains on the social fabric almost as impressive as those created by debt. Where the region counted 209 million people in 1961, the same land mass must now support more than 412 million people, virtually double the total at the start of the alliance.

Population growth has coincided with a massive migration from the rural areas to the cities of Latin America. Because cities have traditionally received the lion's share of resources, some migrants may actually have improved their lot. But the migration from rural areas has led governments to devote still more resources to the urban areas, amplifying the distortion against rural areas, harming agriculture at the same time that the new urban concentrations were creating a need for increased food imports. The speed of this urban growth has also contributed to overcrowding and unemployment, as housing infrastructure and job creation have lagged behind the influx of newcomers.

Democracy and Its Contributions

These positive and negative changes have often been accompanied by social tension or ideological extremism. But one cannot talk about how Latin America differs now from 1961 without referring to the growth of moderating forces and a gradual strengthening of democratic practices. True, Cuba has become consolidated as a Soviet base and is a critical source of organized violence. But otherwise only a few isolated countries of the region remain actively anti-democratic. More than 91% of the people in Latin America and the Caribbean now live in countries with governments that are democratic or largely so.

This upsurge in democratic practices strengthens our ability to cooperate with our neighbors. It is infinitely easier

to work with governments that truly represent and speak for their people.

The growth of democracy and greater recognition of our economic interdependence have helped build more equal hemispheric relationships. It is far easier to undertake the necessary reforms if they are not the result of pressure from a "big brother."

One criticism made of the alliance is that it relied too heavily on bilateral aid. It is true that U.S. bilateral aid has declined in per capita terms. But U.S. assistance to Latin America in 1985 reached \$1.5 billion, only slightly less than the equivalent amounts during the 1960s. At the same time, World Bank and IDB lending to Latin America has gone from \$6.6 billion between 1961 and 1970 to \$51.2 billion from 1971 to 1984.

Even allowing for the recent concentration of U.S. bilateral assistance to Caribbean Basin countries, the change in the mix of bilateral and multilateral aid means that U.S. support for development in the hemisphere as a whole continues at high levels. In fact, when the U.S. contributions of between 20% and 40% of the capital of the World Bank and the IDB are considered, overall U.S. aid to Latin America today is significantly larger than it was during the alliance.

Lessons

In the past 25 years, it is not only Latin America that has changed. So has the state of our knowledge about the process of development. What are the lessons that we have learned over the past quarter century? Let's look at some of them.

The President's Council of Economic Advisers and individual scholars like Professor Jeffrey Sachs at Harvard have recently provided important insights into the lessons to be drawn from the economic experience of both the developed and developing countries. I commend their research to you. But let me just mention a few key points.

First, exchange rates. When market exchange rates are not maintained, domestic inflation transforms initially appropriate nominal exchange rates into substantially overvalued exchange rates. When this happened in a number of Latin American countries in the late 1970s and early 1980s, exports became less competitive, imports were overly stimulated, and foreign debt often increased.

Second, general price inflation.

Except in the short term, a rapid rate of inflation is generally associated with relatively poor growth performance. In the industrial countries high inflation generally brought less growth in the 1970s and 1980s than in the lower inflation 1950s and 1960s. In the developing countries, there has been high growth even with inflation rates in the range of 20%-50%, but inflation rates higher than this have inevitably led to economic disruptions.

Third, international trade policy.

An outward-looking, open policy that promotes exports and international trade is conducive to rapid economic growth. Relatively inward-looking policies concentrated on import substitution have resulted in costly inefficiencies.

This is one of the key conclusions of Jeffrey Sachs in comparing East Asia with Latin America. Although both regions received comparable external economic shocks in the late 1970s and early 1980s, and both had relatively similar ratios of debt to GDP [gross domestic product], East Asia generally promoted exports and maintained competitive exchange rates—and achieved significantly higher growth rates than did Latin America.

Fourth, incentives through relative prices.

This is crucial in all countries, developed and developing. Where individuals have freedom of choice, they will respond to relative price incentives in deciding on consumption, saving, and in offering their services. This has often been overlooked in countries with a wide disparity in per capita incomes and always with lamentable results.

