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**Department
of State**
bulletin

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FY 1982 ASSISTANCE

Africa / 18

East Asia / 26

Europe / 38

Middle East / 48

South Asia / 68

Western Hemisphere / 69

Department of State bulletin

Volume 81 / Number 2050 / May 1981

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; special features and articles on international affairs; 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.

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CONTENTS

The Secretary

- Secretary Haig Interviewed on the "MacNeil/Lehrer Report"
- Secretary Haig Interviewed on "Meet the Press"
- Secretary Haig Interviewed for Spanish Television
- Secretary Haig Interviewed at Breakfast Meetings

Africa

- FY 1982 Assistance Requests for Africa (*Lannon Walker*)
- Military Assistance to Liberia (*Department Statement*)

Canada

- Maritime Boundary Treaty With Canada (*Mark B. Feldman, Rozanne Ridgway*)

Department

- FY 1982 Authorization Request (*Secretary Haig*)

East Asia

- FY 1982 Assistance Requests for Asia (*Michael Armacost*)
- Visit of Japanese Foreign Minister (*Secretary Haig, Masayoshi Ito*)

Economics

- Sixth International Tin Agreement (*Michael Calingaert*)

Energy

- Energy Policy and Conservation Act (*Edward L. Morse*)
- Energy Security and International Preparedness (*Edward L. Morse*)

Europe

- 38 FY 1982 Assistance Requests for Europe (*Raymond C. Ewing*)
- 39 Northern Ireland (*President Reagan*)
- 41 Situation in Poland (*Statement by White House Press Secretary*)
- 41 Poland's First Deputy Prime Minister Visits U.S. (*Vice President Bush, Mieczyslaw Jagielski*)
- 42 NATO Defense Ministers Position on Poland (*Statement by Deputy White House Press Secretary*)
- 42 Poland—A Profile

Foreign Aid

- 43 AID Bilateral Assistance Programs (*M. Peter McPherson*)

Middle East

- 48 FY 1982 Assistance Requests for the Middle East (*Morris Draper, Joseph W. Twinam*)
- 52 Hostage Agreements Transmitted to the Congress (*Department Explanatory Statement*)
- 54 U.S., Egypt Initial Nuclear Cooperation Agreement (*Joint Statement, Supplementary Information*)
- 54 Lebanon (*Secretary's Letter to Lebanese President Sarkis*)

Narcotics

- 55 International Narcotics Control (*Joseph H. Linnemann*)

Refugees

- 59 FY 1982 and FY 1983 Requests for Migration and Refugee Assistance (*W. R. Smyser*)
- 60 FY 1982 Assistance Requests for African Refugees (*W. R. Smyser*)

Security Assistance

- 62 FY 1982 Security Assistance Requests (*James L. Buckley, Richard R. Burt*)

South Asia

- 68 FY 1982 Assistance Requests for South Asia (*Jane A. Coon*)

Western Hemisphere

- 69 FY 1982 Assistance Requests for Latin America (*John A. Bushnell*)
- 71 U.S. Suspends Economic Aid to Nicaragua (*Department Statement*)
- 72 Economic Assistance to El Salvador (*Department Statement*)

Treaties

- 73 Current Actions

Chronology

- 77 March 1981

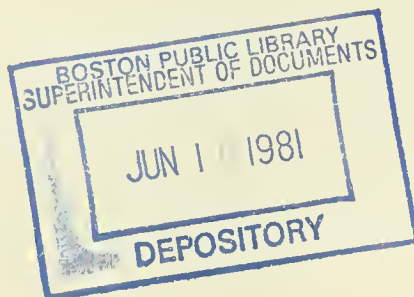
Press Releases

- 77 Department of State

Publications

- 78 Department of State

Index



New Feature

**Map and Chart Series
on U.S. Foreign Relations**

As part of the Bureau of Public Affairs' continuing effort to provide more and better graphic reference materials, the *Department of State Bulletin* will publish, from time to time, a new series of maps, charts, and graphs on important elements of U.S. foreign relations. Introducing this new series is a map of NATO and the Warsaw Pact (page 40) and charts on development assistance (page 45) and budget and personnel (page 25).

Subjects to be illustrated in upcoming issues of the *Bulletin* will include national security agreements, international organizations, trade relations, international investment and other topics of current interest.

Much of this material eventually will be assembled, reprinted, and offered for sale by the Superintendent of Documents. The material is written and compiled in the Bureau of Public Affairs by Harry F. Young; maps and graphics are prepared with the assistance of the Office of the Geographer, Bureau of Intelligence and Research.

THE EDITORS

Interview on the "MacNeil/Lehrer Report"

Secretary Haig's interview for the Public Broadcasting System's "MacNeil/Lehrer Report" with Robert MacNeil and Tom Lehrer on March 13, 1981.¹

Yesterday a top State Department official, who insisted on remaining anonymous, said the situation in El Salvador wasn't that big a deal, and, in effect, asked the press to cool it. Why isn't El Salvador that big a deal any more?

A. I wouldn't suggest that it's not that big a deal. I think the issue is that we do have a tendency to indulge in periodic preoccupations, if you will, with one event or another on the strategic horizon. And, to some degree, while El Salvador is extremely important, it is a situation which we neither established nor set for ourselves. But, even in the case of that, there are many equally important issues at large today—the situation in Afghanistan, the tense situation in Poland, and other global manifestations of illegal Soviet interventionism in developing states. And I think it's important that we not exclude concern about these other vital issues—East-West relations at large, arms control, and a host of other matters of equal importance.

Q. What happened then? Why did El Salvador, in your opinion, get out proportion in terms of these other major problems?

A. I don't think it's a usual thing. I think that we found a situation which is just becoming clear to the Carter Administration that we had a mass of intervention in this hemisphere through Cuba, the Soviet Union and other Eastern European allies, and Libya, which was creating a crisis that had to be dealt with, with both firmness and promptness. So it's understandable that people would be preoccupied with the event.

I think the comments made yesterday were not designed to belittle the importance of El Salvador but to suggest that we have other matters of equal importance in our search for world peace and international stability.

Q. Did this anonymous State Department official misspeak when he said—that's a direct quote—when he said it wasn't a big deal?

A. No. I don't suggest that he misspoke. I think he was attempting, in a dialectic fashion, to suggest that there are other problems and that we shouldn't be exclusively preoccupied with the El Salvadoran situation.

Q. Didn't you, in effect, make it a pretty big deal by choosing it as a symbol and virtually saying so, that this was going to be the first place to draw the line against international interventionism?

A. No, not at all, in the sense of your question. We did not bring about the events in El Salvador, we found them. And we found the situation serious and somewhat out of hand in the context of the intrusion of Cuban armaments and Soviet-supplied equipment to a guerrilla movement. All of this, of course, culminated in a large offensive in El Salvador in January. So it wasn't a contrived situation to draw the line on. And I would suggest, incidentally, that we in the West and we Americans must be as concerned about illegal Soviet interventionism in El Salvador, in Africa, in the Middle East, in Southeast Asia, and wherever international law is violated and the rule of force is applied against people who are seeking self-determination and social change.

Q. Didn't you say to yourselves—perhaps you in particular—"Look, let's grab this one because we can quickly establish in the eyes of the world, the Soviets included, that there's going to be quite a sharp change in foreign policy from the way it was handled in the Carter Administration"?

A. I wouldn't want to suggest it, again, in as sharply drawn terms as you've posed in your question. Clearly, we have a situation that was serious, that was running rampant in the sense of the arms shipments that were moving into this hemisphere. And clearly, whether it had been there or been in Africa, I think the response would have been the same, because clearly, we do wish to make it evident. And we want the Soviet leadership to understand that

whereas we may have been less than vigorous in opposing these actions in the past, they are no longer acceptable if we are to maintain a spirit of improving East-West relations.

Q. The reversal of this request now that the press not be too preoccupied with it, are you saying: "We, the Administration, blew it a bit, and we overplayed it, and you overplayed it," or just, "We and the press overplayed it"?

A. Not at all. I don't think it's a value judgment on either side. It's a suggestion that there are other events of some significance that must not be overlooked on the contemporary scene, and I hope that they would not be.

Q. A couple of times already, you have said: "We had a situation." Does that mean that that bad situation has now gone away? It's not as severe and critical as it was?

A. Not at all. But I think after the January offensive, which failed, and the return of the guerrilla movement to classic guerrilla tactics, which are serious and which are hurting the peace and stability and social progress in El Salvador, we will also continue to be faced with a large influx of armaments to prepare for the next round.

We moved promptly, both with expressions of concern and the termination of assistance to Nicaragua, which had been the main platform for the introduction of these armaments, and we found that there has been some slackening of those arms movements into El Salvador. There is some evidence today, for example, that the guerrillas, themselves, are hard pressed for ammunition and additional weapons. We've had some assurances, both public and private, from the Government of Nicaragua that they are not going to be involved in this kind of activity.

Also, I will be frank with you, we have some countering evidence to suggest that the activity is merely to look for new entry routes through other third countries.

Q. By Nicaragua or by the—

A. By the overall movement—the Cuban-directed effort in this hemisphere,

which includes coordination with leftist, Marxist-Leninist elements in a number of Central American states.

Q. The Cuban involvement, then, has not slackened. Is that what you're saying?

A. I think it would be difficult to say that it has not slackened. We have witnessed some drop off in the level of activity we had witnessed before we took the positions we did. There is a considerable amount of armaments from Eastern Europe in the pipeline. Whether they are going to remain in Cuba or remain in Nicaragua, remains to be seen.

Q. As a matter of policy, are you and the others in the Administration going to—I don't know how to put it—are you going to quit talking about El Salvador as much as you have until now?

A. Not at all. I think you don't establish ground rules; you must deal with events as they occur. The situation in El Salvador is an important one; it's a serious one. It's been the subject of a great deal of controversy, as you know. There has been a great deal, I think, of misunderstanding with respect to U.S. objectives and motives there.

For example, I find that despite the fact that we repeatedly introduce any comments on the internal situation in El Salvador with the clear objective that we have set for ourselves—to avoid extreme outcomes of the left or the right and a desire to achieve social change, social progress, economic development, and a free choice by the people of El Salvador—there seems to be always a great deal of emphasis on the \$25 million or \$35 million of military assistance on the so-called Vietnam parallel. This I don't think is justified by the situation. That is our problem: We have to cope with it by reiterating on every occasion what our objectives are.

Q. Can I ask you to make the objective more precise for us? Is it to strengthen the Duarte junta forces so that they can destroy, wipe out, and defeat the guerrillas by military action? Or is it to bring about some kind of political negotiations and a settlement before that takes place?

A. Let me describe it as, basically, twofold. First, it is to terminate or to see that the influx of arms to the extreme left in El Salvador from external sources, whose objectives are clearly not those of the Salvadoran people, are terminated. That's one facet of our objective. The second is to create the cir-

cumstances to provide the Duarte government, which we view as the best and most solid platform for future social reform and an ultimate democratic process in the country, and to do that through the early realization of elections, the electoral process. And it seems today that most of the elements in El Salvador are in favor of the elections with the exception of the extreme left, which I don't think would fare very well in such elections, which says something in its own right.

What we're talking about is preventing the introduction of illicit arms, and beyond that, advice, control, and direction which is also evident; and to bring about an early manifestation of the will of the people and their own self-determination, and to decide for themselves what kind of government they want.

Q. Does that involve militarily defeating the guerrilla movement?

A. I think that's a question which is hard to answer. I think the Archbishop of San Salvador—Bishop Rivera—over the weekend, commented that the guerrillas have lost the support of the people, that they are viewed as not interested in the welfare and the social development of El Salvador. Whether they determine that on their own right and abandon bloodshed, terrorism, and murder for a ballot box contest, which we would hope, is a question that only time can answer.

Q. One of the questions that has been raised about American policy among other Western allies—like West Germany, which is a social democratic government—is that your policy appears to be making the guerrillas appear monolithically Marxist-Communist-led and -motivated, whereas they say there are a lot of people in that movement with whom they—social democrats—are sympathetic, who are liberals and non-Communists. How do you assess the complexion of the guerrilla movement?

A. I think essentially it's leadership, with command and control. Its external support is Marxist-Leninist. There are, of course, a number of elements who have associated themselves with the guerrilla action which could not be fairly described as Marxist-Leninist. For example, the Socialist Party, itself, and their leadership joined the Marxist-Leninist group and, unfortunately, the consequence of that was to discredit that movement in the eyes of the people of El Salvador.

I think President Duarte has expressed a willingness to discuss issues internally with any of the elements who are willing to abandon bloodshed and terrorism for the political process. And of course, we are strictly comfortable with that outcome, although there are skeptics that it will rarely occur until external command and control ceases.

We have picked up a network of electronic command and control in El Salvador that far exceeds what we saw during the Sandinista phase of the Nicaraguan revolution. It is sophisticated; it is externally run and externally manipulated. I don't think we should lose sight of that.

Q. Many of the papers today have front page stories about the so-called deemphasizing of El Salvador, quoting a top State Department official who's anonymous. What is the purpose of this procedure—announcing policy through an unnamed State Department official, when we know who the official is, and only the public doesn't know. What is the purpose of that? Do you approve of it, and are you going to continue it?

A. I asked myself this morning who the unnamed official was. I think it was Mr. [John A.] Bushnell, our Acting Assistant Secretary for Latin American Affairs, and I think he made a comment at the outset of what was entitled a "background" briefing. Your viewers may or may not understand that "background" means that direct attribution is not made, although you can make reference to "a high official."

This is a question, I think, which the press is best able to answer. We have complied with the desires of the press on a "background" basis. Sometimes it enables the briefing itself, or the briefing to be somewhat more, shall we say, forthcoming in the discussion with the press. And I don't think you yourselves would recommend elimination of the "background" process. However, it is to be used with prudence.

Q. But here we have a case where seemingly, a change in American foreign policy toward El Salvador was announced by a State Department official, and nobody knows who he is.

A. It's a 24-hour story, because of the decibel entry into "background" by Mr. Bushnell. After all, I think it is clear that we're very concerned about the events in El Salvador. We are not trying to manipulate the level of attention that the press gives. The purpose of Mr. Bushnell's comments was to suggest

hat there are, indeed, some other events of significance for the American people to be concerned with in the foreign policy area.

Q. You told reporters this morning at breakfast that some low-level meetings between U.S. officials and Soviet officials are going to begin fairly soon. When, between whom, and what is the purpose of them?

A. I think just the fact of that statement is sufficiently clear to suggest that we do anticipate talks on a number of venues, as a matter of fact. We have committed ourselves with our European partners, for example, to discuss, under the two-track system for theater nuclear modernization, some negotiations with the Soviet Union on theater nuclear arms control.

We would have, of course, a dialogue which I would anticipate would take place between Ambassador [Anatoly E.] Dobrynin, when he returns from Moscow, and myself. We have a number of existing fora which involve U.S. and Soviet discussions of longstanding—the Standing Consultative Committee, nuclear weapons, and a number of other areas of interface such as rules of engagement on the high seas, for example. So we have not entered into a period of isolation vis-a-vis the Soviet Union. Precisely, the opposite.

Q. When you begin your talks with Ambassador Dobrynin, are you doing that with the idea that they might eventually lead to conversations between you and Foreign Minister Gromyko, and then maybe finally to a summit meeting between Mr. Reagan and Mr. Brezhnev?

A. Hopefully, of course. I would hope that progress can be made in lower level talks and then intermediate-level talks at the Foreign Minister level which would suggest, at some point, that a head of state, or head of government meeting would be both productive and in order. But I would not want to leave you with the impression that we anticipate that this will occur in the very near future. There are too many outstanding differences between ourselves and the Soviet Union which, unfortunately, have brought the state of world peace to a rather precarious level. We have witnessed Soviet interventions in Africa, starting in Angola in 1976, running through Ethiopia; Southern and Northern Yemen; the first Soviet intervention in Afghanistan followed up by

direct military intervention a year later; the overrunning of Kampuchea, formerly known as Cambodia, by North Vietnamese proxies of the Soviet Union.

I think it's clear to the American people—I know it's clear to our Western European partners—that were we to continue to ignore the Soviet activities, the objectives of assuring world peace and international stability would be gravely threatened. Clearly, the time has come for the Soviets to understand that this is no longer acceptable action.

Q. You want them to do something to demonstrate to the United States that they understand that, before you recommend to President Reagan that he talk to Brezhnev?

A. I would anticipate some manifestation of good will and understanding that there must be greater reciprocity and greater restraint in contemporary action.

Q. Do you want the troops out of Afghanistan?

A. Our ultimate objective and that of our allies, of the Islamic conference, and a number of Third World leaders as well is to achieve the total withdrawal of Soviet forces and the neutrality of Afghanistan. That is not an abandoned objective by this Administration. However, the timing of that is going to be associated with guarantees and a sequence that doesn't mean that every last Soviet official has to be out of Afghanistan before talks on other substantive areas could begin. We must maintain flexibility and a progressive sense of purpose.

Q. You mean some token withdrawal would indicate good will?

A. No, no, no. I think we need an understanding that this is going to occur on a given time schedule, and we need some manifestations of other Soviet restraint in other areas, not the least of which is the recent activity in this hemisphere.

Q. Various State Department officials—some named and some not named—have indicated in the last day or so that you are concerned about the situation on the borders of Poland and, particularly, the fact that the Soviets are going to hold military maneuvers. What exactly is the concern?

A. I think we are watching very carefully two recent manifestations of a changing situation in Poland—one being

a somewhat harder line, recent evidence from Moscow related to the internal situation in Poland; and secondly, the about-to-be-initiated Soyuz exercise, the scope of which clearly is approaching, if not exceeding the 25,000-man limit provided for in the confidence-building measures of basket III of Helsinki, which incurs, at least, the political liability or obligation of reporting such activities. So we're watching it very, very carefully at the moment.

Q. Has Western intelligence estimated or do you have an idea of how many Soviet troops it would take to subdue Poland if they decided to gamble?

A. I think these estimates have been made by responsible people, and there are a number of varying estimates depending on the circumstances of such intervention, should it occur. But I want to emphasize that we don't necessarily anticipate that such an entry by the Soviet Union is inevitable, imminent, or acceptable from the Western point of view.

Q. Have the Western allies, now that you've had time for consultation—you've seen a number of Foreign Ministers, and there have been some heads of government meetings—now agreed on what they would do if the Soviets intervened?

A. I don't make it a habit on national television to divulge the consequences of what have been intense and extensive consultations on this issue within the alliance and other fora. I think I can say, however, without reservation, that the progress made in these discussions has resulted in the broadest and most detailed consensus that I've witnessed in some time. The bottom line of that consensus is that any intervention by the Soviet Union, directly or indirectly, in the internal affairs of Poland would have grave and lasting consequences to East-West relations.

Q. And have the Soviets themselves been informed directly of what the consequences would be, even though you don't want to make them public?

A. I think the bottom line consequences have been very clear to the Soviet leadership, and I'm very much aware that they are acutely conscious of them. I don't see that they have any desire to move into Poland.

¹Press release 66. ■

Interview on "Meet the Press"

Secretary Haig was interviewed on NBC's "Meet the Press" on March 29, 1981, by Bill Monroe, NBC News (moderator and executive producer); Barry Schweid, Associated Press; Georgie Anne Geyer, Universal Syndicate; and Marvin Kalb, NBC News.¹

Q. What can you tell us about the outlook in Poland as of this moment?

A. We've been watching the situation with a stepped-up intensity in recent hours and the situation is still very, very tense. There are some good and also some continuing worrisome signs.

Q. The TASS news agency, the official Soviet agency, said today that Poland is in a state of mounting anarchy and accuses the Solidarity Union movement of launching an open struggle against the Polish state. Doesn't that have an ominous ring to you?

A. Indeed it does, and that's very consistent with the other worrisome trends we've been watching, including the military exercise which has been extended for an indefinite period, growing frictions between the moderate and rightist elements in the political leadership itself, problems within the economic situation in Poland, food shortages, and some indications of growing frictions between the moderates and the extremists in the political hierarchy.

Q. So the situation is no less critical than you felt it was a couple of days ago?

A. I think there are some signs that perhaps a major crisis can be avoided if the moderate elements in the political leadership continue to prevail and maintain their influence.

Q. The United States warned the Polish Government—not the Soviets, but the Polish Government—3 days ago not to use force against the Polish unions. Would Western nations, would the United States consider some kind of sanctions against the Polish Government if they took such action that they would regard as internal?

A. I believe it is very hard at this juncture to determine whether such actions would be internal or external despite the fact that internal forces may have applied the repression. The key issue here is that Poland is facing some serious and grave economic and food shortage problems, and we in the West, the United States and our allies, would like to be helpful. But should there be a repression, an elimination of the progress achieved thus far, and a rolling back, if you will, this would become increasingly complex and difficult for us.

Q. As the situation stands now, do you anticipate the Russians moving troops into Poland?

A. I have said, and I repeat today, that that situation is neither imminent or inevitable. I do believe that that varies hour to hour by various postures taken by Soviet forces. And at this moment, that posture is at a heightened state of readiness, with communications in place, and with some indications of increased posturing which could lead to that, so we are watching it very, very carefully.

Q. What would be the effect, do you think, on the Soviet empire if the Russians moved in? In a sense, wouldn't it be good for U.S. objectives because it might lead to a dissolution of the empire?

A. In no way. I think any application of force in the internal affairs of the Polish people could have unforeseen and most dangerous consequences, and I don't know of any responsible official in this Administration that would welcome that outcome.

Q. Well, then, the United States would be well served, I suppose, by propping up the Polish economy, and yet you are punishing the Russians with a grain embargo. Isn't there some anomaly there?

A. There are some inconsistencies, as there are always contradictions in the conduct of our affairs. Clearly, we do seek to help alleviate the suffering and the anguish of the Polish people at this difficult time. As you know, we inherited

a grain embargo, and the intentions of the President are, of course, to lift that at the earliest possible moment. He has never favored it, and I have never favored it. But the act of doing so, at this juncture, could send out very deleterious signals in the context of our ability to manage East-West relations and the Polish issue specifically.

Q. Regarding the events of this week and the conflict or nonconflict between the White House and the State Department, you yourself have worked in the White House in an extraordinarily high position, and many people have said that the problem was more personalities than of ideology. you were President Reagan, how would you have handled the strong personality of Alexander Haig?

A. I have that problem continuously. I think the situation has clearly been resolved and resolved in a very happy way, as the President said on Friday in an interview with the *Washington Post*. You know, there are questions of substance—real issues, if you will—in foreign policy and questions of form. This involved a question of form. That has been resolved and resolved very happily to my satisfaction, and I know from my discussions with the President with his satisfaction. The time has now to get on with dealing with the questions of real issues for the American people in the foreign policy area, and that's what I intend to do.

Q. Then there were not really questions of substance or of ideology that were different between the White House staff and yourself?

A. I'm not aware of a single instance thus far in my relationships with President Reagan that we had any differences, either of nuance or even tactics, in the conduct of the nation's foreign affairs. I know I am here because he saw certain compatibility between our two viewpoints, and I think that is a very happy circumstance for the American people.

Q. Would the events of this week change your behavior in any way, subtle or direct?

A. That suggests other aspects of my behavior, day to day. I think the real question here—and that comes up

regularly—is my effectiveness influenced by these passing events? My answer to that is, not in any way at all. You know, I'm dealing with the real issues that my report card will be rendered at some point in time by the President and by the American people. And so the answer to that question will have nothing to do with these events but rather how we deal with these growing and, I think, unprecedented dangers to our nation in the foreign policy area.

Q. Just to pick up a couple of points here, do you feel that last Tuesday when you went public with what seemed to be criticism of the crisis management and arrangement with Vice President Bush at the top of that, had some way or another you had made a mistake?

A. I think there were mistakes made across the board. There were misunderstandings. And it was my view that what I revealed in my testimony was totally consistent with the state of the nondecision on that issue at the time. But those things happen. Communications sometimes are not all we would like to have them. This is an Administration that is evolving in the context of form. I don't think there is much of a learning curve to be achieved in the area of substance and that's the important aspect of it, and I'm very comfortable with it.

Q. How are you going to avoid that kind of misunderstanding in the future? Have you and the President worked out an arrangement that is more precise than the looseness that obviously bred the problem?

A. Indeed, of course, this is so, and it involves more regular meetings between the two of us, and it involves some other steps which will be taken in the near future in the form area. But I want you to know that I am very, very comfortable with the relationship that President Reagan has established with me and my role with respect to that relationship, and I expect it to be intimate and highly successful in the period ahead.

Q. On Poland, you mentioned earlier that there are some good signs. You've talked about the worrisome signs. What are the good ones?

A. The good signs would involve some indication that the moderate elements in the political structure of Poland seem to be surviving well at the current moment and maybe will continue to prevail.

Q. Do you feel—let me ask it this way—on what basis do you feel the United States can complain about a Polish suppression of Polish workers?

A. I think any rollback of the progress made with respect to reform in Poland would be historically and inevitably a matter of great concern to the United States.

Q. But you have always described it as an internal matter, the last Administration and you as well. So if the advance is internal, wouldn't the retreat be internal as well?

A. Your question there involves what I would call the degree of inter-relationship between the political leadership in Poland and the Soviet Union. And, clearly, here the lines are—have existed for all the years since the Second World War, and the annexation or restructuring of Poland.

Q. Do you feel, when you mention the heightened state of alert of Soviet forces—that indeed forces, for example, are being moved out of barracks toward borders—has there actually been a movement of Soviet forces into Poland as part of the recent exercises?

A. No. There were some adjustments, especially with sophisticated communications capabilities, some of which are occurring without the participation and cognizance of the Polish military forces, which is a worrisome sign, in the first instance. But I think most of the worrisome signs involve readiness measures being taken along the Baltic military region, in East Germany, and in some of the other satellite states.

Q. President Reagan refers to the leftist guerrillas in El Salvador as terrorists, and he speaks of revolution being exported to the Americas. I'd like to ask whether the U.S. Government is totally hostile to the left-wing guerrillas in El Salvador, whether there might be some feeling that some of those guerrillas may be, in their own minds, genuinely fed up with what they look on as oppression, past injustice, and right-wing murder squads?