In developing countries prices of agricultural commodities have often been held down in the presumed interests of low income groups. However this is attempted, it generally shifts production toward crops with higher market prices or toward a return to subsistence agriculture, producing serious declines in the national food supply and a black market.

Fifth, fiscal discipline. Experience does not prescribe an exact size for the public sector or a specific limit on the fiscal deficit. But nations that run large and persistent deficits at unsustainable levels (e.g., 8%-10% or more of GDP) inevitably suffer great difficulties when they stop living beyond their means. It is important to recognize that the hang-over is the result of the binge and not of going on the wagon.

I have listed these lessons separately, but much of the research on the experience of economic development speaks of them as parts of a whole. Turned into a general approach, they generate confidence among both domestic and foreign investors. When this approach is lacking, and when there is too much regulation or state planning, the result has often been capital flight. Conservative estimates suggest that more than \$100 billion of Latin American capital has fled since the late 1970s. A recent study concluded that in the 10 major Latin American debtor nations, of the \$44.2 billion in new net borrowing which was arranged during the period 1983-85, \$30.8 billion, or nearly 70%, was negated by capital flight. In some countries this hemorrhaging continues. It is difficult to expect significant new foreign capital flows under such conditions.

Action

The challenge we now face is analogous to that faced by the founders of the alliance: how to apply ourselves to the problems the hemisphere faces today. We must do so with the full realization that both developed and developing countries have obligations.

Trade. One of our major responsibilities in the United States is to continue to provide access to the U.S. market—the largest single market in the world and the most dynamic in recent years. We have done that for Latin America. From a trade surplus of \$1.4 billion with Latin America in 1981, the United States has gone to deficits of \$6 billion, then \$18, \$21, and \$19 billion. This is typically forgotten when commentators criticize U.S. trade practices only to ignore those of Europe, whose imports from Latin America are a fraction of ours.

U.S. support for free and fair trade and President Reagan's steps to back up his commitment to it have not always been popular here at home. Our domestic shoe industry clamored to keep out rapidly growing imports that would have cost Brazil alone up to some \$300 million annually in current export sales. The President ruled against the recommended quotas.

Another example is copper, where America's mines have fallen on hard times. The copper mining industry has pressed for barriers against foreign competitors and claimed, contrary to the evidence at hand, that Chilean copper

benefits from government subsidies. In 1984, the President rejected protectionist restrictions.

The Textile and Apparel Trade Enforcement Act of 1985 came encumbered with barriers to trade in copper and shoes. The Administration fought hard against the severe restrictions the bill would have imposed on all textile trade. At the same time, we pledged that we would try to hold the line on imports from well-developed and low-cost textile industries but would consider import growth from developing nations. The battle on the Hill was fierce. The bill passed both houses of the U.S. Congress. On December 17, 1985, President Reagan vetoed it.

The Caribbean Basin Initiative.

The five principles I mentioned a few moments ago also underlie the Caribbean Basin Initiative (CBI). The CBI is primarily a program of trade preferences, complemented by aid and investment promotion.

The trade provisions of the CBI (one-way free trade for most products from the region for 12 years) began to be implemented in January 1984. Although our traditional imports from the Caribbean have fallen, nontraditional items have been growing. Thus, our major specific objective for the CBI—broadening and diversifying the production and export base of the region—is being fulfilled.

But that is only a beginning. The rewards of the CBI—increased exports, expanded and diversified production, job creation—will go to those countries that have economic policies that encourage investment, efficiency, and innovation. For the CBI to be fully successful, the region must compete effectively in the international marketplace.

The Central America Initiative.

The recommendations of the National Bipartisan Commission on Central America called for greatly increased aid levels but explicitly recognized that aid alone cannot produce development. The assistance we are providing is, therefore, conditioned on concrete steps toward market exchange rates, liberalized trade, encouraging domestic and foreign investment, removing policies which distort relative prices, and reducing fiscal deficits.

We do not expect overnight results, especially given the security situation in the region, but our policies are reinforcing democratic trends and, we believe, laying the foundations for sustained growth in Central America.