A. Of course, there are very clear and strong overtones of those influences in the rebel movement. I would suggest that the opposition in the first instance, the initial revolution which placed the current government in place was a consequence of those extremes of the right. And we don't welcome them, and we don't endorse them. But what is clearly evident to us is that the leftist movement, the rebel activity, its command, control, and direction, now is essentially in the hands of external forces—Cuban, Nicaraguan, and, of course, indirectly Soviet.

Q. You feel those left-wing guerrillas in El Salvador are in the control of, being manipulated by, being dominated by Communists?

A. There's no question about that. We have very sophisticated, detailed, hard evidence to confirm it. For example, the command and control of communications network that has been implanted in El Salvador, which manipulates the rebel activity, is centralized outside of El Salvador.

Q. You have been criticized for what your critics look on as an overemphasis on El Salvador altogether and for an overemphasis on the military aspect of it. What you are now saying about the guerrillas, does that mean that there is no possibility in your mind for a political settlement, some kind of compromise that will involve all sides?

A. Not at all, we welcome a political settlement. Indeed, that's the objective we've established for ourselves in the conduct of our policies which incidentally involve the three-to-one ratio of economic assistance, development assistance, to the military assistance. Now, President Duarte has called for early elections in El Salvador. He offered 3 weeks ago to establish an electoral commission. He's offered amnesty to the rebels to come in and join and welcomed all parties to participate in this electoral commission and early elections, which would be a reflection of self-determination and the will of the people of El Salvador. What we are opposed to is the imposition of external assistance and direction and, frankly, takeover in the subsequent government.

Q. The guerrillas of another sort operating in Angola, in fact, it is a reverse situation, you have a leftist government, you have guerrillas that are non-Communist, the Administration has called for repeal of the Clark amendment which prevented the United States from assisting guerrillas. Possibly looking for some consistency or wondering about consistency, what is the Administration's intentions toward those guerrillas, and isn't that an external application to a domestic situation? Put another way, why does the United States have a right to do something in another country that the Soviets don't have the right to do?

A. I'm glad you asked that question, because there has been a lot of speculation, some of which is misinformed, with respect to our future policies toward Angola. As you know, we have asked, along with a number of other legislative reforms, that we lift the so-called Clark amendment. We've also asked for additional modifications of restrictions on executive power that involve Pakistan and which involve Argentina. This is a matter of principle.

Now, having said that, let me assure you that a unilateral restriction of American policy options in dealing with a dynamic and dangerous situation of the kind that exists today in southern Africa, automatically *a priori*, deprives us of the kind of influence we would want in our efforts in the future to seek a negotiated peaceful outcome of southern African problems, including Namibia, and ultimately and above all, the withdrawal, promptly, of Cuban forces from Angola.

Q. Word is beginning to leak out that a mission will be going to southern Africa, headed by Mr. Crocker [Chester A. Crocker, designate for Assistant Secretary for African Affairs], will that mission go to Angola, and how will you deal with the problem of telling that government about this principle?

A. As I have been stating publicly up until now, we have been in the process of a very thorough review of America's southern African policies. We've completed the first phase, and we'll now move into a second phase which involves some active diplomacy, and that will indeed include some travel

by American officials to the area. It will involve discussions with the front-line states [Angola, Botswana, Mozambique, Tanzania, Zambia, Zimbabwe], with South Africa, and with the so-called "Five" — our European partners [France, Federal Republic of Germany, and the United Kingdom], Canada, and ourselves, that have been involved in the U.N. process on Namibia.

Now, it would be premature for me to disclose today precisely who the discussions will be held with and the particular venues or timing, but this will happen very shortly, and I think it will tend to disabuse a number of elements in our country who have been both concerned and incredulous about some dramatic shifts in American policies in southern Africa, which are not justified. We will pursue our own policies, and they will be different from the previous Administration's but not in the context of some of the speculative stories that you have read recently.

Q. The first visitors to Washington these last few months have tended to be what Ambassador Kirkpatrick [Jeane J. Kirkpatrick, U.S. Representative to the United Nations] has called the oppressive authoritarians — the South Koreans, the Argentines, etc., and the South Africans, this week — albeit undercover. The — many people feel that your policies of countering the Soviet Union are very well taken, but they question whether we are not going overboard in the other side in supporting these sorts of countries so enthusiastically. Are we doing that?

A. I think in some respects that's a bum rap. I think the first thing that I want to make clear to our viewers is that it's been our experience that one deals with contesting parties on any issue best through a normal relationship of confidence and friendship, not by isolation and the creation of paranoia. Inevitably, any negotiating process is best served by that kind of a relationship. Now, you will note that this past week I met with the Foreign Minister of Nigeria, who I don't think you would categorize as a repressionist, authoritarian diplomat. We have spoken to all sides, and we will speak to all sides. And we will hope in the period ahead to create a degree of confidence in all sides, that our efforts in the direction of

peaceful solutions are going to be credible and will be able to influence the outcome of events rather than to indulge in high-profile public condemnations of policies we don't like. These condemnations should take place in the quietude of diplomacy and not be tests of manhood, to refer to that term again.

Q. In these meetings, for instance with the South Koreans and the Argentines, were points put forward to deal with the human rights violations? In effect, is it being dealt with in the quiet of diplomacy, as you suggest?

A. The very act of suggesting that to be the case would be a violation of the requirement that we not divulge these things publicly. Let me assure you that with respect to Korea, our historic relationship with that government is going to be strengthened and broadened in the period ahead. We are not oblivious to violations of human rights or other individual freedoms that we seek to aspire and which we have been assured the current leadership seeks to broaden itself, and I think recent activities by that government confirm that.

The same would apply specifically to Argentina, where we had extensive forthcoming and most cordial discussions with President Viola, and I think even the experiences of our sharpest critics on the Hill would have confirmed that this is a modern, enlightened man with whom we best work in a constructive way. Isolation and the creation of insecurity creates the intractable attitudes that have resulted in no progress in the past.

Q. The national security adviser, Richard Allen, spoke last week and, talking about Western Europe, said there is outright pacifist sentiment there. The last national security adviser spoke about European self-Finlandization, which pretty much comes to the same thing. Do you share these views? Do you feel that they cut across your efforts to improve relations with our West European allies?

A. I would first want to emphasize that our relationships with our Western European partners have never been as good or as promising as they are today and I say that after the intimate and lengthy discussions we have held with the key foreign ministers from Europe from Canada, and there is a total convergence of view.

Interview for Spanish Television

The following interview with Secretary Haig was held in the Department of State on March 30, 1981.¹

Q. You are going on your first trip overseas as Secretary of State. What is the reason to stop in Spain?

A. Basically, of course, the stop is a demonstration of a continuing dialogue between the United States and Spain. I will seek to report not only on the consequences of my Middle Eastern trip but, more importantly, to discuss bilateral relationships between our two governments and to emphasize, as strenuously as I can, the support of this government for the democratic process in Spain which has been the subject of some controversy recently.

Q. Going back to the events of February 23, there is some inspiration or perhaps some misunderstanding in the political circles and also in the Spanish press about the real meaning of your first public reaction in the State Department about the events there. Would you care to comment on this?

A. Clearly, as a consequence of misinformation or mischief, the question was asked of me the morning that we had the first reports of some kind of controversy in your Parliament. We knew nothing of the situation, and I made the offhand comment that this is an internal matter and clearly indicated we had to find out what it was all about before any judgment or any comment would be made.

At that time, there was no knowledge here in Washington, nor was there any knowledge in our Embassy in Madrid with Ambassador Todman, as to either what the situation was all about, what the motivations for it were, what the objectives of the so-called disturbance in the Parliament were to have been. This was clearly the proper position to take at that time.

Subsequently, when we learned the true character of the situation, our pronouncements were clear, both to your government, to His Majesty, a message from the President. And I know of no one in the U.S. Government, myself included, who would ever depart from the overall objective of supporting the democratic process in Spain, which we both admire and which we seek to see carried forward.

Q. But do you really have the idea also that the special sensibility in Spain about any word that comes from Washington, especially when our democracy is in trouble—and we think we can also talk on the side of the Latin American democracies? Do you think that this comment is a clear sign of the Reagan Administration of support of democracy [inaudible].

A. I think, clearly, anyone who is following American policies day-to-day knows that the U.S. Government is at the vanguard of those democratic nations which are seeking an extension and broadening of the democratic process. That includes continued concern, of course, about the achievement of human rights and basic human values that are the inherent aspects of the democratic process.

With respect to Latin America, I have had visitors here such as the Prime Minister of Jamaica, who just recently presided over an electoral return to the democratic process. We have had the President of Mexico. The first visit Mr. Reagan made, even before his inauguration, was with President Lopez Portillo of Mexico. There will be a followup meeting in a few weeks between the two leaders.

I think nothing is higher on the American agenda than the achievement of the democratic process worldwide. On the other hand, we have felt that in the recent past, there has been too much public condemnation of traditional friends and allies who do not enjoy the same level of democratic freedom that we do here in the United States. We feel that this is best handled in a quiet, diplomatic dialogue rather than by criticism and condemnation publicly in the isolationist regimes that are seeking to broaden their base.

Q. You mentioned before that Ambassador Todman was there. There was also some criticism about him in the Spanish press. Do you think that Mr. Todman has the full confidence of the State Department?

A. Mr. Todman is one of our most respected diplomats, and he does enjoy our full confidence. I can assure you that Ambassador Todman knew nothing of the situation developing in your country before the fact, and that perhaps is a contributor to the controversy with respect to my area of competence,

Now, we have these same sentiments that Mr. Allen talked about in Europe in our own country. All of these leaders in Europe preside over tightly balanced constituencies and, of course, there are some worrisome overtones that have been evident for a decade or more. Our problem is to work quietly with our friends and allies in Europe to try to develop a consensus of concern about the threats facing us all, including the one Mr. Allen touched upon with which I wouldn't care to give a value judgment.

But this is the way that we are going to succeed in the period ahead, and I'm very confident that that's the policy of Mr. Reagan, and it is certainly the policy of our Department of State, at this juncture.

Q. Do you feel—and I don't want to throw too simplistic sounding a question at you when we have less than a minute to go—but is it your view that the United States and the Soviet Union can indeed coexist peacefully, or do you feel the Russians are out for what used to be called world domination?

A. I've often said that a question of that kind is irrelevant. The simple facts are that we are in competition in a number of fundamental areas and that will result in competition and confrontation for the period ahead. What is important is that our Soviet partners in this duality, at long last, recognize that they must abide by international rule of law and not indulge in the kind of illegal interventionism that they have been indulging in in the period past, at an increasing level and with great dangers to world peace.

¹Press release 85 of Mar. 31, 1981. ■

before we even knew what the nature of the problem was.

Q. In regard to your visit to Spain, as you know, the United States and Spain are in negotiation of the extension of the bilateral treaty, and also you know the Spanish Government promised that it was going to make a decision soon about the continuation of the Atlantic alliance.

Talking first about the bilateral treaty, could you tell me what are the interests of the U.S. Government from the military aspect of the treaty for the next 5 years?

A. Of course, we look forward to negotiating at an appropriate time an agreement to replace and update the 1976 agreement of friendship and cooperation. This involves, as you know, the presence today of some American forces in Spain. We believe that presence meets the joint interests of the Spanish and the American people, and we would hope to be able to continue with appropriate arrangements as determined in the upcoming negotiations.

With respect to this issue, it has always been our view that these agreements are designed to provide to both sides an equitable degree of interest and that they do, in fact, serve not only United States and Spanish relationships and ties of friendship and mutual security relationships, but they also fit into the broader context of Western security, as well. In that context, we do not see this issue in any way as being in conflict with NATO aspirations that Spain may or may not have.

Q. I'd like to ask you if you see any advantage or disadvantage in having the two things together. I ask you because there are some comments from the position on the left, the Socialist Party, that the entrance of Spain into NATO recreates an imbalanced situation in Europe—I mean in the East-West relationship. What is the U.S. view?

Also, you have been at NATO for a long time now. What's the feeling of the European members of NATO about this?

A. As you know from my own record, I am a strong advocate of the Spanish membership in NATO, but I do recognize that this is a decision for the Spanish people to make. There is no one attempting to interfere with that process.

I think with respect to balances, our great concern today is that imbalances

have developed and that the member governments—the free, independent, democratic governments of Western Europe—are all threatened by this situation. Spain is going to be equally threatened, whether it belongs to NATO or does not. As a matter of fact, its security is best served by a security linkage with the rest of Western Europe and those who share common values with the people of Spain.

The question sometimes arises about costs. It has been our experience in the United States that our participation in this alliance, although it brings costs, that these costs are far less than what we would have to apply to our security were we not in the NATO alliance and were we not to enjoy the benefits of the collective capability of our Western European partners.

Q. Do you think that the Spanish economy is now in a position to afford the cost of integration in NATO?

A. Clearly, the question is, can Spain afford to provide for its own security? I think any sovereign nation is faced with this challenge, and it is not a challenge that can be avoided.

It would be my basic point that it would be less costly for Spain in overall security terms and that Spain would acquire greater defense and greater capability as a consequence of its alliance with the other Western European powers, the United States, and Canada.

Q. Perhaps it is a difficult question to answer, but do you think there will come any economic help, either from Congress or from the buildup of NATO to Spain if they want to, in the bilateral thing, raise the prices of the present treaty or in the NATO thing. Some feel that they have not enough money just to—

A. This is a question that has to be answered by the Spanish people with respect to their own security needs. The bilateral relationship with the United States has always been built and structured on what I call equitable sharing.

The Spanish Government makes contributions of goods and services in strategic locations, and the United States makes contributions to be sure that Spanish defenses are what they should be and to help in that process.

Incidentally, this same thing occurs in the NATO family where some of our governments, which are less able to make major contributions to infrastructure and other aspects of the NATO collective defenses, enjoy the benefits of

the collective contributions of those powers which are better able to do so. So I think there is neither anything contradictory or exclusive about NATO and American-Spanish bilateral relationship in the security area. They are mutually reinforceable, and the overall benefits to Spain, I think, far outweigh the costs.

Q. The other thing that is left about the reintegration into NATO is that there is going to be a problem of perhaps positioning in Spain an amount of nuclear weapons or—do you think that this is true or can you negotiate—

A. I am not aware of any pressure that would develop in this area beyond the traditional and historic pressures that we've dealt with in the past jointly—America and Spain. I think that is a diversionary issue.

Q. There is another matter that perhaps it meets a situation like we think sometimes [inaudible]. Do you think the question of Gibraltar will be a real problem if it is not solved in some way before [inaudible] because cannot be allied with a country as part of our territory?

A. I wouldn't want to presume to interject myself as to what is essential a Spanish-U.K. issue involving those two nations and the people of Gibraltar as well. I don't think they need any outside advice from an American diplomat.

Q. What do you think would be the best way to cooperate or to work together—the United States and the Western European countries—in dealing with these acts of terrorism that in countries like Italy or Spain are creating too much trouble for our foundation of order?

A. As you know, I have already made some rather controversial statements on the subject of international terrorism. I believe the time has long since passed where the nations of the West, those of us which share common values and which have been victimized by the growth of international terrorism, that we stand up collectively and meet this challenge in a forthright and direct way.

In that regard, I have admired the work of your government as it has sought to combat this terrorist activity in your provinces. I think it is vitally important that we deal with it unilaterally as nations, but also collectively.

We have just had a rash of aircraft

Interviews at Breakfast Meetings

Secretary Haig was interviewed at two breakfast meetings on March 13, 1981, by Bill Beecher, The Boston Globe; Marvin Kalb, NBC News; Greg Nokes, Associated Press; and John Wallace, Hearst, and on March 28 by Barrie Dunsmore, ABC; Roy Gutman, Reuters; Bernie Gwertzman, The New York Times; and John Maclean, The Chicago Tribune.

MAR. 13, 1981¹

Q. There's a story today that a group of Green Berets is being assigned to El Salvador from Panama, but it's not clear whether those are part of the 20 that the President talked about.

A. Only 25 guys we talked about are moving in there. That's the total increased authorization. I think it brings us to 54. I believe that's right.

Q. What was that? I'm sorry I missed that. You have five of the Green Berets going?

A. No. There's a story today that there were Green Berets moving out of Panama into El Salvador. They cannot be but those we announced last week. That would be 25 more men going in but as training teams.

Q. In other words, there are Green Berets—

A. These are not over and above what we announced.

Q. What I read in the paper this morning was that you're trying to get the public emphasis off the El Salvador issue.

A. No. That's not right. I don't know how that got so sharply drawn. Whoever on our side made the statement, clearly, was a little bit off the mark. The point I made is that I think we suffer somewhat from episodic preoccupation and that in terms of relative importance. You know, there is a total preoccupation with this issue and why we're engaged in it, and why we fail to look at what's going on in Poland

ijackings here involving American citizens in Latin America and this morning one in the Far East, which continues. It is time for Western leaders to face this issue directly and to begin to punish the perpetrators of international terrorism. I have been one who has pointed out that when the Soviet Union funds, supports, conducts training courses in the Soviet Union and its Eastern European satellites, when it aligns itself with the provision of arms and perhaps more to such state-supported terrorist activities as those of Qadhafi in Libya or Castro in Cuba, that they must bear a measure of responsibility for these activities. And the time has come for us to bring it forcibly and directly to their attention.

Q. You know how they made propaganda that they are just helping liberation movements, that they are not terrorist organizations. I suppose this is something you must follow and make a position on.

A. I, of course, believe that there has been 2,000 years of civilization which has all worked in the direction of improving the prospects for peaceful change, a stark and sociological change within the provisions of the rules of international law, and not by resort to bloodshed and terrorism. Above all, in those rare exceptions where extraordinary measures are necessary by a given people who have been suffering from suppression, it should be internal; it should not be instigated, supported, and directed from outside. That, unfortunately, is the problem we have seen with many of the more sophisticated and advanced stages of international terrorism.

Q. I have been following the Madrid Conference on Security and Cooperation in Europe (CSCE). As you know, we are now in a deadlock. There is still a strong desire from the Soviet Union to have an extended military detente and disarmament conference. Do you think if this is not done, if there is not negotiation from the Western side, how we can say detente [inaudible].

A. I think the efforts to improve East-West relations must be continuing. We cannot achieve and maintain the support of our people if we are, as leaders, not perceived to be trying to improve East-West relations. On the other hand, it is very, very clear that some of the recent Soviet activity internationally—whether it be obstinance at CSCE or in the broader provisions of

the Helsinki accords which spawned all of this East-West activity or whether it be in the utilization of proxy forces in Africa, the Western Hemisphere, or in Asia or whether it be direct, blatant Soviet interventionism of the kind we are witnessing in Afghanistan—the time has come for the West to unite together and insist on peaceful change rather than the rule of force.

Q. On these last points that they are now talking about, do you think that the conditions that the Russians are saying they are ready to extend the confidence-building measures to the Urals, how it [inaudible] if there are general concessions from countries which are part of the conference but are not part of Europe—meaning the United States and Canada—do you think that this is reasonable or is going to be accepted by your delegation there?

A. First, let me emphasize that this acceptance of the French proposal for confidence-building measures, stretching from the Atlantic to the Urals, is clearly a very interesting departure from previous Soviet positions and perhaps offers some promise. However, we will note that in both their correspondence with the Western European powers and the United States, there is a question about the extension of these confidence-building measures beyond the shoreline of Western Europe. And I think there are a number of uncertainties raised with respect to that issue that will have to be explored in the period ahead. But in the interim, I think we could look at it as a favorable proposal in general.

Q. Are you happy with the way the Western alliance, not only the 15 but also the 10 from the European Economic Community, are working with this Madrid meeting?

A. Yes, I have been very pleased with that. We have been in close touch with our chief negotiator, Mr. Kampelman. I hope to see him when I visit Madrid so that we can have a first-hand exchange of the progress. But I think Western unity has been clear and unshaken in these discussions, and that is very important.

Q. Do you have plans to address the conference?

A. I doubt that I would seek to do that, but I will seek to have an exchange of views and an updated report from Ambassador Kampelman.

¹Press release 86 of Apr. 3, 1981. ■

today—a huge exercise about to take place, stiffening of the line against communism, continuing problems in Afghanistan. The observation I made was that we would be better served, in the long run, if we could keep all this in balance. That wasn't an effort to say we're going to deemphasize El Salvador. After all, we didn't trigger El Salvador. I see some press people suggest that we triggered El Salvador and a big draw-the-line operation. The problem with El Salvador was that we inherited massive evidence which had not been collated and had not been drawn together, and we did that in the first 2 weeks of the Administration—really in the first week—and it constituted irrefutable evidence of massive Cuban, Eastern, Soviet involvement. This isn't a case of manipulating the news or focus or anything else. It was an effort to lay out the facts as we saw them and to get a reasonable degree of support for the actions we felt had to be taken.

Q. Did you have the feeling that for perhaps whatever combination of reasons, that a number of our allies felt there was too heavy an emphasis upon it and cautioned you that perhaps the line was being emphasized too heavily.

A. Not really. In fact, just the opposite. What the allies asked was please keep fighting the “propaganda” battle. They are being victimized by the propaganda battle in Europe.

Q. So the United States carried the battle.

A. You make it clear what our objectives are in El Salvador. You make it clear that we are seeking to avoid extremes of the right or the left. I don't have to tell you what the problem is. We all know what it is. They want our help in dealing with that problem. We've had French, British, German, and Canadian discussions in which I spoke about that to all the Foreign Ministers. I would have to say that the sense of unity and support for our global positions is unusually strong. I think we've got a very promising situation with respect to Western European unity and solidarity under a revised American foreign policy.

Q. Let's focus on some other things like Poland and the coming exercises. What do you think is the scale

and objectives of the exercises you were talking about?

A. Frankly, we don't know. We're looking at it very very carefully because the range of troop concentration could be within the confidence-building notification area.

Q. About 25,000?

A. Yes. There's some evidence to suggest that it might be.

Q. Does it look like Soviet divisions will come across the Polish border as part of the exercise?

A. We can't answer that. It's just too early to say.

Q. When you replied to a question in Canada about conditions for a summit with Brezhnev, you mentioned Afghanistan, and you mentioned Poland. I think you mentioned the situation in Poland would have to be clarified as long as a threat hangs over Poland, a summit doesn't make any sense. Has that notice been given to the Soviets in any kind of formal way? Has there been any effort to—

A. No. We have had exchanges with the Soviets with respect to our new position, and they're very clear on that. It now remains to be seen whether we'll have some talks in the period ahead. They will not be, clearly, at a summit level and to ascertain whether or not the behavior patterns which are of such concern to us are going to moderate or continue on.

Q. Is there going to be an effort to revive the 1972 agreement and to give that a little bit of light if the Russians—

A. No. We are a little preoccupied with the 1972 understandings, although they were clearly a benchmark from which you could measure a lack of reciprocity. If we go back to them, the basic thrusts of them are clear. They are a reciprocity commitment. And we haven't seen reciprocity. But I don't want to overemphasize that particular set of understandings, although they were agreed upon by both sides.

Q. Will we respond in any official way to the Brezhnev letters?

A. Yes, of course we'll respond. We will respond in due time, and we'll coordinate with our partners who have

received similar letters. I would anticipate our responses would be fairly consistent, our respective response.

Q. Fairly soon? What kind of timing?

A. No. We have a little work to do on it.

Q. If you think about the Party Congress that's just been completed in Moscow and the rather unusual series of factors such as no change at the top, very little change down below, no innovative ideas in terms of handling their own economy, which is in very bad shape—what kind of overall sense do you get about this leadership in terms of its handling its own country, its own foreign policy, its own problems such as Poland?

A. I would say consistent.

Q. Consistent but partly because there has been no change but that can be arteriosclerotic diplomacy in the mind. Do you sense—

A. Let's go OFF-THE-RECORD on this one. [There ensued an OFF-THE-RECORD discussion.]

Q. Did you say earlier that the Soviets had planned an early move into Poland?

A. No. I don't want to say that. But in December, readiness measures which would indicate Soviet capabilities to do that were at a very high level. At that time the Western nations—I'm giving credit to a previous Administration—moved with speed and unity to make it clear what the cost of that would be. And I think it was both timely and effective in deterring a possible Soviet intervention.

Q. Is that one of the major reasons for not wanting to move to a summit, for fear that should a summit be scheduled or be held sometime in the next 6 months, they would then have a free hand to move into Poland

A. No.

Q. We're not trying to use the summit as a—

A. No. The problem with the summit is that we have a broad range of Soviet behavior patterns that have to be modified. We have a lot of work that has to be done.

Q. There's word that the Administration is considering an effort to

peal the Clark amendment having to do with reservations on the provision of arms to Angola. The President was asked about the possibility of providing arms to the insurgents in Afghanistan saying that that certainly could be considered. In fact, there's been some covert supply for some time, though not officially conceded. As part of our facilities negotiations with Somalia, which provide or sell guns, additional weapons on credit—which, in fact, will constrain the Russians and Cubans in Ethiopia—are we, as you, in this Administration looking to more assertive counterstrategy in some of these areas of concern?

A. What we are looking for is a reversal of Soviet intervention; it is an equal intervention. Now the preference could be through moderation on the part of all the powers permitting developing states, that are undergoing social change, to do so within their own resources without resort to bloodshed and terrorism. Our approach in dealing with that problem is broad and flexible, and we have to be prepared to proceed, in the light of a number of alternatives open to the Soviets, to either modify or contain it.

Q. Is Savimbi [Jonas Savimbi, resident of the National Union for the Total Independence of Angola] coming here? We heard he was either here last week or—

A. No. I don't think so. He may be coming. I don't know of any date or exact visit.

Q. When you say illegal Soviet intervention, you puzzle me. Is there legal interventionism? By what yardstick are you applying that kind of a word?

A. What I'm really trying to emphasize, when I use that term, is to suggest that for 2,000 years man has sought to establish a code, both formal and informal, of international behavior and rule by law. We are a nation of rule by law. Western civilization is built on that concept, and what we are trying to emphasize is that what has been a Soviet strategy of longstanding—a two-tiered strategy, where first, through subversion, covert activity within a target country, you create a so-called correlation of forces which then justifies direct or proxy intervention in a substantial way with arms, troops, and what have

you—that's a longstanding, classic Marxist strategy, and it offers no surprises to students of Marxism.