The Program for Sustained Growth. Last October in Seoul Secretary Baker outlined a proposal for sustained growth which is often associated with his name. The *sine qua non* of this proposal is a more focused and determined effort at market-oriented structural reform aimed at greater efficiency, more domestic saving, and a more attractive climate for domestic and foreign investment.

If, and that is a big if, the debtor countries adopt measures consonant with economic growth, the World Bank, other international financial institutions, and the commercial banks will be able to support their reforms with significant new financing. A key element would be wider use of sectoral and structural adjustment loans of the World Bank. We also believe that under certain conditions the IDB could do more along these lines.

There is reason to expect a number of debtors to follow the outlines of this process to deal with the crucial symptoms of the debt problem: capital flight and slow growth.

These approaches to trade and debt are in harmony with lessons from the Alliance for Progress. They will work only if both the Latin American countries and the industrialized nations respond to the challenges and opportunities they face and if they avoid over-reliance on aid and statist solutions.

Conclusion

Earlier I noted the differences between the Latin America of 1961 and the Latin America of today. I also noted some of the similarities. One common characteristic of that period and this one is the fact that now, as then, the United States must have a sustained, consistent, and attentive bipartisan policy toward the region. Both the alliance and our current policy recognize that a consistent and a sustained effort by the United States and by the nations of Latin America—in partnership—is a necessary condition for success.

The greatest contribution of the alliance is the confidence that if we work together to solve our problems, we can overcome them. Those of you who formed the alliance taught us this. From you we have learned to cope with the problems we face in the hemisphere. With your model of enthusiasm and spirit, we can move forward with the assurance that we will achieve our shared goals. ■

April 1986

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

April 2-13

Defense Secretary Weinberger visits South Korea (Apr. 2-3) as head of the U.S. delegation to the 18th annual R.O.K.-U.S. security consultative meeting in Seoul. He visits Japan (Apr. 4-5), the Philippines (Apr. 6-8), Thailand (Apr. 9), and Australia (Apr. 10-12). He returns to Washington on April 13.

April 8

President Reagan meets with Soviet Ambassador Dobrynin to discuss the U.S.-Soviet relations and the summit in the U.S.

April 15-25

In Geneva, U.S.-Soviet delegations hold a second round of talks on outlawing chemical weapons. Ambassador Lowitz heads the U.S. delegation.

April 15-May 26

Ambassador Novak heads the U.S. delegation to the Human Contacts Experts Meeting in Bern. Topics include East-West family reunification, marriage between citizens of different countries, and the ability to travel for personal and professional reasons.

April 15

U.S. Embassy communications officer in Khartoum is shot in the head and wounded by unknown assailants.

April 16

President Reagan and West German Foreign Minister Genscher meet at the White House to discuss the danger and threat of international terrorism and the U.S. air strike on Libya.

The U.S. Embassy in Lagos temporarily suspends visa services to limit access to the embassy grounds as a precaution during demonstrations and several bomb threats.

April 17-18

A ministerial meeting of the Organization for Economic Cooperation and Development (OECD) is held in Paris to discuss macroeconomic, trade, and less-developed country issues. U.S. Treasury Secretary Baker heads the U.S. delegation.

April 17

U.S. evacuates dependents and nonessential personnel from the U.S. Embassy in Khartoum due to an escalation in terrorist threats and anti-American violence.

U.S. hostage Peter Kilburn is found dead of gunshot wounds near Beirut. A group identifying itself as the Arab Commando Cells takes responsibility for the slaying of Kilburn and two British hostages in response to the U.S. air strike on Libya.

April 18-19

Assistant Secretary Crocker visits Liberia to hold talks on economic assistance programs and Liberian economic reform measures with government officials.

April 18

Vietnam suspends talks with the U.S. on the U.S. servicemen listed as missing in action as a response to U.S. actions regarding Libya.

April 21

The U.S., U.K., and France veto a UN Security Council resolution condemning the April 15 U.S. air strike against Libya.

A car bomb explodes outside the U.S. Ambassador's residence in Lima. The blast leaves a hole in the outer concrete wall and breaks windows; no injuries are reported. The Tupac Amaru Revolutionary Movement (MRTA), a pro-Cuban group, claims responsibility in response to U.S. actions against Libya.

April 22

U.S. citizens move from west to east Beirut in the wake of recent terrorist actions in the area.