The problem is that we have seen it broaden, be extended and, if you will, we have witnessed a fundamental modification of the so-called Brezhnev doctrine which had historically been applied to areas within the sphere of Soviet interests and is now being applied in Africa, Southeast Asia, the Persian Gulf, and in this hemisphere. This is the crux of the core of the problem.

Q. But the Brezhnev doctrine has to do with stepping in to support a Socialist state that's in trouble.

A. Within the social sphere—this represents a diversion or an extension of the Brezhnev doctrine.

Q. In the sense that the Russians feel that they can now go directly into an area where there is not even a Communist government in power, a Communist movement contending for power, and just with impunity—

A. You can parse that out with two points of view, both the point you mentioned and, also, the point of view of spheres of influence. We have seen the Hungarians and the Czechoslovakias, and the only time Soviet troops have been used since the Second World War has been within the Soviet sphere or the Brezhnev doctrine sphere. Their movement into Afghanistan was an unprecedented departure. Just as the covert and proxy activities in Africa and the Persian Gulf and this hemisphere are an unacceptable extension of—

Q. What could you reasonably expect the Russians to do in Afghanistan in the near future, when you say "moderate" their activity. They have between 80,000 and 85,000 troops—

A. Wrong. Totally wrong.

Q. Do you think that's within the realm of possibility?

A. Yes, indeed, I do.

Q. Why?

A. Because they have no business there.

Q. That was your Brezhnev doctrine. They had a self-proclaimed Communist government that the State Department in April of 1978 totally ignored, and the President discovered at the end of 1979—as you remember.

A. You remember. I was popping off in Europe.

Q. I remember that too. [Laughter]

Q. But, you know there was a willingness here not even to look at the Communists moving in. The only point I'm trying to make is that Brezhnev could see this as a Communist government in power within the framework of his own doctrine.

A. The point is that it's an unprecedented move. I would suppose that if we are unclear about these things, we invite miscalculation on the part of the Soviets. And we were unclear. I have always believed that our dealings with the Soviets are best served by clear delineation of lines which cannot be crossed without damage to our relationships. I think they behave better under that kind of a clear situation, and I know miscalculations are inevitably reduced, even if it is somewhat more brittle at times.

Q. How far are we prepared to go in El Salvador to prevent a Marxist, a Communist takeover there?

A. I think your question would be better posed if you would say how far are we prepared to go to prevent Cuban interventionism, to call a halt to Cuban interventionism in the hemisphere. The best answer to that is that we are determined to do so. I would intervene if necessary.

Q. How is this, as far as keeping this particular government in power in El Salvador?

A. With respect to the regime, to the internal affairs of El Salvador, it's our belief that that's a problem for the people of El Salvador. In that context, we believe the best chance for the people to express themselves is through elections. We also believe that the [President Jose Napoleon] Duarte regime is dedicated and has committed itself to that proposition—to hold and to conduct early elections. It would be in our interest and it is our desire for the people of El Salvador, of various factions and parties, to have it out at the ballot box and not with bullets.

Q. MacGuigan [Mark R. MacGuigan, Canadian Secretary of State for External Affairs] seemed concerned at the breakfast session you had with him that provision of too many arms would strengthen the

government to such an extent in El Salvador that it would feel too secure. That might endanger the prospect that elections ever be held.

A. Read what he said in the press conference, especially his elaborations. They happen to be an exact reflection of our private discussion.

Q. Thinking ahead of U.S.-Soviet relations over the course of the next couple of years, what you etched out seems to put a heavy burden on the Russians to make dramatic moves. They want to have trade with us; they want eventually to get most-favored-nation status.

A. I don't see anything dramatic about—

Q. Certainly the withdrawal of 85,000 troops from Afghanistan—

A. We have a firm consensus on that. Western powers—it is our position—we have the U.N. resolution on it; we have nonaligned states, the Islamic conference, everyone. This is a global mandate; there is a global consensus that the Soviets are to withdraw.

Q. Are you saying that this is a precondition for a summit or renewed cooperation with the United States, for high technology exports?

A. I think it's a major factor. I don't use terms like "precondition," because if we had assurances that certain things were going to happen, that would be a major improvement in the current climate, clearly. It doesn't mean that every Soviet corporal has to be out of Afghanistan before improving processes can begin.

Q. Doesn't it make some good sense for you and [Soviet Foreign Minister] Gromyko to sit down reasonably soon, like in several months, and you put this to him directly?

A. What makes sense is that we see some signs of moderation, and there are a number of flashpoints and pressure points where those signs can be evidenced fairly clearly.

Q. What is our leverage?

Q. Talking about El Salvador is one thing, where you seem to see some moderation now.

A. We are seeing some, not moderation, I wouldn't refer to that—people are being killed, there is bloodshed—but we have seen some slackening of the move-

ment of arms through Nicaragua. And we've also seen some evidence of efforts on the part of the Cubans to find alternate routes, and there are still sizable amounts of armaments in the pipeline. We are as concerned, quite frankly, by the movement of arms into El Salvador; we are as concerned by the Army in Nicaragua—the 50,000-man army in Nicaragua with vast amounts of sophisticated military equipment. We're concerned about that, as well as being concerned about the flow of arms into El Salvador.

Q. But don't the Nicaraguans have a right to arm their own army with arms from wherever they can get them?

A. We're not talking about whether they have a right or not; we're talking about whether or not these are trends which we view with equanimity. We don't.

Q. Four times the size of [former Nicaraguan President Anastasio] Somoza's army.

A. Yes.

Q. Where do you see moderation, if the Cubans are seeking alternate routes, or just that some routes have been blown—

A. When I say "moderation," it's a slowing down of the pace, an indication that the guerrillas are hurting for ammunition, and that there has been—when I say "moderation," I think, maybe modification is the better term, but there is a slowdown. Yes. It's very perceptible. Some of the old air routes that we were cognizant of—the radio broadcasts from Nicaraguan territory—have ceased. But we have, as I say, other countering reports that suggest that this is not necessarily a decision to cease and desist and may rather be—

Q. How do you see our leverage vis-a-vis the Soviet Union and its proxies, the Cubans. You're talking about hoping that they will moderate a pattern that has speeded up in recent years. Certainly our going or not going to the summit doesn't provide all that much leverage.

A. No.

Q. Where is our leverage, regionally?

A. I think sometimes we are rather self-conscious about such things. The Soviets are in need of Western credits, in need of Western technology, and they

have an urgent requirement for that. They're in need of trade with the West. They must have international legitimacy—they're a regime that must have that. It's becoming increasingly clear; for example, in many Third World areas that have embraced the Soviet arms entries that leaves a legacy that's less than satisfactory—a pervasive Cuban or Soviet presence, no provision of a developmental aid or assistance.

If you look at the Soviet Union today in a global sense, they do less in developmental assistance than any of the larger powers and substantially less than some of our small European partners. So what I'm saying, basically, is there's a great deal of leverage in all the areas I touched upon and, clearly, it's now up to us to integrate more clearly with those who share our values and to shore up our determination to insist that these dangerous trends are terminated. This is in the interest of world peace and international stability. It does not suggest, for a moment, that we Americans are opposed to desirable and necessary social and historic change, especially in developing states. We're in favor of such change.

Q. Can we go to the North-South summit in Mexico?

A. We are conducting discussions with the hosts with respect to the possibility of doing so. No decision has been made. But we are giving it serious consideration.

Q. I'm still curious as to any concern here that if this is a big summit—lots of countries—that they invite the Russians and invite us and both attend, would this backdrop, this North-South backdrop, in fact, be the backdrop of a first meeting between Presidents Reagan and Brezhnev?

A. I don't anticipate that.

Q. Because the Russians would not be invited, or would not attend?

A. I don't anticipate it at any rate. There are a lot of questions to be answered with respect to possible participation by the United States in a North-South summit, but we're in the process of getting the answers.

We are not the orchestrators or the hosts of this summit. These are matters I don't want to intervene in, in a public way, because it complicates our task.

Q. You're going to the Middle

last. Can you tell us what you hope to accomplish on that trip?

A. Yes. I'll have a great deal more to say about that as the trip approaches but, clearly, I think it's very important that we continue on with the peace process itself and that we keep the momentum of that process alive. And, I think it's very important for a new Administration to get a firsthand feel from the parties directly involved, and peripherally involved, to try to find where the hangups have been in the autonomy talks, where the differences are.

We are on the verge of initiating negotiations on the creation of a Sinai peacekeeping force which would permit the withdrawal of Israeli forces from the Sinai. I want to get a careful assessment of the parties' views, the nature and composition of that force in the light of the rejection of the U.N. approach. I want to exchange views simultaneously on strategic regional concerns, the broader sense of the Arab-Israeli dispute, and in a broader sense, the existing concerns with respect to oil and energy access—in other words, broad regional strategic concerns.

Q. Southwest Asia, the Persian Gulf?

A. The crescent, if you will, from Afghanistan through Iran, the Arabian peninsula, over the Horn of Africa to the northern tier of Africa.

Q. Could I take you back to an earlier question on Gromyko-Haig? Are you considering such a meeting or is there any early discussion of that?

A. I would anticipate talks—as distinct from negotiations—to occur promptly. Now the level at which those talks will be held is yet to be determined, and they will clearly start at something less than the Foreign Minister level.

Q. [Inaudible]

A. Right now we have to get an Ambassador in Moscow, and we are in the process of trying to select one.

Q. I don't understand where this is all going to happen. You have no Ambassador in Moscow. The people up at the U.N.? You've got yourself here with Dobrynin.

A. I would anticipate it being here in Washington, initially. But I don't want to prejudge that. If we're fortunate enough to get an Ambassador in place

soon, there may be some discussions at that end.

Q. But as you look toward your trip to Europe, to the NATO meeting, could you parlay that? Could you broaden it into something that would carry you from Western consultations—

A. Let me get a sequence in here. We clearly have been in the process of consulting with our European partners. I've had extensive personal discussions now with five European Foreign Ministers—NATO Foreign Ministers—if you include Canada. We want to be sure that we have a good consultative feel for the entirety of those who share our values. We have the Japanese Foreign Minister coming next week. In an Atlantic community sense I will be going to ASEAN [Association of South East Asian Nations] and ANZUS [Australia, New Zealand, United States pact], probably in June. We will have a NATO ministerial in May. And I have a Middle East trip. Now all of these steps are designed to provide me an opportunity to consult in depth on East-West relations. And, clearly, these consultative discussions are a prerequisite to the kinds of substantial talks your question anticipated. Necessarily so.

We've dedicated ourselves to the proposition that we are, indeed, going to consult in a meaningful sense at the time, not just inform after the fact, not run what I call solo dances or shady condominiums. I'm absolutely convinced from the talks I've already had with our European partners that this is precisely what they want, what they anticipate, what they welcome, what they feel profoundly reassured about today. And these talks have brought forward to me a feeling of a greater consensus which includes a greater sense of concern about the international situation, a shared sense of concern, than I have witnessed in many months and years. And I think it has exceeded what I had hoped for.

Discussions with [German Foreign Minister Hans-Dietrich] Genscher were absolutely superb and reassuring to me, as they were with Peter Carrington [Lord Carrington, British Secretary of State for Foreign and Commonwealth Affairs and Minister of Overseas Development], [French Foreign Minister Jean] Francois-Poncet, and Mark MacGuigan in Canada. This reflects to me an opportunity of unprecedented character to enable us to strengthen our alliances,

to bring about the outcomes that I laid out with respect to East-West relations. And you've got to be prepared, consistent. Sometimes this requires give and take. For example, some of our positions have been modified as a result of these exchanges. I used the term "nobody has a monopoly on virtue," but nobody has a monopoly on wisdom either. And we enrich and strengthen our policy by the kinds of consultations that have begun.

Q. Could you give us an example of the modification?

A. It's clear that despite the fact that we were very close, on our objective with respect to theater nuclear forces, for example, Europeans were concerned that we did not give a proper decibel in our explanation of our approach to the arms control track. Now that was a helpful thing, to have that advice, because we had no intention of not proceeding with the obligations incurred in the December 1979 decision, but that kind of advice from our friends in Europe was helpful because it helps them as they proceed with the other track. They need it. You could, I suppose, suggest that despite the fact that in every briefing I've ever given on El Salvador, I have emphasized that we are seeking to avoid extremes of the right and the left, and we are seeking a peaceful political solution through free elections. The focus, inevitably, in contemporary reporting was on the flow of American arms, military assistance. That's understandable. And it means that it requires repetition, repetition, repetition. But it's helpful to have that advice as to how they see our projection of our objectives, from their perspective. And we go into a consultative approach in our foreign policy precisely that way. We would expect that there be as much flexibility in our consultation with friends and those who share our values as we have in the past demonstrated in those that we negotiated with.

Q. So that is, you project this whole timetable forward. There does not appear to be any room for a Haig-Gromyko meeting until at least late summer or into the General Assembly time.

A. I want to avoid laying out our precise scenarios. I think you know from what we've said that meaningful talks, at higher levels, are some distance away. But events, themselves, determine

those things in the final analysis, and no one can predict that an event might occur that would require the compression, the telescoping, or stretching out.

Q. That's something that would be negative though, I imagine.

A. Yes. Something negative or something positive. Maybe the Soviets would announce tomorrow they're leaving Afghanistan.

Q. How do you feel about Poland? Has the threat receded a bit today — the spokesman yesterday, Bill [Dyess], said we did not consider the invasion to be either inevitable or imminent —

A. That's been our position all along despite observations by theologians that it may be inevitable. [Laughter] You remember what I said was that you could make a theological case that intervention might be inevitable. But it cannot be our position, and we do not believe that it is imminent or inevitable. Why? I don't have to draw any circles for you on that one.

Q. I do remember the discussion we had, but this is not the point to raise it again.

Q. Do you feel that the situation has stabilized a bit in Poland, that there is a crosscurrent?

A. I think, in the light of recent events, that the situation is somewhat more tense than it was 3 weeks ago.

Q. When you are in Saudi Arabia, are you planning to raise the subject of having access to military facilities—

A. In Saudi Arabia?

Q. Yes.

A. I can't foreclose it. That kind of a thing may be raised by them. But I'm not going over there for that purpose.

Q. Same question to the other stops, including Egypt? Same question.

A. And the same answer. That's not the purpose of my visit.

Q. No, but Egypt has been—even though it is politically very, very difficult—more interested in that question than Saudi Arabia—in terms of, say, Ras Banas.

A. Yes, but these are Egyptian problems. He's [President Sadat] got to deal with this problem. And I'm not going over there and embarrass him about, and pressure him on, base rights,

military things. This is a broad assessment of the peacekeeping process and the strategic regional views of the various parties. I want to get those, and I want to contribute to that dialogue which I would hope would now intensify in the period ahead on a bilateral basis.

Q. Is it fair to say that, barring dramatic developments—Afghanistan or removal of Soviet threat from Poland—that it's unlikely or extremely unlikely that a summit would be held this year?

A. I don't want to make—for all the reasons we talked about—there are too many uncertainties, too many unpredictables. I don't see anybody rushing to it.

Q. On your relationship with the Soviet Union and the points that you're trying to get across, do you feel that the Russians understand what you're saying?

A. It's too early to say. Much too early to say. I've made the point, and I sincerely believe that the Soviet leaders, both in prudence and conviction, are never overly impressed by rhetoric. They make their assessments on hard-bitten calculations of Western actions and, in an important sense, their suspicion of capitalist society, at large, tends to preoccupy them with resource allocation. They measure Western will and intent by the degree to which they assess we are putting our money where our mouth is. That is the conclusion I've drawn about Soviet calculations over the extensive period of my public service, whether it be conflict in Korea, the situation in Vietnam, or problems globally. And I suppose it served them well.

MAR. 28, 1981²

Q. The wire reports on Poland this morning are going to overtake your story to get you back to diplomacy, I guess.

A. Yes, I think that's right. It's very dangerous, very bad.

Q. I was talking to a Soviet diplomat, and they're thinking the next month, month and a half, is going to be it. It's either going to happen then or not. What were the thoughts behind the statement; what was the analysis of the situation?

A. There were a number of things, not the least of which was a major split

in the party between hard-liners and soft-liners, a continuation of the exercise beyond the scheduled termination date, and the tensions associated with the temporary strike and a more permanent strike. And, I think, there is a great deal of concern that this coming weekend could be critical.

Q. At the congressional inquest, during the course of these maneuvers it was suggested that the Russians were going to introduce new troops into Poland. There's a report this morning that they were going to introduce about 30,000 additional troops into Poland.

A. No. I wouldn't look to that kind of an event. You're talking about yesterday, when we were talking about internal suppression, and I would anticipate that.

Q. I noticed the Polish Government called in our Ambassador the other day and their Ambassador came in yesterday here. What is the message they're conveying? Any substantive message?

A. No, their economic situation is very, very serious. In fact, it's grave in economic terms; we mentioned that in yesterday's statement.

Q. Did you offer them a carrot? Earlier, you had said that any significant aid would have to await some real economic reform being developed by the Poles. Clearly, they haven't had time to do that. Do you have some interim plan that would go beyond the \$80 million deferral?

A. Without rescheduling?

Q. Yes.

A. Their Deputy Prime Minister is due here the first of April and we're looking at other possibilities, yes.

Q. Are there very many other possibilities? I've talked to a number of Polish-Americans, and most of the suggestions have already, for the most part, been done.

A. There are a number of possibilities, sure. There's food—powdered milk—through the Commodity Credit Corporation; there's emergency aid—

Q. But that's stop-gap, one-time infusion. Now that they're in that situation, the possibility of food riot is a very real thing.

A. Yes, it is a real thing, oh yes. It has contributed to the increased tensions that exist throughout the country. I think it's very, very serious. And the Germans say that yesterday was more serious than the December period.

Q. At yesterday's National Security Council meeting, how did the Polish situation come up?

A. I think I notice some cute reporting on that. The fact that I asked the White House to release the statement which I took over there and which was reprinted here—one word was changed editorially—has suddenly been portrayed as a further diminution of Haig's authority. I had it done at the White House because I thought it would get more attention. This is the climate of the times, and you know that as well as I do. Of course it doesn't happen just because you guys create it?

Q. Is it bad enough to make you want to resign?

A. My wife said she only heard me say that twice in my whole life, in 35 years, and she didn't know how I could have gotten eight threats to resign out of 2 months.

Q. You're like Henry?

A. His would be eight threats a day.

Q. You remember the Salzburg speech.

A. I'm the guy who went over to his at there. He told me what he was going to do. I told him: "Don't do it." He went right ahead and did it.

Q. If Poland blows up, if you have problems this weekend, will that be a crisis dealt with here, there, or where?

A. You heard what Meese [Edwin Meese III, Counselor to the President] said this morning. He said when the President isn't there, the Vice President will be there.

Q. And Haig has a guy whose full-time job is to make sure the President's there. [Laughter]

Q. Any indication that you now have *cordon sanitaire* around El Salvador, that the arms aren't going to get in there; that the situation is going to be resolved by the arms we get in there?

A. No, I wish that were true. I'm confident arms are still getting in. There's been a major drop off, and

there's some indication of some shortages of arms and ammunition among the rebels, but it's still getting in. It's not going in the main artery flow, which we saw before, which was an airlift from Nicaragua; that's stopped. Some of the high-profile activities of the Nicaraguans have stopped, but there are other ways in through Honduras—trucks and covert movement.

Q. Any chance of doing something in any kind of forceful way, either by ourselves or by Latin countries, to absolutely cut it off. Yesterday on the Hill, you continuously refused to rule out any of our assets, suggesting you had something in mind.

A. There are two approaches to a problem of that kind. One is locally through collective Central American action. And in saying that, you have also got to bear in mind that we're talking about actions designed to help the social condition which are causing the unrest—what I call an "internal action" in a sense—and then there are actions that could be related to control of the problem at the source.

I think any one won't be enough. I think it would be wishful thinking to rely exclusively on one or the other. If it weren't the Cuban, it might be something else that's exploiting these longstanding historic social problems. We've got to help internally in two ways. I would hope collective assistance to the nations, enhancement of surveillance—what I call more technical control mechanisms—for prevention of the infiltration from outside; that's the internal. The external, of course, has got to be focused on the source of the problem.

Q. Cuba?

A. The Soviet Union.

Q. How do you get to the source? What do you have in mind?

A. It wouldn't be very bright of me to do so. I don't mean to suggest that we have a highly polished one-two-three step, but we're getting there.

Q. Are you surprised about American public opinion on El Salvador?

A. No.

Q. Did you expect more support?

A. Why should we? The American people remember that aspect of Vietnam. We might be somewhat disappointed that it's been so hard to get

through the clear differences between the two. But this is, after all, religious groups, especially the Catholics because of the nun thing, that are quite worked up about the situation, and rightly so. But I don't think basically, as I've gone through it, there is great concern that we're getting ourselves involved in a no-win situation. And we're very sensitive to not having that happen. It's ludicrous to talk about \$25 million a year in military assistance being another Vietnam when we spent \$28 billion a year on Vietnam—the height year in 1968—\$28 billion, and that was before inflation.

Q. Are you concerned that the polls on El Salvador and President Reagan's own polls might cause problems in getting the additional appropriations for El Salvador?

A. I don't think anybody can do any better than fight each issue on its merits. And if it doesn't help by the weight of its own logic then it's very possible that the logic is fallacious.

Q. There's a document floating around purporting to be part of the cache of Salvadoran documents released by the State Department, describing a trip to the United States by Shafik Handal's brother in early 1980 [Shafik Handal is head of the Communist Party in El Salvador]. Why wasn't that document included in the materials released?

A. I don't know. I didn't even know about it.

Q. His effort was to start out at the Cuban mission at the United Nations and travel around making a lot of stops in smaller cities in the United States, building support for committees trying to build a better image for the Salvadoran insurgents.

A. I wasn't aware of it. I can't think of any reasons why we wouldn't make it available.

Q. A question about the Middle East. When you testified about a week or so ago, you said it might be that the United States would have to put some troops into this multinational force for Sinai, but it hadn't been decided yet. Has a decision been made?

A. We'll just have to face that one when it comes. We are dedicated to the proposition that the peace process is what we should continue with. And that gives you an answer. I feel very strongly

that it should be a multinational contribution, but I don't rule out American participation because it may end up being the only way we can get some sort of force put together.

Q. We're talking about three battalions or so?

A. I wouldn't even think that many. You could make some estimates, but the parties have to show for this.

Q. Have the Pakistanis responded favorably to the aid package we put to them?

A. I would hold up answering that, realizing their attitude toward it. The Pakistanis are in a very difficult position. They're under great pressure on the Afghan thing; they've taken a very courageous position on it; they're a target of their own. If you're going to talk, you have to have something to talk with. Their initial reaction was quite favorable, but it's been more reserved recently.

Q. What do you envision out of the Nigerian visit?

A. I think an extensive exchange of views, more perception, from which we learn the situation in southern Africa. We certainly hope to achieve a reaffirmation of greater and more constructive bilateral relations, which are of benefit to both countries for a host of reasons of which you know. As you know, we're conducting a southern Africa review which is nearing completion—at least the first phase of it—and it's very helpful to me to have this meeting in the context of that [review], extremely helpful.

Q. Have the Nigerians signaled that they are overly alarmed by Mrs. Kirkpatrick's [Jeane J. Kirkpatrick, U.S. Ambassador to the U.N.] activities?

A. I think there's unsettlement throughout the southern Africa states, the front-line states, and the other black African states. Clearly, most of that unsettlement comes from uncertainty. And I think some of those uncertainties can be stripped away in the very near future.

Q. Will you give reassurances today about broad policy thrusts?

A. In a broad sense, yes.

Q. Because I had the impression from your remarks yesterday that you would pick up Namibia talks where

they were left off by the previous Administration.

A. I've had a series of discussions with European allies and Canada and here.

Q. Am I right in deducing that you are planning on picking up the threads of the negotiations?

A. You can speculate in that way and feel comfortable. But don't ask for a quote.

Q. A lot of areas—South Africa and elsewhere—have been under major review. Do you have any kind of timetable for ending that period of major review?

A. As I said, we are nearing completion of the first phase of the southern African review that we've talked about, and then we're going into another phase which would be somewhat more active and perceivable.

Q. Are you going to send somebody out to talk to them?

A. We might go into a diplomatic phase; we've been studying a host of other broad, longer term problems—East-West problems—both second track of theater nuclear forces and in a broader sense, SALT, but SALT has gone much more slowly because we haven't had our SALT team in—the Arms Control and Disarmament Agency guy. But that doesn't mean we've delayed. We've been doing our inter-departmental work on it. I suppose in some respects the pace of those things is governed also by the perceived need for completion. Those things that require an urgent resolution, we've had to deal with.

Q. [Soviet Ambassador to the U.S.] Dobrynin mentioned when he went out the other day that the dialogue had begun. Could you elaborate? Apart from simply meeting with him over the next weeks or months, what might be happening?

A. I think that's about where it will be. We don't have an Ambassador in Moscow. I would anticipate we would use our Ambassador somewhat more vigorously than he has been used in the past, in the concept of reciprocity, trying to get a balance in the activity between the Soviets and ourselves—a balance in venues and in full discussions. But it's true, the dialogue has started,

and these talks go on pretty irregularly and are influenced greatly by the international situation and can add to the pace or slow it down.

Q. So you wouldn't anticipate any meeting between yourself and Gromyko, for example, before the U.N. General Assembly in September?

A. No.

Q. Do you have any indication that your campaign to make the Soviet link to terrorism an issue is making any headway with the Soviets or not?

A. Not with the Soviets, but our allies and a number of nations here are particularly vexed by this situation and very much welcome that we have put a spotlight on it. I think Americans then selves welcome the spotlight. It's been my view all along that we have not, internationally or collectively, sufficiently analyzed the implications of this situation and taken a stand with respect to that. That's not going to do. We all know that. And I think we're going to benefit from that.