A bomb explodes near the U.S. Consulate in Songkhla, Thailand. No injuries are reported.

April 23

The House Foreign Affairs Committee and the Senate Foreign Relations Committee vote in favor of a joint resolution to prohibit the sale of \$354 million worth of missiles to Saudi Arabia.

April 21

Attorney General Meese, FBI Director Webster, and Ambassador Oakley meet with a group of EC ministers in The Hague. A statement is issued agreeing to increase consultations and exchanges of information on terrorism with the U.S. and other nonmember nations.

April 25

A U.S. Embassy communications officer in Sanaa, the North Yemen capital, is shot and wounded by unknown assailants in a passing vehicle.

The State Department issues a license to the U.S. Council for World Freedom, a private anticommunist organization, to send a UH-1B Huey helicopter for use in Honduras to help Nicaraguan rebels evacuate injured and sick from the war zones.

April 28-29

Under Secretary Armacost meets with Algerian Ministry of Foreign Affairs Secretary General Hamdani to discuss bilateral, regional, and global issues.

April 29

Assistant Secretary Ridgway meets with Soviet Charge Sokolov. She expresses U.S. regret over the accident at the Chernobyl atomic energy station and offers U.S. humanitarian and technical assistance.

A bomb explodes near the U.S. Ambassador's residence in Chile. There are no injuries to occupants, but two windows are cracked as a result of the blast.

Editor's Note: With this issue, we are discontinuing the End Notes section. ■

Current Actions

MULTILATERAL

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva, June 27, 1980.¹ Ratifications deposited: Colombia, Apr. 8, 1986; Yemen (Aden) Jan. 8, 1986.

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.

Accessions deposited: Afghanistan, Oct. 30, 1985; Somalia, Dec. 2, 1985.

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Bonn June 22, 1979.¹ Acceptance deposited: Brazil, Nov. 21, 1985.

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Gaborone Apr. 30, 1983.¹ Acceptances deposited: Brazil, Feb. 5, 1986; Chile, Sept. 6, 1985; Italy, Jan. 23, 1986; U.K., Dec. 13, 1985.

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: Antigua and Barbuda, St. Christopher and Nevis, Jan. 21, 1986.

Human Rights

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976. 999 UNTS 3.²

International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976. 999 UNTS 171.²

Accessions deposited: Sudan, Mar. 18, 1986.

Judicial Procedure

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.²

Accession deposited: Hungary, Apr. 7, 1986.

Labor

Convention (No. 144) concerning tripartite consultations to promote the implementation of international labor standards. Adopted by International Labor Conference, Geneva, June 21, 1976.

Transmitted to the Senate for advice and consent: Apr. 10, 1986 (Treaty Doc. 99-20).

Convention (No. 147) concerning minimum standards in merchant ships. Adopted by International Labor Conference, Geneva, Oct. 13, 1976.

Transmitted to the Senate for advice and consent: Apr. 10, 1986 (Treaty Doc. 99-21).

Law

Statute of the Hague conference on private international law. Done at The Hague Oct. 9-31, 1951. Entered into force July 15, 1953; for the U.S. Oct. 15, 1964. TIAS 5710. Acceptance deposited: Mexico, Mar. 18, 1986.

Maritime Matters

Amendment of article VII of the convention on facilitation of international maritime traffic, 1965 (TIAS 6251). Adopted at London Nov. 19, 1973.

Acceptance deposited: India, June 2, 1983;

Mexico, May 31, 1983.

Entry into force: June 2, 1984.

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.

Ratification deposited: Colombia, Apr. 8, 1986.

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.¹

Signature: New Zealand, Mar. 21, 1986.

Shipping

United Nations convention on the carriage of goods by sea, 1978. Done at Hamburg Mar. 31, 1978.¹

Accession deposited: Senegal, Mar. 17, 1986.

Slavery

Protocol amending the slavery convention signed at Geneva on Sept. 25, 1926, and annex (TS 778). Done at New York Dec. 7, 1953. Entered into force Dec. 7, 1953, for the protocol; July 7, 1955, for annex to protocol; for the U.S., Mar. 7, 1956. TIAS 3532.