Q. On talking to the Soviets, they seem to draw a very clear line between their support of wars of national liberation, which they think is fully justified and occasionally violent, and international terrorism, such as blowing up a theater or something like that. And that, they say, they support neither in fact nor in policy. Are we still saying that they do, in fact and in policy, support hijackings, blowing up theaters, that they plan and instigate that sort of thing?

A. Let's put it this way: That's what I talked here all about it's being oversimplified, and anything that you generalize on and compress tends to sweep away contradictions that can get nitpicked on later. But, I have described the strategy as a two-tiered one: The select a target in which the entire cause represent some hope for exploitation so they move in the first year to try to seize control of those issues, and it's that phase that terrorism, subversive and covert activity is the basic approach. They may then attempt to exacerbate those conditions which are a reflection of internal injustices in many respects, anguishes, ethnic or any other kind—the kind we have in Spain or the kind we have in Ireland—economic problems—the kind we have in Italy and in that phase, it's an effort to develop in what the classic Marxist terms is referred to

as "a correlation of forces." And when that correlation of forces is ripe, they then apply the so-called wars-of-liberation philosophy in which they maintain and insist that the social causes are such that they are justified to intervene directly with massive infusions of arms, advisers, proxy forces, or, even worse, direct action, as we saw in the Ogaden, where the Soviet leadership is directing the Ethiopian forces.

If we were to ignore that sophisticated approach and give them carte blanche in the so-called wars of liberation because of justified social conditions in a target country, we've adopted a formula for disaster. And I must say, in both of those cases the tactics, techniques, and the training that they give to the forces of "liberation" involve all the things which I'm talking about—blowing up theaters, murder, slaughter of innocent civilians. And, of course, when the civil war aspect of it starts, then it becomes all the more evil, and I think we have to be very careful and not be immobilized so that we don't fail to see the interrelationship between these two tiers.

Q. But you're putting the emphasis on that scenario rather than on the fact that Carlos may have been trained at one time in the Soviet Union, that the Bader-Meinhoff gang may have links to the Soviet Union—

A. I think the emphasis has got to be applied across the board. Our nation is a product of revolution, and it's not a question in moral terms of whether the social injustices ever justify forceful change—that's the way a lot of people like to argue it and that's the basic Marxist philosophy, you see, in the salons. The basic issue is—the more fundamental issue is—if they're involved in the creation of the problem in the first place—the exploitation and distortion of it and then ultimately the direction, command, and control of it—then it doesn't represent a thrust of social justice at all. It's a formula for Soviet command and control over a particular target area; it's stripped of all its moral integrity, if it ever had any in the first place.

Q. I'd like to know, on whatever basis you'd like to tell us, why on Tuesday you made the remarks that you did, which seem to have set this whole thing off, when it seemed today that you were aware of what was happening and had probably already lost

the battle? That you knew or that you hadn't lost the battle?

A. I wasn't aware of it. I had checked the day before.

Q. With the President?

A. No, I just wasn't aware of it.

Q. That's what a lot of people wondered why you did give them that answer.

A. It's a fact: I said yesterday that the President had one set of perceptions and I had another. Somebody had the total picture.

Q. Do you have any regrets now, having spoken out like that—having answered the question?

A. No, I answer questions truthfully if I'm asked. I answered it as truthfully as I could.

Q. You seem to have new ground rules with the President—set meetings with him each week, private meetings with him.

A. But that was set before yesterday.

Q. A few of your deputies, over the weekend up in Princeton, were giving background estimates of when SALT negotiations might resume, and one version was why the end of this year was conceivable, and the other was why it was not. I was wondering what the truth was.

A. [Laughter] I don't think anybody can say. The basic approach to this thing is, yes, we are going to continue with it. We have already committed ourselves to do so on theater nuclear forces arms control. The President has clearly said we're going to continue efforts toward verifiable balanced arms control in which we are looking for reductions that are meaningful. We have also felt that one of the aspects of it is the improvement of our own strategic situation. Now that doesn't mean that everything we're going to do has to be in place; what it does mean is that we're going to be better able to intervene with a new negotiating stance when appropriate [inaudible] has been received for the systems we anticipate we will have to have in our arsenal in the period ahead. Now that got a little twisted across the river—not intentionally—there's always a bit of imprecision when you answer questions like that. Nobody's saying we have to have all this buildup completed before we get into SALT; but we will feel much

more confident about our ability to conduct these things realistically when we know we have support for the programs we're talking about in the strategic area, the decisions and the funding for them.

Q. So that really does rule out this year?

A. No, it won't take that long. We've got a defense budget on the Hill, and when that budget is in shape and we assess that—there will be a number of questions to ask. There's a largely discredited SALT II; we may seek to modify it, we may seek to scrap it and start all over again, we may seek something more comprehensive, or nibble at it by functional categories. These are the questions that are under consideration and have to be finalized on our side in conjunction with our assessment of the strategic discussions.

Q. Do you envision that the theater nuclear forces meeting next week will lead to negotiations shortly or soon?

A. We intend to move at a deliberate pace in conformance with the decision of December 1979. There are a number of issues that need to be resolved with our allies on approach and a number of calculations associated with this issue. The Brezhnev speech posed some new twists to it which we have rejected out of hand on a moratorium, and our allies have done the same. To freeze imbalance is not our view of negotiated arms control.

¹Press release 67.

²Press release 82. ■

FY 1982 Assistance Requests

by Lannon Walker

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on March 24, 1981. Mr. Walker is Acting Assistant Secretary for African Affairs.¹

Before summarizing our requests under each category of assistance, let me highlight for you our policy concerns as they are reflected in our budget requests. Recognizing that U.S. interests in Africa are served by progress in economic development, the Reagan Administration intends to maximize the effectiveness of resources through a more coordinated approach to planning, budgeting, and implementation of programs and projects. And our bilateral assistance will increasingly emphasize areas of strategic and political priority to the United States.

PRIORITY AREAS

Southern/central Africa, from Zaire south, is a region of considerable economic and political interest to the United States, one with extensive mineral wealth, and a heavy concentration of U.S. investment. U.S. interests are threatened by regional conflicts and instability which invite Soviet and Cuban intervention. Our request includes a very sizable commitment of economic assistance to Zimbabwe, a nation whose economic development, political stability, and progress are of paramount interest to the United States.

Sudan, the Horn, and Indian Ocean nations is a region of strategic value to the United States in the pursuit of our interests in the Persian Gulf-Southwest Asian arena. Sudan, our largest aid recipient in Africa, is a staunch friend which feels threatened by both Libyan aggression and instability in the Horn. We have negotiated facilities agreements with Kenya, also a strong friend of the West with an open economy and a stable government, and Somalia, a nation with serious economic problems compounded by the presence of more than a million refugees.

Liberia, Zaire, Senegal, Cameroon, and Gabon are old friends. Let me stress here the situation of Liberia, a nation

which has undergone considerable turmoil in the past year. Our increased aid reflects our concern to restore political stability and assist the economic recovery of a nation where we have valuable assets. Liberia's problems are immediate, and we must address them accordingly. At the same time, we will be seeking ways, in our new budget, to accommodate the needs of our other old friends to demonstrate our consistency.

The Sahel is a region of West Africa where the United States has both humanitarian and political interests and where we and our allies are engaged in a long-term effort to rebuild the economies of some of the poorest nations of the world which have been ravaged by drought. Today, our efforts in this area have taken on a new importance, as fragile governments with a tenuous hold on outlying regions could become the object of Libyan adventurism.

FY 1982 PROPOSALS

Our request for FY 1982 reflects adjustments in the foreign assistance budget originally sought by the Carter Administration. We have had to take certain cuts in line with President Reagan's expressed desire and firm intention to reduce Federal spending in almost all areas. But we have also sought to protect our priority programs.

Despite cuts we have taken, our total request for FY 1982 includes \$390.5 million for development assistance, an amount almost the same as was requested in FY 1981; \$216 million in PL 480; \$231 million in economic support fund (ESF), representing a substantial increase over our 1981 request and including \$60 million for southern Africa and \$75 million for Zimbabwe; \$203 million in foreign military sales (FMS) including enhanced programs in Sudan and Kenya; and \$7.5 million in international military and educational training (IMET) funds, also representing a large increase over 1981.

A fuller and more complete reflection of the manner in which the Reagan Administration will seek to utilize resources in pursuit of our foreign policy goals in Africa and elsewhere will be evident in the FY 1983 budget.

Before describing our proposals for security assistance, let me stress the link

between the various components of our foreign assistance requests for Africa. Political stability in Africa, as elsewhere, is very much tied to progress in economic development. And in a continent plagued by declining agricultural production, burgeoning balance-of-payments deficits, frequent droughts, growing numbers of refugees, inadequate health facilities, and lack of basic infrastructure, this link becomes even more critical.

Our strategic and political interests in Africa are served best when we apply the totality of our foreign assistance resources toward our—and Africa's—goals. They are also served by our support to multilateral development institutions such as the World Bank which, as Secretary Haig pointed out last week, are an essential source of capital for many developing countries which are of importance to us.

ECONOMIC SUPPORT FUND

The ESF provides us with flexible resources necessary to carry forward our policies in nations afflicted by rapidly changing economic and security problems. Many nations in Africa fit that description. The increases we are requesting in the ESF for 1982 reflect the importance we attach to this resource support of our interests in recipient nations. In this connection, let me stress our support for the ESF contingency fund which the Administration is proposing.

Zimbabwe

We are proposing \$75 million in ESF for Zimbabwe, a nation which achieved independence less than a year ago. The present government, under the leadership of Prime Minister [Robert] Mugabe, has moved with reasonable success to reassure the white community and to maintain the basis of the second most diversified economy in sub-Saharan Africa. Our objective now is to maintain and nurture this generally favorable state of affairs and help provide the support necessary for Zimbabwe's stable political and economic development. Our ESF assistance will be used to complete the refugee resettlement and rural reconstruction programs which we began in 1979 at the conclusion of the war. In addition, we plan to begin assisting the Government of Zimbabwe in rural development as well as technical training programs.

Southern Africa

We are requesting \$60 million for southern Africa. This program supports long-term U.S. interests in the stability of a strategically important region and is an essential element in promoting U.S. objectives. This region, rich in natural resources, including strategic minerals, has been troubled by war, violence, and economic disruption resulting from conflicts in Zimbabwe and Namibia and by the spillover of turmoil from South Africa. Our ESF request for southern Africa consists of three components.

Botswana. We are requesting \$10 million for Botswana, a moderate, democratic, multiparty state which shares our desire for a peaceful resolution of the region's problems. Our assistance is necessary to help Botswana keep up the pace of its economic development program while coping with the added demands placed on its resources by the region's instability. Our ESF would be used for agricultural production and planning programs, livestock and range management, and improvement of health services.

Zambia. For Zambia—a nation of critical importance to regional economic and political stability in central-southern Africa—we are requesting \$20 million. Zambia is a major source of U.S. cobalt imports and supplies our allies with a substantial portion of their copper requirements. The Zambian economy has been adversely affected by a number of developments including unfavorable weather, depressed prices for its principal export—copper—and regional conflicts. Our ESF would be used to finance key agricultural imports, to support agricultural development and research, and for manpower and technical assistance projects.

Regional Fund. We request \$30 million in a regional fund to support closer cooperation among the nations of southern Africa by assisting them to rehabilitate and improve transportation networks and to address inadequacies in food security and skilled manpower. Southern African nations are fully aware of the benefits of tackling their problems in a broader framework, and the diplomatic and financial support of the United States is an important element in the success of their efforts.

Their first priority is to rehabilitate the deteriorated transportation system, particularly vital to the six countries of the region which are landlocked. Our

support, in concert with other Western donors, will address this priority as well as others identified by the nations of the region.

Horn of Africa/Indian Ocean Area

For those nations in the strategically important Horn of Africa/Indian Ocean area, we are proposing a total of \$86 million in ESF.

Sudan. We are requesting \$50 million in ESF to support Sudan's efforts to correct its economic problems and help implement the International Monetary Fund's economic reform program. As you know, Sudan, under the leadership of President [Gaafar Mohamed] Nimeiri, has played a strong moderating role in a number of African and Middle Eastern trouble spots. Domestically, the Nimeiri government has emphasized both economic development and political reconciliation. Sudan's economic problems—inflation, foreign exchange shortages, and huge foreign arrearages—are compounded by a refugee population of over 400,000 persons. Our proposed ESF would provide balance-of-payments support enabling the public and private sectors to purchase spare parts, industrial and agricultural raw materials, and equipment for increasing domestic production and expanding exports. It would represent a strong indication of U.S. support for the economic reforms and political moderation that have characterized President Nimeiri's government.

Kenya. We are proposing \$10 million in ESF for Kenya. A moderate, friendly Kenya is essential to our policy of maintaining stability in this region. Kenya has a mixed economy, encourages private enterprise, guarantees its people personal freedom and civil liberties, and permits us access to its port facilities. Our ESF is intended to help Kenya overcome a temporary balance-of-payments constraint and permit the importation of essential production inputs.

Somalia. We are also proposing \$20 million in ESF for Somalia, one of the world's poorest countries, and one whose economic development process has been impeded by a lack of resources, a recent, crippling drought, and a massive influx of refugees fleeing the war in the Ogaden. As we assist Somalia's effort to survive and develop, both our humanitarian and strategic interests are engaged. Somalia's strategic location in the Horn of Africa and its

proximity to the Persian Gulf were important in our decision to negotiate a facilities access agreement with the Government of Somalia.

Mauritius, Seychelles, and Djibouti. We propose ESF programs each totaling \$2 million for these countries. All three countries occupy strategic locations. The Mauritian Government has been uniformly responsive to U.S. requests for access to its facilities by units of the Indian Ocean task force. Our ESF would contribute to Mauritian efforts to correct a deteriorating economic situation by helping the Mauritian Government implement its stabilization program and ease its foreign exchange constraint.

The United States maintains a U.S. Air Force satellite tracking station in the Seychelles. Our ESF assistance would provide a commodity import program to finance vital agricultural imports for the Seychelles and encourage the pragmatic aspects of the government's development program.

Djibouti, which also permits the U.S. Navy access to its facilities, is a strong proponent of the peaceful resolution of conflicts in the Horn. Our ESF would support Djiboutian efforts to strengthen its infrastructure and develop alternative energy sources.

Liberia

And last, but certainly not least, we propose \$10 million in ESF for Liberia, an old friend, a country in which we have extensive interests, and whose economy is closely linked to ours through both U.S. investment and commercial banking arrangements. Liberia currently faces staggering economic problems, and our ESF program would provide balance-of-payments and budgetary support as Liberia seeks to resolve its long-term structural economic problems while maintaining its economic development programs.

FMS AND IMET

This Administration takes very seriously its commitment to help African governments defend their peoples from both regional and external threats. We do not believe that U.S. interests are served when our African friends regard us as unresponsive to their legitimate security needs. At the same time, we realize that not all of our friends in Africa deserving our FMS security assistance support are

able to pay for it at current rates of interest. Therefore, we are requesting FMS financing at reduced interest rates for certain African countries. In support of our own national security interests and foreign policy objectives, we are requesting enhanced support for both Sudan and Kenya. Recognizing the value this program has as a foreign policy resource of considerable long-term value to U.S.-African relations, we are also requesting increased IMET for Africa.

Persian Gulf/Indian Ocean

In support of our strategic interest in this region, we are proposing the following:

Sudan. We are requesting \$100 million in FMS and \$1.3 million in IMET for Sudan. Sudan is expected to use the FMS funds, which we are proposing at a reduced rate of interest, to accelerate its military modernization program. For example, we would expect the Sudanese to purchase tanks, additional armored personnel carriers, artillery, antiaircraft weapons, and spare parts. Our enhanced program request is designed to help Sudan deal with the increased tensions in the region and the potential threat from Libya. Our IMET program would complement Sudanese purchases of U.S. weapons and provide training in the essentials of modern military management.

Kenya. We request \$51 million in FMS and \$1.3 million in IMET for Kenya, which permits the U.S. Navy access to its port facilities. The primary objective of our FMS program, all of which is proposed at reduced rates of interest, is to assist in Kenya's armed forces modernization. It is expected to concentrate on strengthening Kenya's air defense and air transport capability and to allow continued support of the F-5 program and the development of a credible mobile antitank force. The IMET program will continue to be directed toward developing expertise and systems needed for effective management of Kenya's defense establishment and fostering the growth of an indigenous training capability. Some of this training will be done by U.S. mobile training teams in Kenya and some training will be in the United States.

Somalia. For this country, with which we have negotiated a military facilities agreement, we are requesting \$20 million in FMS credits and \$0.350 million in IMET. The FMS credits are

Military Assistance to Liberia

DEPARTMENT STATEMENT,
APR. 1, 1981¹

The United States has a longstanding military assistance program in Liberia. During the 1970s we provided annual IMET [international military education and training] programs ranging up to \$300,000. FMS [foreign military sales] programs were initiated in 1956, and credit amounts of up to \$1.8 million have been extended annually since FY 1975. Total military assistance through FY 1979 was \$17.9 million.

The military leaders of the new government have looked to the United States for military assistance just as they have for economic assistance, but as soldiers whose grievances about poor living conditions sparked the April coup, they have put great emphasis on improving the training, living conditions, and morale of their military colleagues.

The United States has responded to Liberia's requests for military assistance because of our interests and the expectations of the Liberians and of our other friends around the world that we take the lead in helping Liberia.

In FY 1980 we provided \$2.47 million in FMS credits and \$230,000 in IMET funds. In FY 1981 we have already signed agreements for \$1.7 million in FMS credits and allocated \$449,000 in IMET programs. In addition, we have provided an emergency shipment of 20 trucks under provision 506(a) of the Foreign Assistance Act.

This Administration has decided to continue these efforts to upgrade the Liberian military through the use of mobile training teams and training exercises as well as providing additional FMS credits for military housing construction and force modernization.

¹Read to news correspondents by Department spokesman William J. Dyess. ■

being proposed at reduced rates of financing, and it is envisaged that the Government of Somalia will purchase air defense, communications, and engineering equipment. IMET training will be related to this equipment.

Djibouti. For Djibouti, a strategically located nation at the Bab-el-Mandeb between the Red Sea and the Gulf of Aden, we request \$1.0 million in FMS credits and \$0.1 million in IMET. Our FMS would finance an engineering company with a mission to create a transport and communications infrastructure.

Southern/Central Africa

For Southern/Central Africa we are requesting the following in FMS and IMET.

Zaire. We are requesting \$10.5 million in FMS and \$1.56 million in IMET for Zaire. Our security assistance relationship with Zaire serves both our foreign policy and national security interests. It also provides the essential underpinning for an effort which we and our allies are engaged in to encourage and help sustain reforms now underway in the Zairian Armed Forces. The IMET program helps assure the most effective use of FMS-financed equipment as well as provide professional and technical training for selected military personnel. We expect the Government of Zaire to request FMS financing for the maintenance and support of previously supplied C-130 aircraft as well as spare parts for U.S.-supplied ground transport, patrol boats, communications equipment, and additional jeeps and trucks.

Botswana. For this country, we are requesting \$0.5 million in FMS and \$0.1 million in IMET. We expect our FMS to help finance purchases for the Botswana defense force.

Gabon. For Gabon, a moderate African state in which we have important political and growing economic interest, we are requesting \$2.6 million in FMS and \$0.1 million in IMET. FMS financing would assist Gabon in equipping its *gendarmerie* platoons to become a credible patrol force to protect unmarked frontiers.

Cameroon. We request \$1.5 million in FMS and \$0.1 million in IMET for Cameroon, a friendly African state whose security could be jeopardized by the Libyan military presence in neighboring Chad. Our assistance is proposed for the purchase of jeeps, trucks, communications equipment, and spare parts for previously purchased U.S. vehicles.

Rwanda. We request \$1.5 million in FMS and \$0.05 million in IMET for Rwanda, to assist that nation strengthen its armed forces' noncombat capabilities.

Maritime Boundary Treaty

Following are statements by Ambassador Rozanne L. Ridgway, Counselor of the Department of State, and Mark B. Feldman, Acting Legal Adviser, before the Senate Foreign Relations Committee on March 18, 1981.¹

AMBASSADOR RIDGWAY

I appreciate very much the opportunity to appear before you today in connection with your consideration of the maritime boundary settlement treaty with Canada. I am accompanied by the Acting Legal Adviser of the Department of State, Mark Feldman. Mr. Feldman was the negotiator of the treaty and will be the principal witness for the Administration as you take up the question of whether to recommend that the Senate give its advice and consent to this document.

It seems appropriate, however, given all that we have been through together, that as you open your consideration of the question, I share with you our view of the events of the past months. In addition, there are several matters related to the maritime boundary settlement treaty and the fishery treaty, which the Administration has asked be returned to it unacted upon, which we think will be of interest to this committee.

When Secretary of State Haig appeared before this committee in connection with his confirmation hearings, he and you agreed that the question of the U.S.-Canadian East Coast maritime boundary settlement and fishery treaties, which had been before the Senate for 2 years, was "a matter of priority." Subsequently, Secretary Haig assured the committee that he would elicit the views of all concerned as he prepared his recommendations to the President on how best to proceed with the question of the future of the treaties, linked so that neither could come into force without the other.

In the first week of February, Secretary Haig asked that I represent him in this review. This is the occasion for me to express thanks to you, to the members of the committee, to interested Members of the House, and to staff members who have been so generous with their time. You made it possible for us to understand the full range and depth of the views of Congress on the

content and the disposition of the treaties. There was never any doubt in our minds that together we were concerned not only with our fisheries and maritime boundary interests but also with our country's interest in a positive and constructive relationship with Canada. If you will permit me, I would like to say thank you to everyone for their wisdom and their guidance and their willingness to share both with us.

It was clear as the review proceeded that there were only two realistic courses of action for the United States to pursue with respect to the treaties. We could either do nothing or we could attempt to advance at least a portion of the problem toward a solution. The latter course was chosen. The President, by his letter to you of March 6, asked for your favorable consideration of the maritime boundary settlement treaty and the recall of the fishery treaty. During his recent visit to Ottawa he explained this action, and his reasons for it, to Prime Minister Trudeau. We appreciate the promptness with which you have moved to take up the maritime boundary settlement treaty.

In all of the discussions with the interested American parties there was no one who was against conservation or who was against management or, indeed, who was against some document to express that portion of our fishery interest which we have in common with Canada. I think it important to say that everyone concerned was responsible, was alert to the need for perceptive and imaginative steps to meet the particular fishery resource challenges in our future and looked to that future, when we have a boundary, to build a pragmatic and practical fishery relationship with Canada.

Some believed that the failure to achieve progress because of the fishery treaty represented the power of a single regional bloc to thwart the national interest. That is an unfair judgment. The fishery treaty which we have asked be returned, in fact, deals only with the interests of a single region. What else should be key except the views of that region? All were concerned, all believed that a solution had to be found, that somehow progress toward the core problem—that is, the lack of a maritime boundary—ought to be achieved. The interests and the views expressed were

through the purchase of dual purpose nonlethal equipment and related training.

West Africa

We propose only two FMS programs for West Africa.

Liberia. We are proposing \$12.3 million in FMS and \$0.6 million in IMET for Liberia. The armed forces there depend almost entirely on U.S. security assistance for equipment and military training. Our proposed program will allow the purchase of new equipment, will provide training for the Liberian Army, which has been totally reorganized since the April 1980 coup, and will assist Liberia's military housing construction program, which is the government's top military priority. In view of Liberia's economic problems, we propose FMS financing at reduced rates of interest.

Senegal. We propose \$2.0 million in FMS and \$0.350 in IMET for Senegal. Our security assistance is designed to show U.S. support for Senegal's moderate foreign policy as well as its commitment to democracy at home, to promote regional stability, and to continue U.S. access to Senegal's excellent communications and transport facilities. Senegal is expected to use the proposed financing to purchase, among other items, jeeps and spare parts for engineering equipment. The IMET funds will be used for related and professional training.

Let me also highlight the fact that we are proposing several new IMET programs—in the Congo, Cape Verde, Zimbabwe, Djibouti, Equatorial Guinea, and Guinea-Bissau. These programs are small and designed to allow these countries an opening to professional military training in the United States.

Let me again stress the importance which this Administration attaches to maximizing the effectiveness of our foreign policy resources in pursuit of our interests in Africa. Those interests are increasing, as are Africa's needs. At a time of budgetary restraint, we believe the requests before this subcommittee represent our best attempt to utilize our resources in support of our priority interests.

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. ■

not parochial. They were, and are, sensitive to the concerns of the affected region.

The record should show that we are moving to address a problem which arises from a dispute over claims that the United States does not recognize. The President said, in his letter to you of March 6, that the United States finds no basis in international law for the East Coast maritime claims made by Canada. We do not recognize them. We believe our claim is sound. We do not yield on this question. Looking to the future, when we intend to exercise discretion in law enforcement in all areas now claimed by Canada should Canada decide also to ratify the maritime boundary settlement treaty, one must underline that there is a very real difference between the use of such discretion and recognizing Canada's claims. We do not recognize those claims and intend, as Mr. Feldman will make clear, to pursue vigorously and confidently the claim we have made.

Finally, in all of the discussions there was a sense that somehow the executive branch was uncertain about the ability of the regional councils to carry out the responsibilities given them by the Fishery Conservation and Management Act of 1976. I would like to say for myself, not only as a result of recent experience but because of previous experiences, that the regional councils are institutions which must be given every opportunity to exercise the authorities given them, and we ought, as a matter of posture and of policy, to be confident in the ability of those councils and their members to carry out their tasks. We certainly have no doubt that they will do so and that they will do so with insight and with respect for the resource.

MR. FELDMAN

Ambassador Ridgway has just reviewed the political and diplomatic context which has led up to this hearing. I am pleased to have this opportunity to discuss with you the terms and the implications of the proposed maritime boundary treaty with Canada.

For present purposes a maritime boundary delimits the Continental Shelf and fisheries jurisdiction of neighboring states. The United States and Canada have undefined maritime boundaries in four areas off their coasts: two in the Pacific, off the Strait of Juan de Fuca

and within and seaward of Dixon Entrance, one in the Arctic, and one in the Gulf of Maine area in the Atlantic. None of these boundaries has been determined, but the most pressing problem for both countries is the boundary in the Atlantic.

The disputed boundary area includes the northeastern portion of Georges Bank which is of interest both for its rich fisheries and for its hydrocarbon potential. As the parties have been unable to establish a boundary by negotiation, their competition for fisheries in the area has become a serious irritant in the relations between the two countries. If the United States and Canada are able to agree on a settlement of this delicate boundary issue by binding third-party adjudication, it will be an act of statesmanship in the best tradition of friendly relations between neighboring states and a significant contribution to the rule of law in international affairs.

Boundary Adjudication

The boundary adjudication is of great practical importance to the United States and Canada because it will affect fisheries, potential oil and gas development, and environmental processes of great concern to both. The adjudication is also of interest to the international community at large. The Gulf of Maine case will be a landmark that will influence the development of international law for years to come. One reason is that the case will present the first adjudication of a combined Continental Shelf-fisheries boundary.

The leading cases in this area of the law have involved only the Continental Shelf. The principles of those cases will certainly apply but fisheries considerations also will have to be taken into account. The result in this case will be of great importance for the future delimitation of 200-mile economic zones when they become established in international law.

A second reason the case is important to the international community is that it involves the first use of the chamber procedure provided for in the Statute of the International Court of Justice. Under the chamber procedure the parties to a dispute may elect to have their case decided by a chamber of the Court, i.e., by a selected few of the 15 members of the Court.

In 1972 the Court adopted new procedures which were intended to simplify

and expedite proceedings before the Court. It was hoped that these procedures would attract business to the Court, which has not been as active in recent years as it should be. Among the important features of the new rules are provisions recognizing that parties to a dispute should have an important influence in the composition of *ad hoc* chambers designed to deal with a particular case. Under the rules, the parties determine the number of Judges to be included. The Court elects the members of the chamber, but it does so in consultation with the parties. Thus, the parties can have a considerable influence on the composition of the chamber.

The chamber procedure is now designed to approximate the flexibility of arbitration, while at the same time assuring the parties of the expertise, prestige, and economy of proceedings before the Court. A great many people will be watching the Gulf of Maine case to see if these procedures work. If they do, the World Court should gain new prestige and acceptance.

The Treaty

Before discussing the terms of the treaty in detail, I would like to outline the structure of the treaty package. It consists of a treaty text of four articles, two annexes, and a confidential exchange of notes which has been provided to the Congress.

- Article 1 of the treaty states the basic agreement of the parties to submit their dispute to a chamber of the International Court of Justice on the terms set out in the special agreement, which is the first annex to the treaty.

- Articles 2 and 3 of the treaty provide, in effect, that if the proceedings the World Court cannot be organized or continued as the parties desire because of problems, such as the selection or replacement of the Judges, either party may terminate the special agreement. Then the arbitration agreement which set forth in the second annex to the treaty automatically would enter into force. That agreement provides a mechanism to insure the ultimate adjudication of the dispute. Both governments are confident that the case will be adjudicated by a chamber of the World Court, but they wish to provide safeguards in case unforeseen problems should arise out of the new procedure, which have not been used before.

- Article 4 of the treaty is the entry into force provision. As presently

rafted, it provides for the entry into force of the treaty on the same date that the agreement on East Coast fisheries resources, pending before this committee, is also brought into force. For the reasons explained by Ambassador Ridgway, the Administration proposes to amend this article so that the boundary settlement treaty may be brought into force upon the exchange of instruments of ratification while the fisheries agreement is returned to the President. We have provided the committee suggested language for this purpose, as well as texts for a number of conforming changes and technical adjustments in the annexes. These latter details will not cause any concern in Ottawa if Canada can accept the basic change in article 4.

Special Agreement

In some ways the most interesting document in the treaty package is the annexed Special Agreement Between the United States and Canada to Submit to a Chamber of the International Court of Justice the Delimitation of the Maritime Boundary in the Gulf of Maine Area. This is the document the parties would submit jointly to the Court once they have ratified the treaty.

- Article I of the special agreement prescribes that the chamber of the Court is to be composed of five Judges. We are proposing a modification of this provision to permit the selection of national Judges, which is precluded by the existing text. The former U.S. Judge on the Court, the late Richard Baxter, was a great jurist, but he disqualified himself from this case because he had counseled the State of Maine on this matter before joining the Court. If the present U.S. Judge, Stephen M. Schwebel, sits on this case, Canada would be entitled to appoint one of its nationals as an *ad hoc* Judge. The recommendations of the parties as to the members of the tribunal will be communicated confidentially to the Court at the proper time.

- Article II of the special agreement sets forth in paragraph 1 the question the chamber is asked to decide; this is a critical provision. "The Chamber is requested to decide, in accordance with the principles and rules of international law applicable in the matter between the Parties, what is the course of the single maritime boundary that divides the continental shelf and fisheries zones of" the parties from a predetermined point indicated in the agreement to a point to be determined by the Chamber within a defined area seaward of Georges Bank.

Article II also requests the chamber to describe the course of the maritime boundary in certain technical terms, to illustrate the maritime boundary on selected charts, and to appoint a technical expert jointly nominated by the parties to assist it in its work. Paragraph 4 of article II commits the parties to accept the decision of the chamber as final and binding upon them.

- Article III of the special agreement is a standard disclaimer which clarifies that the sole purpose of the maritime boundary is to divide the Continental Shelf and fishery zones of the parties and that the special agreement does not constitute recognition of the jurisdiction that the other country may claim to exercise in the delimited area, beyond that otherwise recognized by each country. In this connection, the United States and Canada maintain different positions on the breadth of the territorial sea, the scope of fisheries jurisdiction exercised within the 200-nautical-mile zone, and the legal regime for the Continental Shelf; these differences are not affected by the special agreement or the maritime boundary established thereunder.

- Article IV of the special agreement requests the chamber, and obligates the parties, to utilize certain technical provisions. These provisions should help avoid any technical errors creeping into the decision to the detriment of either party.

- Article V of the special agreement provides that proposals made during the course of negotiations looking toward a maritime boundary settlement will not be introduced into evidence or publicly disclosed. The article also provides that the parties will notify and consult with each other before introducing into evidence or argument diplomatic or other confidential correspondence.

- Article VI sets forth the procedures to be followed in the written proceedings, calling for presentation of memorials 7 months after the chamber has been constituted and counter-memorials 6 months later. The chamber may extend these time limits at the request of either party.

- Article VII sets forth a procedure for a further extension of the maritime boundary established by the chamber, if that is considered desirable by either party. Such an extension may be necessary to further define the Continental Shelf boundary beyond 200-nautical miles. If the parties are unable to agree on such an extension within 1 year of a request to do so,

either party may take the question back to the chamber of the International Court of Justice constituted under the special agreement.

- Article VIII provides that the special agreement enters into force on the date the treaty enters into force and that it remains in force until it is terminated in accordance with the provisions of the treaty.

Arbitration Agreement

Now, I would like to describe very briefly the arbitration agreement which would be the governing instrument in the case of an *ad hoc* arbitration proceeding. In many respects it is the same as the special agreement. The differences can be explained by the fact that under the arbitration agreement new institutions would have to be established while those are in place if we proceed before the World Court. Among the articles, I will mention only those few which differ from the special agreement.

- Article VI of the arbitration agreement incorporates by reference the Rules of Court of the International Court of Justice as the applicable rules of procedure for the Court of Arbitration, to the extent that they are deemed appropriate by it. The article states that a majority vote of its members governs the proceedings of the Court of Arbitration.

- Article VII authorizes the Court of Arbitration to fix a seat for its operations.

- Article X provides that the parties will jointly share the general expenses of the arbitration, while bearing their own costs in the preparation and presentation of the case. In this connection, I should note that the costs of arbitration are significantly higher than the proceedings before the Court because the parties must bear the costs of the Court of Arbitration as well as their own expenses.

- Article XI establishes a mechanism for the filling of vacancies which may arise during the course of the arbitration. In general, if the parties are unable to agree within a specified time, the Court of Arbitration or its president would have the authority to fill any vacancies.

- Article XII recites the parties' agreement that the decision of the Court of Arbitration will be final and binding upon them. Either party may refer to

FY 1982 Authorization Request

by Secretary Haig

*Statement before the Subcommittee on International Operations of the House Foreign Affairs Committee on March 24, 1981.*¹

At the outset, I want to express the pleasure I have of the opportunity to appear before the subcommittee that has played such an important role over the years in the development and evolution of the professionalism of our Foreign Service.

It is a great honor for me to appear before this committee today. In testimony last week before the full House Committee on Foreign Affairs, I outlined the international challenges we face today and the resources we seek to deal with these challenges. One of those resources—the State Department itself—is the subject of my testimony today.

The Department's authorization request for fiscal year 1982 and the continuation of our activities into 1983 amount to \$2,461,688,000. To put this figure into perspective, I would like to say a few words about the real resources this money supports: the Foreign Service officers and the State Department employees.

The promise of a consistent, reliable, balanced foreign policy can be fulfilled only if the foreign policy professionals make their proper contribution. They are the custodians of the historical memory of our actions abroad and a crucial asset for the years to come. As recent events have demonstrated, they have become the first line in many respects of the defense of our national interests.

In recent years, the task of the foreign policy professional has become much more difficult. Several problems deserve particular attention: a tendency in recent years to ignore them in policy-making; the financial drawbacks of public service itself; a growing volume of work without a commensurate increase of personnel; the frustration growing from the lack of a cohesive American leadership globally. Above all, their profession has become much more dangerous. As violence has mounted against our posts abroad, employees have been forced to accept extended separations

from their families rather than putting their loved ones at risk.

As Secretary of State, I will seek to alleviate these conditions: to improve the morale of our professionals, to give them their necessary participation in the making and the execution of our nation's foreign policy, to enhance their working conditions, and to protect them. The President has taken the most essential step in this process by indicating that the Secretary of State—and his department—shall be the general manager of American foreign policy. He has given his personal attention to the safety of our diplomats.

The budget request placed before you reflects a program designed to deal with security of personnel, working conditions, and pay. It is fully responsive to the philosophy of management outlined above.

- Security at posts abroad should be increased to protect our people and the dependents from violence and terrorism. It is important, too, that we protect classified national security information from compromise. For this purpose, the Congress enacted a supplemental appropriation of \$6.1 million in 1980 and provided an additional \$35.8 million in 1981. To continue this critical security program, we are requesting another \$2 million in 1982.

- As Under Secretary [for Management Richard T.] Kennedy discussed with you in more detail, this authorization request reflects 140 new positions to cover growing overseas consular and domestic passport workloads and to strengthen resource and program management for the refugee program. Additionally, Under Secretary Kennedy is conducting an intensive review of our current personnel resources across the board. The provisions of the Foreign Service Act of 1980 on professional development require additional training faculty, and support personnel. The Department's capability to report and analyze political and economic events must be strengthened.

- Also, as part of the Foreign Service Act of 1980, we have initiated the pay comparability provisions for the Foreign Service. The new Foreign Service designations and grade levels are in effect, and we are requesting supplemental appropriations to cover certain new

the Court of Arbitration any dispute between the parties as to the meaning and scope of the decision within 3 months of the rendering of the decision.

- Article XIV provides that the arbitration agreement will enter into force as provided in articles II and III of the basic treaty which bring the arbitration agreement into force automatically if either party terminates the special agreement.

I believe the committee is entitled to some assessment of our prospects in a proceeding of this nature. I have been deeply involved in the development of our positions and the legal discussions we have had with Canada on this issue over the past 6 years. I am confident of the merits of the U.S. position. Of course, no one can predict with certainty the outcome of an adjudication. There always are risks. I am sure that Canada's lawyers, too, are confident of their position. However, I can say that the State Department lawyers who have worked on this issue over the years have grown more confident as international law has developed in this field. Most of all, I am confident that the United States and Canada will both receive an objective and impartial judgment from the tribunal we create by this treaty. I have no doubt that U.S. interests will be well served by this treaty, and we urge the Senate to give its advice and consent to ratification as soon as possible.

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. ■

J.S. Foreign Affairs Costs and Personnel

Outlays FY 1980 (\$ billions)		Average Annual Share of Outlays, 1937-80	
Total Federal Government	580	1937-39	.2%
Total Foreign Affairs*	11	1949-51	12.0%
of which		(period of intensified economic and military assistance)	
Foreign Aid	6.5	1959-61	3.0%
Foreign Affairs Administration (expenses of Department of State and Foreign Service and contributions to international organizations and conferences)	1.4	1968-70	2.0%
Foreign Information & Exchange	.5	1980	-2.0%
International Financial Programs	2.4		
Other	.2		

Source: Budget of the United States Government (years as indicated.)

*This approximate figure includes total outlays of the Department of State, Agency for International Development (AID), Export-Import Bank (Eximbank), International Communication Agency (USICA), International Development and Cooperation Agency (DCA), International Trade Commission (ITC), National Security Council (NSC), Overseas Private Investment Corporation (OPIC), U.S. Trade Representative (USTR), and Peace Corps, plus outlays for foreign affairs-related activities for the Departments of Agriculture, Commerce, Energy, Labor, and Treasury.

Source: Budget of the United States Government, FY 1982

Personnel FY 1980		Department of State Employment, 1940-80***	
Total Federal Government (civilian employment)	1.9 million	1940	7,000
Total Foreign Affairs** (U.S. citizens)	36,000 (less than 2% of total)	1950	16,000
		1960	13,000
		1970	13,000
		1980	13,000

***Excluding foreign nationals.

Source: Adapted from statistics in State magazine, January 1981

**All State, AID, Eximbank, USICA, DCA, ITC, NSC, OPIC, Peace Corps staff, and USTR employees, plus foreign affairs-related positions in Agriculture, Commerce, Energy, Labor, and Treasury, as calculated from data received from these departments by the Bureau of Public Affairs, Department of State.

FY 1982 Assistance Requests

by Michael Armacost

*Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 23, 1981. Mr. Armacost is Acting Assistant Secretary for East Asian and Pacific Affairs.*¹

It is a pleasure for me to appear today to discuss our economic and security assistance relationships in East Asia and to explain our FY 1982 budget request. I would like first to make a few general remarks setting the context in which we have developed our assistance policy for East Asia and the Pacific.

As you know, the Reagan Administration is deeply committed to strengthening the U.S. security posture throughout the globe, in response to the increasingly serious worldwide challenge posed by the Soviet Union in recent years. In Asia today, we have a number of broad concerns regarding the military and economic security of the region, ranging from increased Soviet military and naval power in the region, to Soviet-backed Vietnamese aggression in Indochina, to the need to protect the sea lanes which provide the vital flow of petroleum from the Middle East to our major Asian allies. A sound strategic posture in East Asia and the Pacific is an essential element of our global strength.

The year's security and economic development assistance programs for the region are directly related to the need to secure U.S. strategic interests in the Pacific and Indian Oceans as well as to protect the immediate security of those nations—Thailand, Indonesia, Malaysia, Korea, the Philippines, Burma, the Pacific Islands, Papua New Guinea, Singapore, and the Association of South East Asian Nations (ASEAN)—which will be receiving our aid. We believe that security and economic assistance to these countries serve well the political and strategic interests of the United States and constitute an appropriate and necessary adjunct to our expanding defense effort.

In FY 1982 we propose to increase certain aspects of security assistance

allowances for our employees abroad. When fully executed, I believe the Foreign Service Act will provide a modern, simplified, and supportive personnel structure.

Another aspect of our request deserving special comment is the refugee program. We should be proud of our leadership in dealing with the relief and resettlement of refugees, and we are prodding other nations to help. The 1982 authorization request specifies additional resources for Afghan refugees in Pakistan and African refugee programs as well.

In addition to authorization of appropriations, our proposed bill includes certain statutory provisions, two of which are deserving of more attention.

- Section 103 would establish a selective nonimmigrant visa waiver, on a reciprocal basis, for eligible citizens of countries with the best records of compliance with our immigration laws. The waiver will increase equity in our worldwide consular dealings and, moreover, will help offset the evergrowing demands on our consular service.

- Section 104 would remove statutory restrictions on passport fees so that they could be adjusted administratively to cover costs associated with issuing passports. This provision would also extend passport duration from 5 to 10 years as a cost-saving measure.

Both of these changes are absolutely essential if we are to meet our statutory consular and passport workload requirements within the resources requested.

A final comment concerns the relationship between our resources and the Department's ability to conduct the foreign policy of the United States. Over the past several years, the Department's staff abroad has been seriously reduced while the presence of other agencies has grown. If we are to meet the complex challenges that confront us, the Department of State must have the necessary resources to pursue our objectives. The 1982 request has already been pared to the minimum, as befits these austere times. For this reason, I am asking your support and the support of your subcommittee to the full amount that we have requested.

¹Press release 71. 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. ■

programs in response to growing threats from the Soviet Union and its clients. Here are the highlights.

- We are requesting an overall aid level of \$638.595 million, which represents an increase of \$58.206 million over FY 1981 and is also slightly higher than was budgeted by the Carter Administration.

- We seek increases for Thailand, the Philippines, Indonesia, Malaysia, Singapore, and Burma, reflecting special needs in these countries.

- To maintain support for key friends and allies in the highly visible and politically important area of development assistance, we are proposing small increases in economic aid. Their modesty reflects our need to balance competing aims on a global basis and adjust aid levels to fiscal restraints; but they will contribute to strengthening the recipients' postures in East Asia and thus enhance our security.

- We are also providing economic assistance to ASEAN itself, because it can play a key role in resolving the Kampuchean conflict, reducing the impact of the Soviet presence in the region, enhancing access to the Indian Ocean, assisting refugees, reducing narcotics trafficking, and insuring access to raw materials over trade routes vital to the United States and Japan.

- Our proposals for increases in foreign military sales (FMS) credits, international education and military training (IMET), economic support funds (ESF), and some direct credit at concessional rates take into account the reality that the recipient countries are shouldering larger and larger defense burdens during a period of economic hardship—one which is even more severe for developing economies than for the United States. The decline in grant aid or the military assistance program, substantial oil price increases, worsening debt-servicing problems, and inflated prices for military hardware and services have been among the key factors undermining the defense procurement programs of our East Asian allies and friends.

I would like to turn now to a country-by-country breakdown, stressing

our interests in each recipient nation or—in the case of ASEAN—institution, providing the overall figures for each type of assistance, and explaining the justification for these various requests.

Republic of Korea

U.S. security is vitally dependent upon the preservation of peace and stability in Northeast Asia in general and the Korean Peninsula in particular. Our aid in this area is focused on the Republic of Korea. For several years now there has been a considerable increase in the size and capabilities of North Korean forces, posing a formidable threat to the security of the South. The evidence continues to indicate that North Korea has not ruled out the use of force, given the appropriate opportunity, to reunify the peninsula.

Our contribution to South Korean security consists of a commitment embodied in the Mutual Defense Treaty of 1954, the maintenance of U.S. forces in Korea, an extensive FMS cash and credit program, IMET, and technical cooperation in the development of selected Korean defense industries. Current unforeseen Korean economic and fiscal problems brought about by worldwide recession and oil price-driven inflation make U.S. cooperation more important than ever in order to prevent further slippage in Korea's force modernization program.

We are proposing a \$167.5 million FMS program for FY 1982 which, while it remains the largest in East Asia, is very lean considering Korean requirements. Current and proposed levels of FMS help maintain the priorities of South Korea's force improvement program by financing essential equipment acquisitions. The major systems which Seoul is expected to purchase with FMS financing include a tactical air control system, radar equipment, Harpoon missile, a further increment in the program for the coproduction of F-5E/F aircraft, and part of the F-16 purchase.

Increased IMET—\$1.8 million in FY 1982, up from \$1.2 million in FY 1981—help South Korean forces acquire the requisite training in management, command, and control of large forces and employment of modern weapons systems. The need for this training increases as the Korean forces become more self-sufficient.

Within the Southeast Asian region, which is poorer and less homogeneous

than Northeast Asia, U.S. aid is spread among a number of recipients to promote a variety of U.S. interests, from maintenance of U.S. basing in the region, to countering the very palpable threat of Soviet-Vietnamese aggression, to advancing security interests along major sea lines of communication.

The Philippines

Overall, the Philippines is the largest recipient in the region. This is not only a country of longstanding security value to the United States but one whose importance has been underlined by events of recent years. Our ability to project power across the Pacific to Southwest Asia, in a crisis, is enhanced by our continued unhampered use of Clark Air Force Base and Subic Naval Base. We refuel and reprovision carrier battle groups at Subic Bay before sending them to the Indian Ocean. Clark Air Force Base is the only facility on the Pacific route from which a fully loaded C-5A transport can fly nonstop to Diego Garcia.

U.S. security assistance is widely regarded by the Philippine Government and people as *quid pro quo* for the use of the facilities at Clark and Subic. Former President Carter, in a letter to President Marcos at the time of the 1979 amendment to the Military Bases Agreement, pledged the Administration's "best effort" to provide a total of \$500 million in security assistance over a 5-year period. We have appreciated the favorable congressional actions which have given substance to this pledge over the past 2 years, and we ask your support again for our \$100 million request for FY 1982, as well as for \$1.3 million in IMET funds included in this year's request.

We have also requested \$38.8 million in economic development assistance for the Philippines. This is modest in relation to the country's needs and the nature of our strategic and political interests and commitment. While real GNP in the Philippines grew by 4.7% in 1980, inflation averaged 18%. The country has been running large trade and current account deficits and borrowing on international financial markets to achieve its growth targets. Debt levels consequently have been rising steadily. Continued borrowing is likely. Increasing prices for oil imports and erratic commodity prices for the country's exports have hit the Philippines hard, in spite of generally good management of the economy.

Thailand

Preservation of Thailand's security, stability, and independence will be critical for the maintenance of peace and the security of U.S. interests in the Southeast Asian region. President Reagan has reaffirmed our commitment to Thailand under the Manila pact and has made clear our continued support for Thai security needs. Thailand, as well as its ASEAN neighbors, regard our willingness to back such rhetorical assurances with more concrete contributions to Thai security as a litmus test of our attitudes toward the region.

Our bilateral assistance to Thailand is a necessary mix of security and development assistance, ESF, and refugee relief. Any element by itself is insufficient to achieve our objectives. Thailand's security is threatened not only by external aggression but could also be imperiled by a failure to sustain economic growth and to respond as to the rising expectations of its people. The government is making a conscious effort to reduce inequities of wealth and income distribution and to improve standards of living in rural areas. Prime Minister Prem has acknowledged that rural development is a primary objective.

We are seeking assistance increases for Thailand this year, in recognition of the increased military threat from Vietnam. Two hundred thousand Soviet-supplied Vietnamese troops now occupy Kampuchea and operate in strength along the Thai-Kampuchean border. During 1980 Vietnamese forces in western Kampuchea were strengthened to over 80,000 troops. Small Vietnamese units have frequently carried out reconnaissance missions into Thailand, and in June a clash between intruding Vietnamese troops and Thai defenders produced numerous casualties. Vietnamese forces heavily outnumber defending Thai forces and are capable of mounting stronger incursions at any time.

The U.S. security assistance program is designed to assist Thailand in providing for its own security by making the necessary force improvements to present a plausible deterrent to Vietnamese forces, while continuing to contain and reduce the threat posed by domestic insurgency. The FMS financing requested for FY 1982 would be used to:

- Equip additional Marine Corps rifle companies;
- Procure C-130 aircraft, Dragon

East Asia

missiles, and UH-1H helicopters;

- Replace obsolete patrol aircraft; and
- Permit improvements in antitank, antiaircraft, and command and control systems.

This \$80 million FMS program requested for Thailand represents a \$30 million increase over the current fiscal year, the largest increase for any East Asian country. Fifty million dollars of the proposed Thai FMS program will be extended in the form of direct credits at a concessional rate; Thailand would be the first East Asian country to receive such direct credits.

Our Thai proposal also includes \$10 million in ESF. Although no ESF was proposed for the current year, in each of the first 2 fiscal years, \$2 million has been obtained by reprogramming, in response to Thailand's urgent need to provide additional assistance to Thai citizens adversely affected by the refugee influx and in security in the border area. The proposed IMET level for Thailand would increase from the current level of \$770,000 under the continuing resolution to \$2 million. These increases will help keep force modernization on track by providing training for the use of the equipment and systems purchased through FMS.

The \$35.8 million requested in development assistance for Thailand is very small, whether one compares it to the \$1.1 billion in 1982 loans expected from the World Bank, Asian Development Bank, and Japan or to Thailand's total FY 1982 external borrowing requirement of \$1.7 billion. Our aid program will provide technical assistance and training designed to improve the Thai Government's ability to use substantial development assistance from its other sources more efficiently.

FMS and development assistance at the softest possible terms is an urgent requirement if Thailand is to maintain its force modernization and development efforts. Thailand is expected to incur serious debt servicing problems by 1985 unless current account adjustments are made. In recognition of this, the Thai Government has decided to forego commercial borrowing for defense purposes and, instead, rely on internal revenues and government-to-government loans. Our assistance program, with substantial direct credits and grants, will reinforce that sound economic policy decision.

Indonesia

Indonesia is strongly anti-Communist and has been a reliable supporter of

U.S. positions on significant issues such as Afghanistan and Iran. As the largest ASEAN nation, it is well-suited to contribute to our long-term interest in maintaining regional stability. It is strategically located astride the sea lanes connecting the Indian and Pacific Oceans, provides 6% of U.S. petroleum imports, and plays a moderating role in many multilateral fora. Our relations are basically on a sound footing, but our support for Indonesian defense and development efforts has not kept pace with the growth in its strategic importance.

For FY 1982 we propose a 50%, or \$15 million, increase in FMS funds over the current level of \$30 million. This increase aims at restoring Indonesian confidence in the U.S. commitment to regional security while assisting Indonesia to counter the growing Soviet and Vietnamese naval presence in Southeast Asia. It also adjusts for inflationary increases in the price of weapons systems that have reduced real assistance levels over the past several years.