Supplementary convention on the abolition of slavery, the slave trade, and institutions and practices similar to slavery. Done at Geneva Sept. 7, 1956. Entered into force Apr. 30, 1957; for the U.S. Dec. 6, 1967. TIAS 6418. Accessions deposited: Nicaragua, Jan. 14, 1986.

Telecommunications

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984 definitively for the U.S. Jan. 10, 1986. Ratifications deposited: Algeria, Jan. 14, 1986; Byelorussian S.S.R., Ukrainian S.S.R., Jan. 13, 1986; Cuba, Jan. 28, 1986; Oman, Vietnam, Jan. 23, 1986.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.

Ratification deposited: Italy, Mar. 20, 1986.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 15, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.

Ratifications deposited: Egypt, Jan. 16, 1986

Federal Republic of Germany, Mar. 31, 1986

Trade

Agreement on implementation of Art. VI of the GATT (anti-dumping code). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9650.

Acceptance deposited: Korea, Feb. 24, 1986.

Arrangement regarding bovine meat. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9701.

Agreement on import licensing procedures. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9788.

Acceptance deposited: Nigeria, Mar. 14, 1986

Treaties

Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.²

Accession deposited: Senegal, Apr. 11, 1986.

UNIDO

Constitution of the UN Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979. Entered into force June 21, 1985.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.²

ifications deposited: Costa Rica, Apr. 4, 1986; U.K., Apr. 7, 1986.
 Accession deposited: Bahrain, Apr. 4, 1986.

BILATERAL

Antigua and Barbuda

Agreement amending the agreement of Dec. 14, 1977 (TIAS 9054), regarding U.S. defense areas and facilities in Antigua. Effected by exchange of notes at St. John's Dec. 4, 1985, Feb. 5 and 26, 1986. Entered into force Feb. 26, 1986.

Bangladesh

Agreement relating to trade in cotton and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Feb. 19 and 24, 1986. Entered into force Feb. 24, 1986; effective Feb. 1, 1986.

Canada

Agreement concerning an experimental transborder air services program. Effected by exchange of letters at Washington Mar. 13, 1986. Entered into force Mar. 13, 1986.
 Perceles agreement effected by exchange of notes at Ottawa Aug. 21, 1984.

Agreement extending the experimental transborder air services program to a U.S. airport. Effected by exchange of letters at Washington Mar. 13, 1986. Entered into force Mar. 13, 1986.

Memorandum of understanding concerning a program of cooperation in areas of statistics. Signed at Washington Mar. 27, 1986. Entered into force Mar. 27, 1986.

Cuba

Memorandum of agreement for technical cooperation in the field of civil aviation, with annex. Signed at Washington Mar. 14, 1986. Entered into force Mar. 14, 1986.

Colombia

Memorandum of agreement concerning assistance in developing and modernizing Colombia's civil aviation system. Signed at Bogota Feb. 20, 1986. Entered into force Feb. 20, 1986.

Czechoslovakia

Agreement concerning trade in certain steel products, with arrangement and related letter. Effected by exchange of letters at Prague and Washington May 24, 1985. Entered into force May 24, 1985; effective Oct. 1, 1984.

Agreement extending the air transport agreement of Feb. 28, 1969, as amended and amended (TIAS 6644, 7356, 7881, 8868). Effected by exchange of notes at Prague Dec. 18 and 29, 1985. Entered into force Dec. 29, 1985; effective Jan. 1, 1986.

Dominican Republic

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Santo Domingo Mar. 6, 1986. Entered into force Apr. 14, 1986.

German Democratic Republic

Agreement concerning trade in certain steel products, with arrangement. Effected by exchange of letters at Washington July 17, 1985. Entered into force July 17, 1985; effective Oct. 1, 1984.

Guyana

International express mail agreement with detailed regulations. Signed at Georgetown and Washington Feb. 25 and Mar. 31, 1986. Enters into force July 1, 1986.

Honduras

Agreement for sales of agricultural commodities. Signed at Tegucigalpa Mar. 15, 1986. Entered into force Mar. 15, 1986.

Hungary

Agreement concerning trade in certain steel products, with arrangement and related letters. Effected by exchange of letters at Washington May 28, 1985. Entered into force May 28, 1985; effective Oct. 1, 1984.