In recent years the Indonesians have used FMS credits to modernize their air and naval forces. Our currently proposed increase in FMS credits would permit purchase of badly needed mobility equipment and possibly another C-130. Additional IMET is also needed to help offset past cuts in Indonesia's IMET program and mitigate Indonesian skepticism concerning U.S. support.

Our development aid program in Indonesia is one of the most effective in the world. It remains of great importance because of the U.S. stake in the success of Indonesian modernization efforts. Although Indonesia benefits from higher oil prices, which have for the first time given the country a balance-of-payments surplus, it remains by far the poorest of the five ASEAN countries, with a per capita income of \$431.

Almost all of our aid to Indonesia is used for technical assistance designed to achieve long-term developmental benefits to the Indonesian economy, such as agricultural training and research, health and social development programs, and the provincial development project which provides training to low-level government officials responsible for rural development planning.

While our economic aid has been shrinking, aid programs of other donor nations has been increasing. Budgetary constraints and severe competition from

urgent programed requirements in other regions, such as Central America, have precluded meeting the pledge of \$160 million in economic aid we made at last year's intergovernmental group aiding Indonesia. The \$75 million in developmental assistance and the \$30 million in PL 480 assistance which we seek is the absolute minimum we should allocate to Indonesia.

Malaysia

Rich in natural resources and level of economic development and solidly anti-Communist in orientation, Malaysia, like Indonesia and Singapore, occupies a critical strategic position on the Malacca Strait. Like its neighbors, it is worried by Vietnamese aggression and the increased Soviet presence in Asia and is increasingly desirous of stronger security ties with the United States. On its own, it has been engaged in a steady effort to increase its military forces, including plans to double the size of its army over the FY 1982-83 period.

We have requested increased FMS credits for Malaysia—up from \$10 million to \$12.5 million—for FY 1982 to finance a portion of the rehabilitation costs of A-4 aircraft purchased with prior year FMS credits, as well as to help finance some of the equipment necessary to double the size of the army.

The significant increase which we have requested in Malaysia's IMET program for FY 1982—to \$650,000 from the \$300,000 current level—is an active albeit partial, response to a Malaysian request.

Burma

Burma is a country of growing international significance and considerable long term economic potential. It is decided in our interest that Burma remain friendly to the United States and our other allies and friends in the region and that it be kept out of the Soviet sphere of influence.

Recent trends in Burma have been encouraging. Rice production is up to level capable of 1 million tons of export per year. The government is stable and more willing to cooperate with the United States than in past years of strong isolationism.

Our economic development assistance program in Burma is an important means of broadening our relationship and our contacts within the Burmese Government. Two-thirds of the \$7.5 million we are requesting will go for agricultural assistance designed to

enable the Burmese to become self-sufficient in foodstuffs they now import. The remainder will go for a continued U.S. contribution to the development of primary health care facilities in rural areas.

Our security assistance program in Burma is appropriately modest and is aimed at building a warmer bilateral relationship. Currently Burma receives only token IMET and no FMS credits. The FY 1982 proposal would move Burma's IMET program from its current level of \$31,000 to a still modest \$150,000 program which would permit 14 or 15 students to be trained.

Association of South East Asian Nations

Perhaps the most positive development is Southeast Asia over the past 6 years has been the emergence of ASEAN as a stronger and more cohesive body affording both an improved means of cooperation and consultations among its members, with regard to meeting the Vietnam threat in specific and achieving greater policy coordination in general and a means by which the United States can deal with the member countries as a whole.

We believe that the continued growth and development of this organization is in our interest, and we have, therefore, requested \$3.3 million for ASEAN to fund several projects involving training of participants from each of the five member countries. The amount is very small in relation to ASEAN assistance offered by Japan and the European Economic Community, both of which have recently boosted their aid commitments to ASEAN. This aid program is an important element of the U.S.-ASEAN dialogue and underlines our continuing commitment to the area.

Singapore is a good friend and a strong supporter of increased U.S. involvement in Asia. The Government of Singapore provides virtually unlimited access to excellent and strategically located air and seaport facilities for U.S. forces operating in the Indian Ocean.

As a gesture of U.S. support for Singapore, we propose to inaugurate a new \$50,000 IMET program to provide added professional military and technical training for personnel who have the potential for playing key roles in the Singaporean military. The program would provide additional assistance to Singapore in maintaining the skills needed for effective operation and maintenance of U.S.-origin equipment and

enhance managerial skills while promoting a better understanding of the United States.

Pacific Islands

We have proposed a \$5 million program for the South Pacific as a key part of an effort to establish beneficial ties with the growing number of independent island countries. We enjoy an unusually favorable strategic position in the South Pacific, where there is currently no resident Soviet diplomatic or aid presence despite repeated Russian efforts to find an opening. The very small aid budget must cover nine independent countries and two autonomous states. We are just now initiating our first projects in newly independent Vanuatu and Kiribati.

The \$20,000 we request for Papua New Guinea will assist that government to realize its training objective of sending two to three officers to the United States for training. The program will enhance efforts to upgrade the Papua New Guinea defense force by sending officers to the U.S. Naval explosive ordnance demolition training. It will also permit some training in coastal surveillance and instruction in repair and maintenance of various types of equipment.

Conclusion

In short, what we are proposing for FY 1982 is a total package of \$638.595 million in various forms of U.S. military assistance, economic development, and PL 480 aid. It is both appropriate from the point of view of strengthening our security posture in the East Asia region and in tune with current U.S. Government budgetary realities. Through the program we are requesting, with its mix of security and developmental funding and its variety of Asian recipients, we believe we can maintain our defense and security interests in such countries as Korea and the Philippines, while strengthening our ties with, and fostering greater security and stability in, the nations of Southeast Asia and the Pacific. We have appreciated the support of this committee and the House in pursuing our foreign assistance goals in past years, and we ask for your strong support for this submission.

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. ■

Visit of Japanese Foreign Minister

Japanese Foreign Minister Masayoshi Ito made an official visit to Washington, D.C., March 23-24, 1981. Following are remarks made to the press by Secretary Haig and Foreign Minister Ito after the Foreign Minister's meeting with the President on March 24.¹

Secretary Haig. I'm delighted to have an opportunity to meet with you this morning to discuss the conversations that we've held here in Washington over the last 2 days with the distinguished Foreign Minister of Japan, Foreign Minister Ito. I would like to keep this press briefing limited to those discussions out of deference to our distinguished visitor. He has had extensive conversations with the Secretary of State—myself—with our Secretaries of Defense, the Treasury, and Commerce, and with the U.S. Trade Representative. This morning he met with Vice President Bush for about an hour, and he has just concluded a very detailed and cordial discussion with the President.

Q. How about the National Security Adviser?

Secretary Haig. He was in attendance. The discussions ranged far and wide, from East-West relations to a number of regional foreign policy issues and security issues in Asia, Southeast Asia, the Pacific—our relationships in the trilateral sense. There was great emphasis on a new period of consultation between our Japanese friends and the United States, and I think, in that context, there were discussions also with respect to the developing world and the important role that Japan is playing in the developing countries.

There were, as always, some differences that you would anticipate between sovereign nations, but on the whole, I think the convergence of view, especially with respect to the need for unity and coherence among the Western alliance of nations including Japan, was both encouraging and a very good omen for the period ahead.

Foreign Minister Ito. As Secretary Haig just explained to you, we have had very extensive discussions on a number

of questions such as East-West relations, the tension that exists in the international community, and a number of bilateral issues. All in all, we had very fruitful meetings and through these meetings, I explained to the American side very clearly that Japan, as a member of the Western world, is determined to fulfill its responsibility and its role for world peace. The primary purpose of my visit to Washington is to reaffirm and strengthen further the relationship of trust that exists between our two countries, and I feel confident that we can do that.

Q. Has the Reagan Administration asked the Japanese Government to cooperate in setting some voluntary restraints on exports of Japanese automobiles? And even if it has not, would the Japanese Government and the Japanese automobile industry be prepared to exercise some voluntary restraints in exports?

Foreign Minister Ito. The other question was taken up in my meeting with the President as well as with the Vice President and also with the Secretary of State. Through these meetings, I have heard a very clear explanation of the situation of the American auto industry, the plight in which that industry finds itself, as well as the mood and the moods on the Hill.

The agreement that came out from the meeting is, first, that a major objective is to preserve the principle of free trade. As to the specifics of what methods might be followed in pursuance of this objective, there will continue to be discussions between the two sides and with—through these meetings, at this time, we did not go into the specifics of what kind of steps might be desirable on the part of Japan and so forth.

What we are trying to strive for is to bring about satisfactory resolution of the problem as soon as possible, hopefully, before the Prime Minister's visit.

Q. Secretary Haig, will you further elaborate on the areas of disagreement?

Secretary Haig. With respect to the automotive question, the Foreign Minister described it as it was. We had a very free exchange of views and an exchange of concerns on the subject. I would not care to add one word to what the distinguished Minister said. In the area of differences of opinion, or differences of emphasis, I think, clearly,

we've had longstanding problems in the area of peaceful uses of nuclear energy, exchange of technology and materials with respect to this which I would anticipate will be the subject of further discussions between ourselves and our Japanese friends with a view toward greater flexibility than heretofore on the U.S. side.

There were discussions in the areas of great importance to our Secretary of Commerce, Mr. [Malcolm] Baldrige, in the fishing area, and we will proceed to try to resolve these differences in the mutual interest of both governments and both sectors of our society. I would suggest that we had discussions not to indicate that there were differences but really to indicate that we have to broaden our dialogue in this area and in the areas of security-related issues.

We were able and our defense minister was able to outline, clearly, American plans in this area, and they hope that all of our partners in the community of nations will carry their share. We have, I think, clarified each others' thinking in important ways in our dealings with the East and West, especially in the light, as the Minister pointed out, of the continuing Soviet presence in Afghanistan and the tensions that that has caused internationally. We discussed regional balances and the pressures developing in the Far Eastern area and the need to maintain stability and a continuing structure for peace.

Q. The American side asked the Japanese side to undertake voluntary restraints because the alternative might be mandatory restraints from our side?

Secretary Haig. I'm not going to go beyond the statement made by our visitor which coincides with the answer I would have given you had the question come to me, and I think enough was said on that subject for now.

Q. You mean to say that you will not say whether a specific request was made?

Secretary Haig. I'm not trying to go beyond the description that our distinguished visitor laid out, and that speaks for itself. We can go through a prying exercise, but there'll be no response beyond—

Q. If you didn't come to an agreement here today, when will you have an agreement? What's your deadline?

Secretary Haig. On what?

Q. Cutting the imports of Japanese cars. And why don't you consider this visit a failure because you didn't have more of a concrete result?

Secretary Haig. No. There's no failure—that term would be totally inappropriate. There's been no discussion of an agreement. We are exchanging views on a complex matter, and we will continue to do so.

Q. You have a deadline?

Secretary Haig. No. We don't have a deadline. I'm sorry. There are no deadlines. There are no negotiations underway. We are merely exchanging views on this sensitive and complex issue with the view toward our concern about the maintenance of free trade internationally.

Q. William Casey [Director of Central Intelligence] was reported to have asked Prime Minister Suzuki to render aid to Pakistan. Was this discussed with the President and Secretary Haig?

Foreign Minister Ito. I am not familiar with the particular report that you have just referred to, but in my meeting I did explain to Secretary Haig about my visit to Pakistan which took place last September. I explained to him how positively we are providing assistance to Pakistan, and I explained to him also how important Pakistan is, in my view, in that part of the world. But I did not go into the question of what we would like the United States to do, and so forth.

Q. Has the United States at any point, either through Secretary Haig or President Reagan, expressed the interest that the Japanese should perhaps increase their defense spending or do more for the defense of the West?

Foreign Minister Ito. In my discussion with the Secretary of Defense there were references to the American defense budget and the efforts that the U.S. Government is making, but there was no specific discussion of what the United States would like Japan to do with respect to Japan's defense budget and so forth. There was a general expression of expectation that more be done by Japan.

¹Press release 72 of Mar. 25, 1981. ■

Sixth International Tin Agreement

by Michael Calingaert

Statement before the Subcommittee on Treasury, Postal Service, and General Government of the House Appropriations Committee on March 19, 1981. Mr. Calingaert is Deputy Assistant Secretary for Economic and Business Affairs.¹

I am very pleased to testify here today on behalf of the Administration's request for \$120 million to meet U.S. obligations to the buffer stock of a sixth International Tin Agreement (ITA). Negotiations for this new agreement are underway in Geneva right now. The outlines of the new agreement are fairly clear, and it promises to be far different from the existing agreement.

The Ford Administration decided in 1976 that the United States would join the current, or fifth International Tin Agreement, which was ratified by the Senate September 15, 1976. It has been extended for the maximum permissible period of 1 year and will now expire June 30, 1982. Thus, if the United States joins a new tin agreement, it will be liable for financial obligations to that agreement in July 1982.

When the negotiations for a new tin agreement are completed, the Administration will carefully review the agreement to determine whether it is in our national interest to participate. If so, it will be sent to the Senate for advice and consent to ratification, and the necessary authorizing legislation will be submitted to both Houses. At this time, we do not know the precise details of the new agreement, but we do know its general provisions. I would like, however, to sketch for you the general principles which we seek to have incorporated in the new tin agreement, in order that it will provide equitable benefits for tin consumers as well as tin-producing nations.

Price Stabilization

For many years, it has generally been U.S. policy to examine international commodity problems on a case-by-case

basis and to support the concept of international commodity agreements for those few products where there have been severe price fluctuations and where internationally agreed upon measures appeared to offer workable and appropriate solutions. Although the term "commodities" covers a broad range from tin and natural rubber, for example, to sugar and coffee, these commodities have a number of common attributes.

- They are important revenue earners for developing nations.
- They are principally consumed by the industrialized countries.
- They are subject to cyclical fluctuations in supply or demand.

Arising from such varied causes as weather conditions or rapid changes in economic activity in the industrial world, these fluctuations can result in sharp surges, upward and downward, in price levels. This type of unstable price activity causes difficulties for the exporting developing nations owing to unpredictable changes in foreign exchange receipts, may result in long-term loss of markets for the product in question, and may discourage investment in new, more efficient production capacity.

In the case of certain products, we have advocated use of large buffer stocks as an appropriate price stabilization measure, together with supply assurances and other measures to encourage production to respond to market forces. We have, in these cases, viewed buffer stocks as the device most likely to be economically efficient and to yield benefits for consumers as well as producers.

Simply stated, when a buffer stock mechanism is used to stabilize prices in an international commodity agreement, the organization established by the agreement purchases the commodity when prices drop below an agreed upon point and keeps on buying until the price returns to the desired level. Subsequently, when prices exceed an agreed upon level, sales are made in order to drive prices down to the desired range. The existence of price-stabilizing commodity arrangements is intended to offer an

enhanced environment for productive new investment and to offer the benefits of greater market stability to efficient producers and to consumers.

The Foreign Policy Context

As a group and individually, the developing countries have a continuing and strong interest in world commodity trade. For many of them, raw material exports remain an essential source of foreign exchange earnings and employment. Many of these nations place great store, as they evaluate our concern for their political stability and development, on what we show ourselves ready to do to help alleviate commodity market instability.

U.S. commodity initiatives in the past have, thus, often earned us useful political dividends at marginal costs. They have contributed to our set of cooperative relationships with important countries such as Brazil, Indonesia, the Philippines, and Malaysia. Although we cannot satisfy many of their demands, our demonstrated willingness to listen and to act, where possible, is often a major plus in our overall relations with these countries. This also creates a basis for achieving other U.S. economic, strategic, and political goals in these countries.

Participation in the International Tin Agreement not only provides the United States with potential economic benefits through price stabilization but also contributes to our interest in supporting the progress and stability of a number of friendly developing nations, including three key members of the Association of South East Asian Nations (ASEAN)—Malaysia, Thailand, and Indonesia. The United States has an important strategic interest in supporting these nations in the face of increasing Soviet and Vietnamese military activity in Southeast Asia. The world's fourth largest tin exporter is Bolivia, a nation whose views of the United States have often been colored by its perception of our tin stockpile policy.

U.S. Objectives in a New Tin Agreement

As members since 1976 of the fifth tin agreement, we have determined that the

agreement, in its present form, does not promise to provide the benefits we would hope for. This problem has several elements, including the question of supply policies in producing countries. A particular element which has become a major focus in the negotiations is the relatively small size of the buffer stock in the current agreement and the low point at which export controls may be imposed. The result is that the agreement potentially can serve to defend the floor price and assist producers much more than it can defend the ceiling price and offer commensurate benefits to consumers.

Among our primary objectives in negotiating a new tin agreement are a much larger buffer stock, together with agreement that export controls may only be imposed as a measure of last resort. A working paper, which was acceptable to most producers, circulated at the December negotiations, proposed a buffer stock of 50,000 tons. In contrast, the current agreement provides for a mandatory buffer stock of only 20,000 tons, which has never been fully acquired and might never be, since producers may request a vote to impose export controls when only 5,000 tons have been purchased by the buffer stock.

The United States has told other participants in the negotiations that we still seek improvements in the approach proposed in the working paper. We feel that a large buffer stock is necessary not only to defend the floor price but also to defend a ceiling price. The agreement will also afford a forum where consumers can press for assurances that future tin supplies will be adequate to meet demand at reasonable prices.

Calculating the U.S. Share

Monies requested to cover potential U.S. contributions to the buffer stock can be

considered an investment, rather than an outright expenditure, since the agreement will provide that funds in the buffer stock account shall be returned to members upon termination of the agreement. Our estimates, based upon reasonable and prudent assumptions regarding future tin prices and other factors, indicate that the total cost of acquiring, insuring, and storing the large buffer stock we seek would be approximately \$850 million. Producers and consumers will share these costs equally. We estimate that the U.S. share of this cost would be \$120 million. This financial obligation is determined by our share of votes in the agreement, which, in turn, is determined largely by our share of world tin consumption.

We anticipate that the new agreement will provide for members to make direct financial contributions to pay for the greater part of the tin to be acquired for the buffer stock. Acquisition of the remaining portion would be financed by borrowing, using existing tin holdings in the buffer stock as collateral. To insure that the full amount of the buffer stock will actually be purchased, we are insisting that member governments fully commit themselves to whatever financing is needed for the acquisition and maintenance of the full buffer stock.

Accordingly, our estimate of \$120 million is based upon the U.S. share of the entire buffer stock. In actual practice, we anticipate that only an initial contribution will be required in FY 1982. The remainder of the \$120 million budget authority would remain available for the life of the sixth tin agreement to enable the United States to make contributions to the buffer stock account, if and when they are called for.

Conclusion

If a new tin agreement, such as I have outlined here, is intended to benefit both consumers and producers, you might well wonder why negotiations have dragged on through three lengthy sessions—April-May 1980, December

1980, March 1981. The reason is, not surprisingly, that other nations participating in the tin agreement do not necessarily share our objectives, nor our concerns about the cost-benefit analysis. Some tin-consuming nations view commodity arrangements, in part, as extensions of their foreign aid programs and, thus, do not insist as strongly as we do upon an equitable division of economic benefits between producers and consumers. Some nations also are less concerned about the agreement's ability to defend ceiling prices than they are about the cash costs of participating in an agreement involving a large buffer stock.

At this stage, it is difficult to predict exactly how the negotiations for a new tin agreement will turn out. I am sure you understand that I cannot be very specific about our precise negotiating objectives here in public, since the negotiations are presently in course. However, do want to stress again that once a new agreement is reached, the Administration will examine it very carefully before a decision is reached to join it and seek congressional approval.

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. ■

Energy Policy and Conservation Act

by Edward L. Morse

Statement before the Senate Committee on Energy and Natural Resources on March 2, 1981. Mr. Morse is Deputy Assistant Secretary for Economic and Business Affairs.¹

My primary purpose today is to convey to you the support of the Department of State for extension of section 252 of the Energy Policy and Conservation Act (EPCA). Section 252 provides the basis, through the extension of an antitrust defense, for the voluntary cooperation of U.S. oil companies in efforts under the auspices of the International Energy Agency (IEA) to minimize adverse effects of oil-supply disruptions on the United States and our partners in the agency.

Energy Security

Despite increasingly intense efforts over the past decade to define and respond to our energy needs, energy security, yet, remains a goal rather than a reality for the United States and its allies. While this is a very broad issue, the fundamental problem is our dependence on imported and, thus, uncertain supplies of oil. In the years following the 1973-74 oil-supply crisis, we grew increasingly complacent that we had our energy problems if not solved, at least under control. This complacency was shattered in 1979 by the Iranian revolution and the tripling of oil prices which resulted from it despite the fact that the actual oil-supply shortfall was relatively modest. New lessons had to be learned and defensive actions taken.

The fact that no major new run-up in oil prices has occurred so far in response to the Iran-Iraq war suggests that we may be headed in the right direction. This favorable result, however, has been, to a large extent, the product of the coincidence of declining demand and high oil stocks in this country and elsewhere available to compensate for the 3.8 million barrels per day decline in oil flows. Companies may not be holding such large stocks at the outset of future oil-supply disruptions. We need to join with our allies to study carefully the events of the past 2 years, anticipate new energy crises which may

threaten our economies, and develop protective measures accordingly.

The extent to which we are interdependent with the other Western industrialized countries in responding successfully to energy crises dictates that we concentrate our efforts to promote peacetime energy security in the IEA. The IEA is engaged in efforts to respond to both the short- and the long-term aspects of our energy problems. Looking at the longer term, the dependence of IEA countries on imported oil has begun to drop off rapidly as members have established targets for reducing oil imports and joined together in pursuing conservation and conversion to other fuels.

The Sharing System

The IEA's emergency oil-sharing system is its key tool for responding to sudden oil-market disruptions. It is also the foundation upon which all other cooperative efforts in the IEA are built. International cooperation in minimizing ill effects of supply disruptions will only be strong if participants remain satisfied that the costs of major disruptions will be borne equitably. The sharing system provides this assurance, even though it has never yet been activated.

However, we now recognize that the sharing system is not the appropriate instrument for responding to all emergencies. Necessarily elaborate in its procedures for allocating oil, its use clearly is justified only in a major disruption where large quantities of oil must be allocated. It is not well-suited to handling situations like that which obtained in 1979 when the shortfall was below the 7% level required to trigger the sharing system but sufficient to cause panic in the oil market and an upward spiral in oil prices.

During the past 2 years, therefore, the IEA has undertaken efforts outside the sharing system aimed at forestalling unnecessary oil price increases. Most recently, in the face of the Iran-Iraq war and the oil-supply reductions it generated, IEA members met promptly

and announced concerted actions to maintain an orderly market and avoid another round of oil-price increases. These included commitments to draw on stocks as necessary, to discourage purchases of oil on terms which would exert pressure on the oil market and prices, and to seek to supply oil to any member countries which might suffer a serious shortage as a result of this disruption.

We need, now, to assess the results of this experience and the need for further action. To this end, we are embarking in the IEA on a review of the International Energy Program Agreement which defines the functions of the IEA and actions to be taken in response to oil-market disruptions. We will, of course, consult closely with the Congress as this study progresses. We have requested a relatively short extension of EPCA section 252 in the expectation that hearings on a further extension at that time will provide a timely opportunity for us to discuss with you the results of the study and any implications it might have for section 252.

Extending Section 252

IEA crisis management would be nothing more than words without the cooperation of the companies which actually import oil into IEA countries. It is for this reason that we have sought the voluntary cooperation of oil companies in the IEA within the framework established by section 252. Of course, cooperation by oil companies in the kinds of information-sharing and oil allocation called for in the IEA is generally prohibited by U.S. antitrust laws.

It is a long-established tradition of the American economic system that exceptions to the antitrust laws be granted only in extreme circumstances where national policy interests outweigh the risks of anticompetitive actions. Clearly, the need to cope with serious oil-market disruptions and minimize the massive price runups associated therewith fits within this tradition. We are pleased that the Congress has concurred in this determination by repeatedly extending the life of section 252 providing the necessary defense to antitrust laws for U.S.-company participation in the IEA.

Of course, that determination was facilitated by incorporation into the statute of safeguards designed to

minimize the potential for anticompetitive actions by companies benefiting from the section 252 antitrust defense. The antitrust authorities charged with monitoring oil company involvement in the IEA indicate to us that there has been no evidence of harm to consumer interests from this arrangement. To the contrary, we are convinced that section 252 is fundamentally of benefit to consumers because it aims at reducing unjustified price increases during oil supply disruptions.

We, therefore, strongly urge the committee to recommend extension of section 252 as provided in the Energy Department's bill. We would further appeal for your support in obtaining enactment of the bill prior to the existing March 15 expiration date of section 252. A lapse in the authority of section 252 of even a few days may result in suspension of U.S. oil company participation in the IEA for weeks. This would be disruptive to the work of the IEA, would be detrimental to the national interest if a new disruption was to occur, and would reflect badly on the United States in our relations with our allies.

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. ■

Energy Security and International Preparedness

by Edward L. Morse

Address before "The Outlook for Crude Oil" conference sponsored by the Energy Bureau, Inc., in Houston on March 23, 1981. Mr. Morse is Deputy Assistant Secretary for Economic and Business Affairs.

The outlook for crude oil is a subject that has never been more timely or so difficult to deal with. The last 2 years have been turbulent ones for the oil markets. We have seen disruption, revolution, and war in the Persian Gulf. At home, we have moved quickly from a complex regulatory environment to complete crude oil decontrol. On the international market, crude oil prices have more than doubled since the beginning of 1979. International systems of adjustment and emergency preparedness were thus tested by political events. Our conclusion is that they need to be strengthened and improved.

If the past is prologue, can we expect more disruption in crude oil supplies in the years ahead? Although no one can really predict, my answer would be "yes." I hope I am wrong. In today's oil market, stability has become a scarce commodity, although there are signs of hope. Given the likelihood that we may face disruptions, therefore, we must both learn from the past and create for the future. We need to make an innovative effort to fashion new and improved mechanisms to increase energy security without abandoning—indeed by building on—the tested elements of market flexibility.

It is my view that in the years ahead energy market pressure and crises requiring international cooperation will come from any one of three quarters. One source is the ever-present risk of supply disruption associated with political conflict. Today's continuing war between Iran and Iraq and the 1973 Arab-Israeli war are but two leading examples. I would also include in this category threats of destination restrictions for political reasons, for example, by Nigeria in carrying out its policy toward South Africa or by other producers; domestic clashes over energy

policy like the recent one between Alberta and Ottawa which has now resulted in a shutting in of 100,000 barrels per day of production; and other nonviolent political disputes as factors in determining oil production and exports. Nor is the problem limited to crude availability alone. European dependence on the Soviet Union for substantial amounts of natural gas holds the seeds of future problems as well.

A second source of disruption is sure to be social upheaval. This may remind many of the strikes and chaos of Iranian revolution and its impact on oil production and exports in late 1978 and 1979. We need to bear in mind that the overwhelming proportion of crude oil traded internationally comes from developing areas of the world. It is precisely these areas that are undergoing unpredictable processes of modernization, which is inevitably accompanied by internal social stress. Examples are India's continuing problem in maintaining oil production in its Assam Province in the face of strikes and sabotage, problems of terrorism and sabotage also exist in Turkey, and the continuing threat of similar incidents almost anywhere. Nor are industrial countries immune to this problem, as coal strikes in Britain, Australia, and the United States during the last 5 years should remind us.

One other source of market pressure with potential for erupting into an unnecessary price spiral is the potential notional shortfalls caused by sudden demand surges in a market narrowly in balance. The unfortunate fact is that crude oil production capacity is not being expanded in pace with predicted paths of energy demand, and there is very little we can do about this in the short run. A rapid and simultaneous economic recovery in the major OECD [Organization for Economic Cooperation and Development] countries could, therefore, quickly lead to crude shortages and price pressures without any immediate available supply response. Coincidental cold winters hold some of the same risks, although healthy stock levels can obviate much of that worry.

Viewing these problems and our lack

of adequate preparedness, Secretary Haig told the Senate Foreign Relations Committee that the industrial democracies "have not yet built an effective program for dealing with the energy crisis." We do have one element, the emergency oil allocation system of the International Energy Agency (IEA). Never implemented, but tested in several full-scale simulations, the IEA-sharing system is designed to counter the catastrophic shortfall—over 7% of combined IEA oil imports. This mechanism can and should be improved even though disruptions of this magnitude remain improbable.

In the oil markets in the years ahead, much smaller crude shortfalls, say some 2%–4% of IEA consumption, are much more likely—some would argue inevitable. They can lead to sharp spot market price spikes, later ratified by the Organization of Petroleum Exporting Countries (OPEC). We believe, therefore, that we need to improve our collective preparedness for these smaller shortfalls, and we are just beginning the process. Before discussing the ongoing work, however, let me review some lessons from the past that are guiding our current studies.

Iranian Revolution

In 1979, Iranian domestic upheaval caused sharp and fluctuating reductions of oil production at a time when OECD stocks were well below normal levels. For one brief period Iranian production, which 6 months earlier hovered near 6 million barrels per day (b/d), completely ceased. You are all familiar with the price consequences of that situation. In retrospect, I think we made three basic mistakes.

First, the IEA may have contributed to alarm at the early stages of the crisis by flatly projecting a 2 million b/d shortfall before, during, and after the full response of other producers was known. The then-U.S. Secretary of Energy, by publicly and frequently announcing an inflated national supply gap, himself effectively inspired companies to bid up the price of available supplies first on the spot market and later in term contracts.

Second, the IEA decision in March 1979 to cut imports by 2 million b/d (5% of demand) was not effective and involved no binding commitments on the part of governments.

Third, substantial price pressure was caused through a defensive stockbuild by governments and companies, averaging 1 million b/d during 1979 and 1980. Indeed, in retrospect, the pressures on the market in 1979 and early 1980 were demand led much more than they resulted from an effort by OPEC to squeeze consumers.

These mistakes were compounded by a general refusal to recognize the substantial structural changes that had taken place in the international energy market. The percentage of crude distributed by the majors (the seven largest international oil companies) declined from close to 90% to nearer to 50% as sales to third-party customers became discretionary or were eliminated and replaced by rapid growth of government-to-government sales. Two problems resulted. First, flexibility in the distributional system was severely constrained. Second, the proliferation of State-owned oil companies in consuming countries meant more players were involved in efforts to secure adequate stocks. Thus, on an international basis, the overall minimum desirable stock level was substantially higher than it had been when the international role of the majors was more predominant.

Clearly, the 1979 experience points to the critical importance of adequate stock levels to disruption management. So, too, does it point to the need for good information early in the game and credible cooperation between leading oil importers.

Impact of Iran-Iraq War

Last year, when war broke out between Iran and Iraq, we knew what was at stake. About 3.8 million b/d in crude exports were lost to the world market soon after war broke out. No one knew how long the war would last, although the general view was that it would be short. Some feared wider hostilities imperiling exports from other Persian Gulf ports or traffic through the Straits of Hormuz. If the spot market were to have become heated, a renewed price bulge would have ended hopes for economic recovery in 1981. And, given the perceived shortcomings of the IEA in 1979, in some ways the very framework of international energy cooperation was also on trial.

Our task last year was to use wisely our initial assets—high stocks and soft demand. Meeting within a week of the outbreak of the war, the IEA Governing Board agreed to absorb crude shortfalls with stock drawdowns and to "urge and guide" all market participants to refrain from any abnormal spot market purchases. These were first steps, taken to avoid any market runup while we waited to see how long the conflict would last.

Another problem was addressed. Iran and, in particular, Iraq had shown a proclivity to encourage government-to-government sales. In many instances these sales represented a very high proportion of individual country imports, in some cases virtually all imports. The crisis, therefore, had a selective direct impact, affecting countries like France, Brazil, Turkey, and Italy, substantially, but scarcely affecting the United States or Germany. Producing countries quickly moved to do their part to make up lost supply. Saudi Arabia, in particular, raised its exports by 1.5 million b/d over its preferred production level of 8.5 million b/d and directed its incremental production to those of Iraq's customers most severely affected. Consuming countries recognized their own responsibilities as well, as the war dragged on longer than previously had been anticipated.

At a ministerial-level meeting December 9, IEA members reaffirmed and extended these decisions, clarified the spot market activities that were "undesirable" for IEA members, and committed even relatively unaffected member countries to draw down stocks to achieve a balance between oil market supply and demand. This was to make more oil available through the market to countries in and out of the IEA facing serious shortfalls.

I would not attribute the relative calm of the spot market during the crisis solely or even mostly to the IEA's pronouncements, but the IEA moves did help to solidify and sanction the company decisions to refrain from spot market purchases. The IEA helped to set the psychological climate. Company decisions, as always, were taken on sound business grounds. Since OECD economies were flat or in recession, many companies had limited immediate needs for oil, given high stocks, and no company wished to become a negative example. In this respect the severe stigma attached to the behavior of some

companies in 1979, particularly the Japanese, played a major role in keeping companies off the spot market.

We realized that certain countries were particularly dependent on Iraqi and Iranian supplies, and special efforts were needed to make sure that these countries would have access to other sources of crude. The most urgent such case was Turkey, which depended on the two combatants for 70% of normal crude imports and where financial stringency had prevented the accumulation of more than 40 days' stocks.

At Turkey's request, IEA Executive Director Lantzke coordinated an informal effort to analyze Turkey's needs and to examine how the shortfall in oil supplies might be made up. The United States and other IEA members contacted oil companies to inform them of Turkey's needs and to suggest that any available and appropriate crude cargoes be offered to Turkey. Substantial amounts of oil were offered in this informal way. As it happened, the timely resumption of Iraqi pipeline shipments,

Planning for the Future

It is in this uncertain environment that we find ourselves developing an international energy policy for the future. I am not sure any two people would agree on what an adequate degree of energy security is, but I am confident that all would agree that generally we need more of it.

For the United States, protection against unforeseen crude oil shortfalls must begin with an effective strategic petroleum reserve. Earlier this year, we began a policy of open solicitations for reserve purchases, subject to budgetary considerations, of course. It is not clear how much oil the Department of Energy will be able to purchase through the end of the year, but we are very encouraged by the offers we have received so far. Our intermediate goal for an effective national reserve remains 500 million barrels; our long-term goal is 1 billion barrels.

The strategic petroleum reserve is a foundation for crude oil security. We anticipate it would be used in response to a

long-lasting) crude oil price increases.

We are just beginning an in-depth review of international energy policies in this area, in the U.S. Government and in a high-level ad hoc IEA group. Let me mention a few of the ideas which are sure to be considered.

Oil stocks in private hands are an important part of our energy security system. I believe that the informal stock consultations initiated following the outbreak of the Iran-Iraq war helped establish a psychological climate that encouraged stock drawdowns in the early stages. We are reviewing our stock management and consultation policy to see whether improvements can be made. It might be advantageous, for example, if all IEA nations increased private stock levels beyond the current required minimum of 90 days of imports.

There is, of course, a limit to industrial nations' ability to use public and private stocks to cushion supply disruptions of long duration. The role of demand restraint in counteracting sustained oil-supply shortfalls is indispensable. The United States may now rely to a larger extent on the free play of market forces to distribute oil domestically during a shortfall, but we must not underestimate the value of coordinated commitments by industrial countries to restrain oil consumption in a crisis. We must examine the possible use of such domestic policy measures as disruption fees or taxes and other market-based demand restraint measures, perhaps on a regional basis.

We have, however, too long been oriented to demand-side responses in our efforts to deal with disruptions. The supply-side offers promising avenues to pursue as well. It may be useful, for example, to have surge capacity for petroleum and natural gas and expanded storage for such fuels as natural gas. The natural gas shortfall in the New England area this winter points to the need for greater preparedness. Obviously, serious policy issues, including a liquefied natural gas import policy and price decontrol program, are involved, and the Administration's review of these issues is only beginning. We need to accelerate the development of nuclear energy by streamlining licensing procedures, by creating a climate of political support for nuclear energy, and

Together with industry . . . we can design an international energy policy that is resilient and effective and build the framework of energy security that is needed to insure renewed and sustained economic growth at home and abroad.

together with purchases from Iran, allowed Turkey to meet its current needs.

Looking at the oil market as we move out of the winter heating season, we can say the situation is improved. Growing export volumes from Iran and Iraq in the face of continuing weak demand due to recession and to a surprising amount of price-induced conservation allow the market to balance. Yet we must continue to be cautious. The exposed Iraqi pipelines through Turkey and Syria can be interrupted again. A too-rapid effort to rebuild depleted stocks on the part of IEA members could lead to price pressure in the open market. And in light of these needs, early production cutbacks by surplus Persian Gulf producers could also cause difficulties.

major oil supply interruption and in the framework of an IEA response. But it is not the all-purpose instrument some people believe it is. It is not a price stabilization mechanism or buffer stock to be used to intervene in markets. It is not to be used to cover small-scale, regional, or short-lived supply interruptions, where private stocks, demand restraint, fuel switching, or private markets can do the job.

As important as the building of an effective national reserve is, therefore, we cannot ignore other measures to improve energy security and preparedness. With the Iran-Iraq conflict, IEA members gained greater experience with informal cooperative measures. We can build on this and earlier experiences to fashion contingency measures for less than catastrophic crude supply interruptions that minimize marketplace intervention but prevent unjustified (and

by fostering appropriate marginal cost pricing for electricity. We also need to reduce rapidly all supply-side restraints on coal utilization.

We need to examine what public policies are appropriate to encourage the construction and expansion of dual-fired industrial facilities. There are many industrial processes where alternate fuels are feasible, and greater fuel-switching capability can help us offset small market disruptions.

I mentioned the importance of accurate information on a continuing basis. As you know, the U.S. Government and the IEA each request a wide range of information from the oil industry on a regular basis. We are taking a hard look at all these information-gathering efforts to eliminate duplication and to see what is truly necessary. High on my list of priorities is preserving the good oil company cooperation with the IEA that we presently have. This is fundamental to the oil-sharing system. I recently testified in Congress to request that the Energy Policy and Conservation Act Section 252 antitrust defense for this type of activity be extended for several months to allow us to complete our review and make proposals for amendment to the present law.

All these policies and more will be needed to improve the state of American energy security. Meaningful energy security, however, requires more than contingency planning. It requires long-term efforts to enhance supply as well. We must make a determined effort to develop new sources of conventional and nonconventional energy at home and abroad. Here the record is good and getting better. U.S. energy production is up, coal output quite substantially. Price decontrol will help justify marginal oil and gas development and secondary and tertiary production techniques. Accelerated leasing of Federal lands will also provide scope for significant production increases. Investments in synthetic-fuels technologies are up and some exciting concepts are being explored. The President is committed to renewed attention to nuclear energy's potential.

Investment Environment

In closing, a cursory review of efforts to enhance conventional energy supplies cannot ignore the international investment environment. We are justifiably proud of the record level of drilling activity in the United States today, but this level reflects the more favorable climate here for exploration and development more than it does the promise of substantial geologic potential. The sad fact is that some of the most promising areas for development of conventional energy sources are not being developed as they should be.

In some cases, like the Middle East and the North Sea, this results from intentional governmental decisions to conserve or to restrict production through taxation. We need to inspire innovative processes to stimulate the development of higher productive capacities. Elsewhere, as in our neighbor to the north, discriminatory investment policies, which favor domestic over foreign companies, run the risk of reducing substantially the optimal development of energy capacity. We need to remind the world that foreign companies are not the bearers of economic dependency, as some abstract social theories portray them. Rather, capital, which is willing to bear risk of exploration and development regardless of its national origin, can be harnessed for the well-being of all concerned.

There is, as well, the sad fact that in many developing countries it is politically unacceptable for foreign companies—which have the required expertise and capital for exploration and development—to carry out work without the equity participation of domestic interests, which do not have the financial ability to invest alone. We need to examine ways to overcome this political barrier, perhaps by fostering the mutually advantageous cooperation of oil companies, national governments, private banks, and multilateral lending institutions. We are now examining this issue to see if such proposals make sense for U.S. policy and U.S. firms.

We need, also, to recognize the impediment to energy resource development, especially in developing countries,

which results from incompatibilities between fiscal regimes here and abroad. Here, too, we need to be creative in developing acceptable ways to reconcile these differences and thereby enhance investment in exploration and development.

Finally, through the IEA's Standing Group on Long-Term Cooperation, which I chair, we are seeking to encourage more effective energy policies in all industrial countries. Jointly, IEA nations will be reducing the role of oil in their economies and moving to encourage new production of oil and alternative sources.

We have a long road ahead, and the risks of renewed crude oil supply problems are endemic to today's world. Together with industry, however, we can design an international energy policy that is resilient and effective and build the framework of energy security that is needed to insure renewed and sustained economic growth at home and abroad. ■

FY 1982 Assistance Requests

by Raymond C. Ewing

*Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on March 23, 1981. Mr. Ewing is Deputy Assistant Secretary for European Affairs.*¹

I appreciate this opportunity to appear before the subcommittee in support of the European portions of the Administration's proposals for security assistance in FY 1982.

As Secretary Haig emphasized to the full committee on March 18, the Administration attached importance to security assistance as an integral component of our global defense posture and a key instrument of our foreign policy. In addition to our programs in other regions, we need to give urgent attention to the security requirement of our friends and allies in Europe. I would like to discuss each of our major programs in that area.

Spain

The FY 1982 security assistance program for Spain is crucial to our own security because of the access it gives us to important Spanish air and sea facilities. These bases are the cornerstone of Spain's defense relationship with the West and are Spain's primary link with the Atlantic defense system. Beyond this, our security assistance program is one of the most effective tools we have to show in a tangible way our support for Spain's young democracy. The assistance provided directly promotes the modernization and professionalization of Spain's Armed Forces. This is particularly important in helping to bring the Spanish Armed Forces closer to West European institutions.

Our security assistance program for the last 5 years has been governed by the 1976 Treaty of Friendship and Cooperation with Spain. The dollar amounts of security assistance that we have provided Spain under the treaty for each of the last 5 years are \$120 million in foreign military sales (FMS) credits, \$15 million in our military assistance program, \$7 million in economic support funds (ESF), and \$2 million in international military and education training (IMET). This treaty

expires in September 1981, and we are in the process of negotiating a successor agreement with the Spanish. For FY 1982 we are requesting amounts similar to those under the treaty in order to maintain our continued access to the important Spanish facilities. These amounts, which we believe are the bare minimum necessary to maintain use of the facilities, are \$150 million in FMS credits, \$7 million in ESF, and \$2.2 million in IMET.

The only major change from last year is the increase in FMS credits from \$120 million to \$150 million. This is to help compensate for the total elimination of our military assistance programs, which were phased out after FY 1981.

Portugal

The United States is encouraged by the degree to which stable and democratic government in Portugal has developed. Portugal has successfully made the difficult and delicate transition from an authoritarian state to one in which fundamental political liberties are respected. Prime Minister Pinto Balsemao leads an administration with a firm parliamentary majority.

Portugal is an important NATO ally. It shares our commitment to strengthening Western security, particularly through NATO, and has made available the strategically located airfield at Lajes in the Azores for this purpose. Both the governing coalition and the Socialist-led democratic opposition agree that Portugal should participate as much as possible in NATO activities. However, Portuguese economic resources are inadequate to support the modernization necessary to render such participation meaningful.

Portugal, therefore, looks to the United States and other NATO allies for security assistance. Providing such aid facilitates cooperation with a valued and reliable ally and reassures the Government of Portugal of our commitment to a substantive role for Portugal in NATO.

For FY 1982, we are proposing \$20 million in grant ESF; \$60 million in FMS credits, of which \$50 million would be at concessional interest rates; and \$2.2 million in IMET. This program will help meet basic needs in all three service branches and continue to aid the economically depressed region of the Azores.

Cyprus

There have been positive developments in the efforts to achieve a solution of the Cyprus problem. In August 1980, intercommunal talks between the Greek-Cypriots and the Turkish-Cypriots resumed under the auspices of the United Nations. Both sides have maintained a congenial negotiating atmosphere and have continued a serious dialogue on the specific issues.

We remain convinced that only through direct face-to-face negotiations can a fair and lasting solution be achieved. We continue to support strongly the ongoing intercommunal talks between the two parties.

The Administration is requesting \$7.5 million in ESF for Cyprus in FY 1982. These funds would be available to both Greek and Turkish Cypriots to be used mainly for the relief and rehabilitation of displaced persons. Since 1974, the United States has contributed \$117 million through the intermediary of the U.N. High Commissioner for Refugees.

We believe that U.S. assistance to Cyprus represents an important and tangible indication of U.S. interest in Cyprus and our strong commitment to promoting a resolution of the problems which for years have dominated this strife-torn island.

Greece

On October 20, 1980, Greece's military forces were reintegrated into NATO, closing a gap in NATO's southern flank which dated from 1974. This important action should facilitate progress toward an improvement in relations between Greece and Turkey.

On January 1, 1981, Greece became the 10th member of the European Communities. This broadening and deepening of Greece's ties with Europe should lead to a steady modernization of the Greek economy.

On January 27, 1981, we entered into active negotiations on a new defense and economic cooperation agreement with Greece. The negotiations are proceeding, and we expect that an effective and mutually satisfactory agreement will result.

Our proposed program for Greece in FY 1982 reflects an awareness of the valuable role Greece plays in NATO, particularly at this period of critical developments in regions bordering on the eastern Mediterranean. The program

is also designed to help provide for Greece's self-defense and recognizes that Greece is a key ally with a strong democratic tradition.

Accordingly, we have requested \$260 million in FMS credits to enable Greece to obtain spare parts and continue its force modernization process. We have also requested \$1.9 million in IMET to allow Greek military personnel to obtain advanced training.

Turkey

Faced with spiraling political violence and a growing paralysis of civilian authority, Turkey's military leaders took over the government on September 12, 1980. Bolstered by a remarkable degree of support from Turkey's body politic, these military leaders are vigorously working to overcome political violence and restore domestic peace. They have repeatedly pledged the restoration of representative government in a form designed to overcome the difficulties that led to the takeover. Like its predecessors, the current Turkish Government is strongly committed to NATO and remains a staunch friend of the United States.

On March 29, 1980, the United States and Turkey signed a defense and economic cooperation agreement which is now being implemented smoothly. This new agreement contains no specific U.S. assistance pledge but rather a best-efforts commitment that we shall seek to help meet Turkish needs in the security and economic fields.

Turkey's most urgent problem is its difficult economic situation. Since 1979, the United States has been working with other nations and international institutions to help Turkey stabilize its economy. This effort has involved financial support needed by Turkey to introduce badly needed reforms. A comprehensive economic reform program was introduced in January 1980, and we were pleased by the continuity given to this effort by Turkey's current government. Other nations share our recognition of the importance of a strong and stable Turkey and have joined us in providing economic assistance. In 1980, 16 nations took part in the Organization for Economic Cooperation and Development (OECD) consortium which pledged economic aid to Turkey.

Our FY 1982 request addresses these challenges. We propose a total military assistance program of \$403.5 million, of which \$400 million is FMS financing and \$3.5 million is IMET. We also seek \$300 million in ESF as part of a major multilateral effort under the aegis of the OECD, designed to restore Turkey's economic health.

Of the \$400 million FMS, \$250 million would be direct credit. The FMS funds will enable Turkey to begin to modernize some of its weapons systems and to acquire spares and support equipment for systems already in its inventory.

Considering the complexity and magnitude of the economic challenge Turkey is facing, our proposed \$300 million ESF program is relatively modest.

In formulating our security assistance proposals for Greece and Turkey, we have been guided by the statement of principles contained in section 620C(b) of the Foreign Assistance Act of 1961. The formal certification to this effect, required by section 620C(d) of that act, will be contained in the formal letter transmitting the Administration's foreign assistance legislative proposals for FY 1982.

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. ■

Northern Ireland

PRESIDENT'S STATEMENT, MAR. 17, 1981¹

St. Patrick's Day is not only the feast day of a great man of God, it is a symbol of the commitment of the Irish people to freedom, to justice, and to the value upon which Western civilization is built.

We in the United States know the great contribution made by citizens of Irish ancestry. From our Revolution to the present day, Irish-Americans have been at the forefront of the defense of freedom. By their labor and by their sacrifices, they have been a major force in building our nation.

It is, therefore, gratifying on this St. Patrick's Day to be able to pay tribute to the great role Ireland and the Irish have played in defending and renewing the values we cherish.

But we are also conscious of the violence, bloodshed, and despair which now haunt all of the people of Northern Ireland. This tragedy cannot go unnoticed by the United States, which owes so much and has such close ties to the Irish.

As an American proud of his Irish ancestry and as President, I recognize the vital importance to our nation and the Western alliance of a peaceful, just, and swift solution to current problems in Northern Ireland.

The United States will continue to urge the parties to come together for a just and peaceful solution. I pray and hope that the day will come when the tragedy of history which now afflicts Northern Ireland will be overcome by faith, the courage, and the love of freedom and justice of the Irish.

We will continue to condemn all acts of terrorism and violence, for these cannot solve Northern Ireland's problems. I call on all Americans to question closely any appeal for financial or other aid from groups involved in this conflict to insure that contributions do not end up in the hands of those who perpetuate violence, either directly or indirectly.

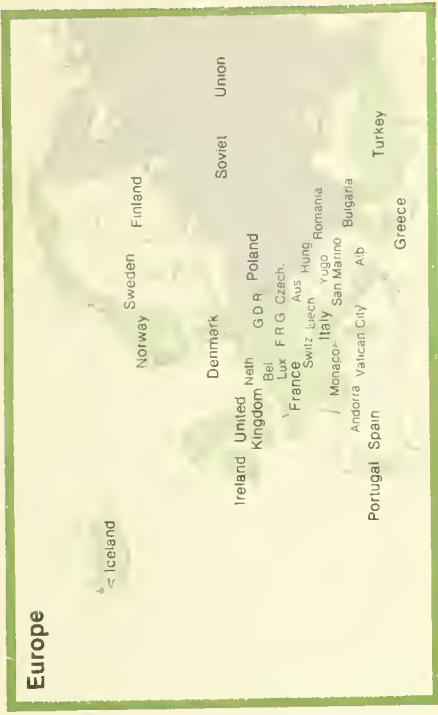
I add my personal prayers and the good offices of the United States to those Irish—and, indeed, to all world citizens—who wish fervently for peace and victory over those who sow fear and terror.

¹Text from Weekly Compilation of Presidential Documents of Mar. 23, 1981. ■

NATO and the Warsaw Pact

The North Atlantic Treaty Organization (NATO) was founded in 1949 to provide an integrated military force for the defense of Western Europe and North America. From the beginning, the organization was designed to promote wide cooperation in political, economic, social, and scientific fields as well as military security. Members: Belgium, Canada, Denmark, France, Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, United Kingdom, United States.

The Warsaw Pact on Friendship, Cooperation and Mutual Assistance comprises the U.S.S.R. and its Eastern European allies. Signed in 1955, it provides a common defense system and machinery for coordinating foreign policy. Members: Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, U.S.S.R.



NATO members

Warsaw Pact

Situation in Poland

STATEMENT BY
WHITE HOUSE PRESS
SECRETARY,
MAR. 26, 1981¹

The White House issued the following statement at the conclusion of today's National Security Council meeting.

This statement reflects the views of the President of the United States.

The United States has watched with growing concern indications that Polish authorities may be preparing to use force to deal with continuing differences in that country between the authorities and labor unions. We are similarly concerned that the Soviet Union may intend to undertake repressive action in Poland.

Our position on the situation in Poland has been clear and consistent from the outset. We believe Poland should be allowed to resolve its own problems without outside interference of any kind. We have scrupulously implemented that policy in our statements, while acting generously in response to Poland's requests to us for economic assistance.

We have welcomed past assurances by the Polish Government and Polish labor organizations that they intended to resolve their differences peaceably and in a spirit of compromise and conciliation. We continue to believe that this path offers the only hope of resolving Poland's difficulties on a basis acceptable to all parties concerned.

We would like to make clear to all concerned our view that any external intervention in Poland, or any measures aimed at suppressing the Polish people, would necessarily cause deep concern to all those interested in the peaceful development of Poland and could have a grave effect on the whole course of East-West relations.