Israel

Memorandum of agreement concerning the principles governing mutual cooperation in research and development, scientist and engineer exchange, and procurement and logistic support of selected defense equipment, with attachment. Signed at Washington Mar. 19, 1984. Entered into force Mar. 19, 1984.

Japan

Agreement relating to the furnishing of assistance in the field of training for defense services personnel and defense-related civilian personnel. Effected by exchange of notes at Tokyo Jan. 21, 1986. Entered into force Jan. 21, 1986.

Korea

Agreement concerning trade in certain steel products, with arrangement and related letter. Effected by exchange of letters at Seoul and Washington May 2 and 8, 1985. Entered into force May 8, 1985; effective Oct. 1, 1984.

Liberia

Memorandum of understanding for scientific and technical cooperation in the earth sciences. Signed at Reston and Monrovia Feb. 24 and Mar. 20, 1986. Entered into force Mar. 20, 1986.

Macao

Agreement amending agreement of Dec. 28, 1983, and Jan. 9, 1984, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Hong Kong and Macao Feb. 26 and 28, 1986. Entered into force Feb. 28, 1986.

Mexico

Agreement in the field of geothermal energy. Signed at Mexico Apr. 7, 1986. Entered into force Apr. 7, 1986.

Agreement extending the agreement of July 31, 1970, as amended and extended (TIAS 6941, 7927), for a cooperative meteorological observation program in Mexico, with memorandum of understanding. Effected by exchange of notes at Mexico Mar. 26 and Apr. 3, 1986. Entered into force Apr. 3, 1986; effective Apr. 1, 1986.

Mozambique

Memorandum of understanding for scientific and technical cooperation in the earth sciences. Signed at Reston Apr. 10, 1986. Entered into force Apr. 10, 1986.

Netherlands

Agreement concerning the stationing, support, and operation of the ground launched cruise missile (GLCM) system in the territory of the Netherlands. Effected by exchange of notes at The Hague Nov. 4, 1985. Entered into force Apr. 2, 1986.

Nigeria

International express mail agreement, with detailed regulations. Signed at Lagos and Washington Mar. 7 and Apr. 21, 1986. Enters into force July 1, 1986.

Oman

International express mail agreement. Signed at Muscat and Washington Feb. 12 and Mar. 27, 1986. Entered into force May 1, 1986.

Philippines

Agreement relating to air transport services and amending the Nov. 23, 1983, and Jan. 23, 1984, amendment to the air transport agreement. Effected by exchange of notes at Manila Sept. 5 and Oct. 31, 1985. Entered into force Oct. 31, 1985.

Agreement amending agreement of Nov. 24, 1982 (TIAS 10612), as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington Mar. 12-13, 1986. Entered into force Mar. 13, 1986.

Poland

Agreement concerning trade in certain steel products, with arrangement and related letter. Effected by exchange of letters at Washington July 11, 1985. Entered into force July 11, 1985; effective Oct. 1, 1984.

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

Moral Principles and Strategic Interests: The Worldwide Movement Toward Democracy, Landon Lecture Series, Kansas State University, Manhattan, Apr. 11, 1986 (Current Policy #820).

Africa

1987 Assistance Request for Sub-Saharan Africa, Assistant Secretary Crocker, Subcommittee on International Operations, House Foreign Affairs Committee, Mar. 18, 1986 (Current Policy #814).

Sub-Saharan Africa and the United States, Dec. 1985 (Discussion Paper).

East Asia

U.S. Security Interests in the Philippines, Assistant Secretary Sigur, Subcommittees on Sea Power and Force Projection and on Military Construction, Senate Armed Services Committee, Apr. 10, 1986 (Current Policy #815).

The U.S. and East Asia: Meeting the Challenge of Change, Assistant Secretary Sigur, Council on World Affairs, Cincinnati, Apr. 18, 1986 (Current Policy #821).

U.S.-Japan Trade (GIST, Apr. 1986).

Association of South East Asian Nations (GIST, Apr. 1986).

Economics

The Tokyo Economic Summit, Under Secretary Wallis, Conference Board, San Francisco, Apr. 10, 1986 (Current Policy #818).

Controlling Transfer of Strategic Technology (GIST, Apr. 1986).

The European Community (GIST, Apr. 1986).

ECD's Arrangement on Export Credits (GIST, Apr. 1986).

Third World Debt (GIST, Apr. 1986).

U.S. Export Controls (GIST, Apr. 1986).

U.S. Export Expansion (GIST, Apr. 1986).

U.S. Prosperity and the Developing Countries (GIST, Apr. 1986).

U.S. Trade Policy (GIST, Apr. 1986).

International Monetary Fund (GIST, Apr. 1986).

International Commodity Agreements (GIST, Apr. 1986).

Energy

The Oil Market and U.S. Energy Security, Deputy Assistant Secretary Wendt, Senate Committee on Energy and Natural Resources, Mar. 25, 1986 (Current Policy #812).

Foreign Relations Volume Released

The Department of State on April 21, 1986, released *Foreign Relations of the United States, 1958-1960, Volume I, Vietnam*. This volume presents the record of the years in which the Viet Cong insurgency against the South Vietnamese Government of President Ngo Dinh Diem began to gather strength. Some of Diem's American advisers urged him to concentrate almost exclusively on a military response, while others believed that increased military efficiency would be futile unless Diem took measures to win broader popular support. To help counter the Vietnamese communists, the United States augmented its Military Assistance Advisory Group, introduced the first teams of special forces advisers, provided additional military hardware, and began preparation of a comprehensive counterinsurgency plan. U.S. attempts to bring Diem to accept comprehensive reforms were more concentrated toward the end of the period, but had little effect. In November 1960, when noncommunist elements, principally in the South Vietnamese Armed Forces, mounted an unsuccessful coup attempt against Diem, the United States worked

for reconciliation between Diem and the dissidents.

The volume presents over 750 pages of previously classified documents on U.S. policy with regard to Vietnam. This authoritative official record is based upon the files of the Department of State, the White House, other government agencies, and selected interviews with American participants. The volume released April 21 is the first in the *Foreign Relations* series to be published for the period 1958-1960. This is also the first volume to extend coverage of the official documentary record of U.S. foreign policy to a full 100 years since President Lincoln began the series in 1861.

Foreign Relations, 1958-1960, Volume I, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of Volume I (Department of State Publication No. 9449 (GPO Stock No. 044-000-02107-2) may be purchased for \$18.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Checks or money orders should be made payable to the Superintendent of Documents.

Press release 88 of Apr. 18, 1986. ■

Environment

Environment in the Foreign Policy Agenda, Deputy Assistant Secretary Benedick, Ecology Law Quarterly Symposium on Environment and International Development, Mar. 27, 1986 (Current Policy #816).

Europe

The CSCE Process and East-West Diplomacy, Under Secretary Armacost, Commission on Security and Cooperation in Europe, Mar. 25, 1986 (Current Policy #813).

Dealing With Gorbachev's Soviet Union, Under Secretary Armacost, World Affairs Council, Dallas, Apr. 8, 1986 (Current Policy #825).

European Parliament (GIST, Apr. 1986).

General

Foreign Policy Challenges: A 25-Year Retrospective, Under Secretary Armacost, 25th Anniversary of the International Fellows Program, Columbia University, New York City, Mar. 25, 1986 (Current Policy #824).

Middle East

Arms Sales Policies Toward the Middle East, Assistant Secretary Murphy, Subcommittee on Europe and the Middle East, House Foreign Affairs Committee, Apr. 22, 1986 (Current Policy #822).

Terrorism

Counterterrorism Policy, Deputy Secretary Whitehead, House Foreign Affairs Committee, Apr. 22, 1986 (Current Policy #823).

International Terrorism, Apr. 1986 (Selected Documents #24).

Western Hemisphere

The Alliance for Progress and Today's Development Policy, Assistant Secretary Abrams, Center for Advanced Studies of the Americas, Mar. 13, 1986 (Current Policy #809).

The Situation in El Salvador, Apr. 1986 (Special Report #144).

Hemispheric Cooperation in the Administration of Justice, Apr. 1986 (Special Report #145). ■

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