At the same time, we would emphasize our continuing readiness to assist Poland in its present economic and financial troubles, for as long as the Polish people and authorities continue to seek through a peaceful process of negotiation the resolution of their current problems. It is in this spirit that we shall receive Deputy Prime Minister Jagielski in Washington next week.

¹Text from Weekly Compilation of Presidential Documents of Mar. 30, 1981. ■



Poland's First Deputy Prime Minister Visits U.S.

Mieczyslaw Jagielski, First Deputy Prime Minister of Poland, visited Washington, D.C., Apr. 1-5, 1981, and met with Vice President Bush and other government officials. Following are remarks made by the Vice President and the First Deputy Prime Minister after their meeting at the White House on April 2.¹

Vice President Bush

We've had a very good discussion with First Deputy Prime Minister Jagielski of Poland. We had a broad range of discussions of U.S.-Polish relations. Secretary of State Haig was there throughout. And Secretary [of the Treasury Donald T.] Regan and Secretary [of Commerce Malcolm] Baldrige took part in it. I should say at the very beginning that the Deputy Prime Minister expressed his concern over our President, and I told

him that after my visit today to the hospital that I could report to him, first-hand, that our President was, indeed, doing very well.

The United States values its constructive relations with Poland, and we want to develop those relations further on the basis of mutual respect and reciprocity. We're following a policy of nonintervention in Poland's internal affairs, and, of course, we are anxious that others do the same, and we're doing what we can to insure that. We support the policy of the Polish Government, which is to use peaceful means to resolve Poland's internal problem. And we also welcome the Polish leadership's policy of renewal and economic reform.

We talked a good deal about that, the Deputy Prime Minister explaining in considerable detail the concerns of the Polish people and of his government. And we recognize that these economic problems can only be resolved through

an economic program which does have the full support of the people. We're very sympathetic to Poland's economic difficulties. And the American people have, as I told him, a very strong, compatible, humanitarian interest in the welfare of the Polish people.

For these reasons, I had the pleasure of confirming what Secretary Haig had told the Deputy Prime Minister, and that is that the U.S. Government will sell at concessionary prices certain dairy products—surplus dairy products—to Poland. This food, consisting of dried milk and butter, was requested by the government, and we were pleased to be able to reach agreement on that. There are other matters that the Deputy Prime Minister raised with us in terms of things that we might do to help further the economy of Poland. Those matters are being considered with a matter of some urgency, because he impressed upon us the problems facing his country.

We hope that the assistance that we can give will help relieve the current difficulties. And from our standpoint we had a most cordial and productive visit.

First Deputy Prime Minister Jagielski²

Just as the Vice President has said it, I would like on my own part to confirm that our meeting was very interesting and that it was very fruitful, above all, and very advantageous. This allows us to present a wide spectrum of matters very important to our country, for Poland, from economic problems of general meaning and about the means that we are taking in our own country, Poland, to solve the problems with which we are faced and confronted in our country in the most effective way, in the interest of the whole of our people.

I have emphasized once again that the will of my highest authorities is the consistent implementation of the Polish Socialist renewal and the solution of all swelling problems by political means. It is clear that the essential role is assigned to economic matters. And in their solution we expect assistance on the part of our friends, the United States. We are fully cognizant that we must solve these matters, referring at this point to economic matters, by means of our own resources and forces by our own work; increasing its productivity, reinforcing law and order. But we expect also to have assistance from our

friends. This will be a subsequent consecutive demonstration of efforts to expand our economic cooperation as much as the historically shaped ties of friendship.

I wish to extend my thanks to the Vice President and to other interlocutors

and for the cordial and warm reception accorded us.

¹Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981.

²The First Deputy Prime Minister spoke in Polish, and his remarks were translated by an interpreter. ■

NATO Defense Ministers Position on Poland

STATEMENT BY DEPUTY WHITE HOUSE PRESS SECRETARY, APR. 9, 1981¹

The President is very pleased by this strong expression of allied unity.² It reflects the results of the full and extensive consultations which the Administration has had with our European allies since January 20. The President, the Secretaries of State and Defense, and other senior Administration officials have met frequently with European leaders both here and abroad. This series of talks has resulted in common understandings on the key problems facing the alliance. The President is grati-

fied that that sense of understanding has been made dramatically clear by the statement of the NATO Defense Ministers. He believes the statement has made a significant contribution to the prospects for world peace.

¹Text from Weekly Compilation of Presidential Documents of Apr. 13, 1981.

²On Apr. 8, 1981, the NATO Defense Ministers, meeting as the Nuclear Planning Group in Bonn, issued a statement which supported the linking of Soviet intervention in Poland with effective arms control negotiations. ■

Poland—A Profile

Geography

Area: 120,700 sq. mi. (about the size of New Mexico). **Capital:** Warsaw (population 1.6 million). **Other Cities:** Lodz (832,000), Krakow (705,000), Wroclaw (608,000), Poznan (544,000).

People

Population: 35.7 million (Jan. 1981). **Ethnic Group:** Polish. **Religion:** Roman Catholic. **Language:** Polish.

Government

Type: Communist. **Date of Constitution:** July 22, 1952. **Branches:** *Executive*—Chief of State (Chairman of the Council of State). *Legislative*—unicameral Parliament. *Judicial:* Supreme Court. **Subdivisions:** 49 provinces. **Political Parties:** Polish United Workers' (Communist) Party, United Peasant Party, Democratic Party. **Suffrage:** Universal and compulsory over 18. **Trade Unions:** Solidarity Trade Union Federation (independent—about 10 million members), Rural Solidarity (independent—about 3.5 million members), autonomous branch unions (progovernment).

Economy

GNP: \$108.3 (1978 at 1978 prices). **Annual Growth Rate:** -0.1% (1979). **Per Capita GNP:** \$3,100 (1978). **Average Rate of Inflation:** 10% (1980). **Natural Resources:** Coal, sulfur, copper, natural gas. **Agriculture:** Grains, sugarbeets, potatoes, hogs, and other livestock. **Industry:** Iron and steel, chemicals, textiles, food processing, shipbuilding, transportation equipment. **Trade (1980):** *Export*—\$17.2 billion: coal, basic materials, agricultural products. *Partners*—U.S.S.R., F.R.G., G.D.R., Czechoslovakia, U.K., France, Italy. *Imports*—\$19.1 billion: oil, iron ore, other raw materials, grain. *Partners*—U.S.S.R., F.R.G., G.D.R., Czechoslovakia, U.S., U.K. **Official Exchange Rate:** 32.42 zlotys = US\$1.00.

Membership in International Organizations

U.N., General Agreement on Tariffs and Trade, Council for Mutual Economic Assistance, Warsaw Pact.

AID Bilateral Assistance Programs

by M. Peter McPherson

Statements before the House Foreign Affairs Committee on March 19, 1981. Mr. McPherson made the statements both as the Acting Director of the International Development Cooperation Agency (IDCA) and as Administrator for the Agency for International Development.¹

STATEMENT AS ACTING IDCA DIRECTOR

It is an honor for me to appear before this committee for the first time. I look forward to a close working relationship with you as we together seek ways to strengthen U.S. development assistance programs.

I appear before you this morning as Acting Director of the International Development Cooperation Agency. As you are aware, this Administration is reviewing the structure of IDCA. While the Administration's final recommendations are not yet set, and we will consult with you before they are, we are committed to the essential idea behind the creation of IDCA: that the various development assistance programs of the U.S. Government be carefully coordinated and interrelated and that our policies toward developing nations be clearly enunciated and defined. These objectives will be achieved within the coherent framework of U.S. foreign policy now being established by President Reagan and Secretary Haig.

As I begin this new task, which I consider an extraordinary opportunity, I have found it useful to review past experience as I look to the future. Developing countries have made much progress in the 30 years or so since their modern, independent economic growth began and since the United States first launched the concept of large-scale international development assistance. Our satisfaction at these accomplishments must be tempered, however, with concern over today's problems and those of the rest of this century.

Over the past 30 years, developing-country economies grew faster than the industrial nations had ever grown in any comparable period. At the same time, life expectancy—a useful index of a country's health and general living standard—rose from 32 years (just before World War II) to 50 years, an increase that took the industrial countries

the entire 19th century to achieve. Adult literacy rose from one-third in 1950 to about one-half by 1975, while the number of students in primary schools more than tripled.

Substantial progress has been made toward economic self-reliance and diversification. In the early 1950s, many of the countries that have achieved these advances were just emerging from colonial status, were torn by unrest or open warfare, were dependent upon one or two commodities for the bulk of their exports, and had barely begun to create the educational, research, and governmental institutions on which modern development depends.

The United States can be proud of the contributions we made to this historically unprecedented record of economic and social advancement. The United States was at the forefront of the industrial nations in recognizing the need for international economic and technical assistance to the developing countries, in creating programs to provide such assistance, in urging other industrialized countries to increase their aid efforts, in promoting the expansion of the burden-sharing multilateral assistance agencies. Private U.S. investment in developing countries has been encouraged and the system of international trade strengthened in recognition of the opportunities trade can offer as an engine of growth, especially for market-oriented economies.

This progress has also brought home to us the reality of problems that persist and affect us all ever more directly. We have learned that continued progress in Third World development is of growing importance to our own domestic and international well-being. In the past year public awareness of our interdependence has been highlighted by the Presidential Commission on World Hunger, the Brandt Commission, and the "Global 2000" study. The "Global 2000" report in particular presents a sobering picture of large-scale interrelated problems caused by population growth, energy scarcity, forest destruction with attendant soil and atmospheric effects, and pressure on food production capacity. The hunger commission focused on food production and effective demand for food, the constraints on growth, and the implications

for development assistance and for the already vast numbers of hungry human beings in the poorer countries. The Brandt Commission stressed the wider framework of economic policies and institutions and the need to strengthen these policies and institutions if we are to have a chance of meeting the problems of the next two decades as effectively as we have the previous three.

Future directions in all these areas, and in the progress generally of the developing countries, will have direct impact on the well-being of the United States. U.S. exports to developing countries have been expanding much faster than exports to industrialized countries and now constitute about 40% of the total. About 6% of all American jobs in manufacturing produce exports to developing countries, while the harvest of one out of every four farm acres in the United States is shipped to the Third World. Our growing need for imports of raw materials from developing countries (of which petroleum is only one) is well known.

The entire planet's ability to sustain greatly increased numbers of people, to control atmospheric pollution, to produce sufficient energy, and to reduce stark disparities in income levels and employment opportunities that lead to heavy pressures to migrate to stronger economies, will depend on the rate of economic progress in the developing countries and the extent to which this progress is shared among the entire population. Failure to make acceptable progress in ameliorating conditions of poverty can only lead to domestic instability and increasing frustration on the part of Third World governments over the workings of the international system and the distribution of economic and institutional power in that system as it is now constituted. Such instabilities, as we know all too well, can quickly spill over into regional disequilibrium and create opportunities for interventions that are to the interest neither of the countries directly involved nor to ourselves.

The decision to provide aid to a country is, of course, a key foreign policy decision. Successive Congresses and Administrations, beginning with Roosevelt and Truman and continuing with President Reagan, have recognized the importance to our foreign policy of a strong, broad-based foreign assistance program. The balance has fluctuated over the years between military and economic aid and between the meeting

Foreign Aid

of short or longer term objectives, but at no time have we lost sight of the tremendous importance such resources have to our overall national security interests. There is no doubt that this Administration shall continue to stress the importance of substantial development assistance to helping achieve our national objectives.

Technical and economic assistance needs vary from country to country, as do the degrees and kinds of U.S. interests; as a result, the array of programs we conduct or help finance is also quite varied. The total FY 1982 request for all foreign economic and financial assistance is \$8.1 billion, a reduction of \$1.5 billion from the Carter budget. This request represents slightly more than 1% of the entire Federal budget.

Bilateral Programs

Approximately 80% of the FY 1982 request is allocated on a bilateral basis. The major bilateral programs are:

AID Development Assistance (\$1.9 billion) concentrates on programs pinpointed to areas of special concern to the United States—e.g., the Caribbean—that draw on our comparative advantages and special priorities, as in technology transfer, use of the private sector, and support for equitable growth in a limited number of priority sectors.

The Economic Support Fund (\$2.6 billion) promotes economic and political stability where the United States has special security interests. These funds, while directed more explicitly to political objectives, are very important to achieving economic development objectives. Budgetary increases this year are directed especially to helping meet urgent foreign policy priorities in Central America, while providing for enhanced flexibility (in close consultation with Congress) to meet ever-changing special requirements as they develop throughout the year.

PL 480 Food for Peace (\$1.2 billion, about 5.5 million tons) provides Third World countries with food supplies to meet national food and nutritional needs while they increase their own food production. As we integrate development programs more effectively, one of my major goals will be the enhanced link between food aid and our other development activities.

Refugee Assistance (\$568 million) represents a very substantial U.S. program designed to alleviate the misery

and suffering now found with increasing severity worldwide. During 1980, major refugee relief programs were supported in Kampuchea, Somalia, Pakistan, and Zimbabwe. This aid provided immediate survival support followed by supplies of tools, seeds, and shelter in order to permit refugees to become self-sustaining, either in a foreign land or within their own borders.

Housing Insurance Guarantees (\$150 million in guarantees, no appropriation required) are designed to provide shelter and associated urban services to low-income families. Housing-guarantee-related efforts now include technical assistance for institution building and helping countries prepare medium- to long-term shelter development plans.

The Peace Corps (\$95 million) fields about 6,000 volunteers in over 60 developing countries. Volunteers now carry out important development assignments in key basic human needs areas. Increasingly, AID and the Peace Corps are cooperating on joint ventures of common interest, which I am particularly proud of as a former Peace Corps Volunteer myself.

Other bilateral activities include the Inter-American Foundation (\$13 million proposed in FY 1982) which extends grants to local private groups in the Caribbean and Latin America.

Multilateral Programs

About 20% of this request is for international development institutions, especially the multilateral development banks. The international character and varied financing windows of the banks make them especially able to work on difficult policy issues and to fund large development infrastructure projects that directly increase the productivity of poor people in countries of significant importance to the United States. These projects often complement U.S. bilateral programs, an effort we shall try to strengthen. These banks generate about \$3 from other donors for every \$1 we provide as well as much larger flows in support of development by the banks' borrowings from the private banking system.

Multilateral Development Banks. The World Bank group, the largest of these banks, consists of the International Bank for Reconstruction and

Development (IBRD), International Development Association (IDA), and the International Finance Corporation; \$1,028 billion is requested in FY 1982, of which \$850 million is for the IDA and \$163 million for the IBRD.

Regional development banks focus their lending within specified geographical regions. The principal regional banks are the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank; \$450 million is requested for these regional programs.

International Organizations and Programs (\$260 million). The United Nations has the largest number of technical experts working in developing countries, drawn from some 30 agencies and programs concerned with development. The largest are the U.N. Development Program, the U.N. Children's Fund, U.N. Environment Program, the Food and Agriculture Organization, and the International Fund for Agricultural Development (IFAD). IFAD is unique in that OPEC [Organization of Petroleum Exporting Countries] countries are major donors. Organization of American States assistance programs are a major source of multilateral technical assistance for economic and social development in Latin America and the Caribbean.

Private Investment

This Administration is committed to finding practical means of enhancing the private sector's role in assistance programs and in less-developed country development, both in the programs noted above and in two special organizations in our bilateral program.

- The financially self-sufficient Overseas Private Investment Corporation provides political risk insurance and loan guarantees to U.S. investors in new or expanding businesses in developing countries.

- The Trade and Development Program (\$7 million, FY 1982 budget request) promotes private sector participation in Third World development through the provision of project planning services that lead to the sale of U.S. technology for project implementation and through the provision of government-sponsored assistance on a reimbursable basis. Directed principally at

middle-income countries that can finance their own development, it complements development assistance programs which focus on the poorer countries.

Conclusion

The development needs of poor countries are tremendous, far beyond what we and others can possibly provide, especially at a time when our own resources are most limited. The programs described today represent a very small part of the Federal budget and a miniscule share of our national wealth. As the most powerful nation on Earth, we cannot, in my view, afford to neglect our own self-interest—both for national security and humanitarian reasons—by failing to provide the investment for development in this year's pared-down budget request. I urge this committee to

lend its full support to the total program.

STATEMENT AS AID ADMINISTRATOR

In my presentation as Acting Director of IDCA, I described in broad strokes the importance to the United States of development in the Third World, the scope of the need, and the full range of U.S. economic assistance programs for which this Administration seeks your support. Now as AID Administrator, I will focus on how the bilateral assistance programs administered by AID address important global problems and U.S. objectives. I should like to begin with a few indications of areas of special interest and concern to me, recognizing

that these must be of a preliminary character.

This Administration is committed to increased opportunities for the private sector to participate in AID programs. As you know, in recent years AID has substantially expanded assistance provided through private and voluntary organizations; this will continue. So, too, will our activities in partnership with the American agricultural community, particularly through the programs encompassed in Title XII of the Foreign Assistance Act. I will be searching for means of strengthening both these relationships in ways that produce effective development programs and the least intrusive role for AID while still protecting the interests we all have as taxpayers in efficient use of resources.

Incorporating opportunities for growth of the private commercial sector

Development Assistance

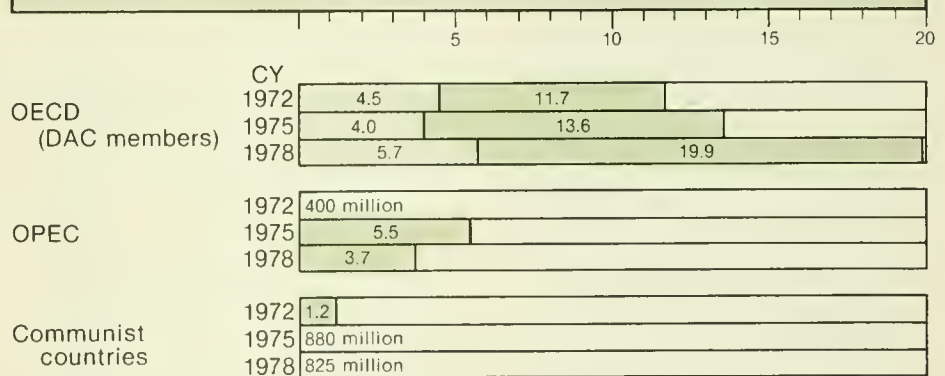
This table compares the official development assistance given by members of the Organization for Economic Cooperation and Development (OECD) and the Organization of Petroleum Exporting Countries (OPEC) and by Communist countries for calendar years 1972, 1975, and 1978.

Official development assistance refers to the transfer of resources (goods, services, and capital) from one country to another to help the recipient develop its economy and raise its standard of living. To qualify, such transfers must contain a grant element of at least 25% while loans and credits must be concessional (i.e., given on a long-term and low-interest basis). This type of assistance includes both direct assistance through bilateral aid programs and contributions to international financial institutions such as the World Bank.

The OECD consists of 24 developed market economy countries. The organization's 17 major donors of official development assistance belong to the Development Assistance Committee (DAC). Although the United States has always been the world's largest donor in absolute figures, most other DAC members allot a larger share of their GNP to foreign aid.

OPEC began to provide appreciable amounts of foreign aid in the late 1960s. But for several years the annual total did not exceed \$500 million. While the oil price increases beginning in 1973 sharply increased OPEC revenues, other developing countries experienced a rise in their oil import bill of over \$10 billion in 1974.

Official Development Assistance* (\$ billions)



*Net disbursements.

Source: Figures from OECD, *Development Co-operation: Efforts and Policies of the Members of the Development Assistance Committee* (chairman's report), 1974 Review, 1979 Review

▨ U.S. share

Foreign Aid

in developing countries, and in related ways, increasing avenues for our own private sector to expand its associations and business, has not previously received the attention it deserves in AID. I have already initiated work in AID to find important and significant programs to involve American financial and manufacturing sectors in investment and advisory activities. We must be careful here to facilitate business involvement and not to substitute for private capital. Ultimately, the most significant economic development will come from vigorous free markets in goods and services. I am convinced AID can play a significant catalytic role and will be back to you for advice and counsel as our ideas develop.

This committee has stressed, in its development of the new directions legislation, the importance of establishing a sound and permanent institutional base in recipient countries. I am a strong believer in emphasizing in our programs the special capacity we have in the technology transfer area—the provision of skills, ideas and training, and the strengthening of policies, systems, and institutions to carry on development programs once outside help is no longer available. AID is already heavily engaged in technology transfer, and many projects providing technical assistance are enhanced by associated resource transfers—for example, fertilizer, contraceptives, and some physical plants and equipment. As I want to be sure we are getting the most benefit from our limited resources, and not doing work that can better be done by others, I am examining AID's program to see whether some shift at the margin toward further institution-building and technology transfer is possible.

AID has a very dedicated and able staff, highly experienced in the difficult job of development. A special strength of AID is its overseas mission structure which permits productive day-to-day dialogue with recipient countries on policy and implementation matters. This approach enhances the effectiveness of our technology and resource transfers. Concentration on institution-building and associated technology transfer will not decrease our staffing needs, and yet AID, along with nearly all other parts of the government, will see significant staff reductions over the next several years. To the greatest extent possible, it is my intention to protect our overseas missions and take the bulk of the reductions in Washington. We will be exploring a

number of further steps to simplify our systems to reduce unnecessary workload on our staff. This policy has been started by my most recent predecessors, and I intend to move even further in this direction. I will seek your counsel and support for any significant changes that may be necessary.

I strongly support the close integration of the major components—development assistance, PL 480 [Food for Peace program], the economic support fund, and housing insurance guarantees—of our bilateral programs to achieve the greatest degree of development benefit. This committee has pioneered in this effort, and I intend to see that the process is carried forward with even greater emphasis.

Evaluation is an important tool, if used properly, in assuring that our resources are used well and that we learn from past successes and mistakes in planning and implementing future programs. I intend to continue and expand AID's evaluation program, especially the impact evaluations whose usefulness has already gained recognition by this and other committees of Congress.

Program Highlights

These are but a few of the myriad issues, concerns, and opportunities that confront me as new Administrator. I would now like to focus on the highlights of our proposed program.

Food Production. More than half of AID's development assistance budget is focused on food-related problems. Increasing food production distribution and consumption within a growth with equity strategy is a primary goal of AID. The magnitude of the world food problem demands such attention. Food production can be accelerated significantly through better planning, more realistic policies, and increased investment in research, physical infrastructure, and marketing systems.

In FY 1982 \$727.8 million is requested for this sector. AID's farm level efforts to increase food production are varied. Through training, technical assistance, and financial support, AID will foster the improvements needed to increase the production of the family farmers. Our focus on the total farming system offers a promising approach to

research and development of technologies most useful to farmers. Through additional research—in U.S. universities, international agricultural research centers, and in the growing national research establishments in low-income countries—AID intends to stimulate the continued development and dissemination of improved agricultural technologies.

The agricultural production policies of recipient countries are also critical. We have two major instruments for influencing policy. First, through technical and capital assistance we help reduce policy and related institutional impediments to equitable growth. Second, by providing PL 480 food aid in the context of a long-term agricultural development plan, we encourage policy changes to reduce food deficits while addressing the worst immediate aspects of such shortages on the needy.

Deforestation. The grave implications of a related problem, accelerated deforestation, are upon us. This is a threat both to rural energy needs and to agricultural productivity. Forests are being cut for fuelwood at a rate faster than the process of natural regrowth. Consequently, erosion is increasing and the resulting siltation reduces streamflow, increases flooding, and affects the utilization and maintenance of irrigation systems. Adequate supplies of potable water are equally threatened. Forestry assistance is now a key element of AID's program, as is our assistance to help developing countries manage their natural resources more efficiently and productively.

Energy. Deforestation has itself been accelerated by the worldwide fossil fuel energy crisis. With the upward spiral in the price of petroleum-based fuels, the pressure on fuelwood supplies has intensified. AID is, therefore, giving increased emphasis to the development and diffusion of alternative rural energy sources such as biogas and minihydro as well as more efficient energy conversion devices, such as wood-burning stoves. We are also strengthening institutions for energy planning and policy analysis. Over \$77 million is sought for all types of energy programs in FY 1982.

Population Growth. Rapid population growth in developing countries exacerbates food, environment, and energy

problems. Between 1980 and the year 2000, the world's population is expected to increase from about 4½ billion to over 6 billion people; 90% of that increase will take place in the developing countries. While the demographic situation is serious, it is not hopeless. Worldwide population growth rates are no longer rising. Among the 13 most populous developing countries, all have experienced crude birthrate declines. However, significant countries and regions of the developing world are still growing at rapid rates that offset development gains and contribute to local and global instability.

As the largest donor for international population programs, the United States has played an important part in bringing about decreased population growth rates. We have led in developing and disseminating the most widely used contraceptive methods; in providing contraceptive services; in developing inexpensive service delivery systems; in training personnel; and increasing motivation for family planning among individuals, communities, and national leaders.

We must continue to assert our leadership. Today, demand for population programs far exceeds available resources. Our funding request of \$253.4 million for population programs is essential to keep up the momentum in the highest priority program areas.

Health. Illness and early death are common among the poor in developing countries. Although infant mortality has declined by almost one-half during the last 25 years, 1 out of 10 infants, overall in developing countries, fails to reach 1 year of age, and in many countries this figure is in the range of 2 out of 10.

Primary health care, a combination of the most basic preventive and curative health services, is among the most promising means of reducing childhood disease and death, of diminishing poor hygiene and related poor nutrition, as well as the often fatal effects of too-frequent pregnancies. Most developing nations have made a firm commitment to primary health care and many look forward to the extremely ambitious goal of universal access to primary health care by the end of the century.

AID has been a leader in financing primary health care programs since the early 1970s and has helped finance nearly 50 programs in 36 countries. Part of the challenge before us is to help developing countries establish systems that

can be self-sustained through government efforts and participation of local communities. We are requesting \$120.4 million in FY 1982 to meet that challenge and carry on other priority work in the health sector.

Education. The education problems which developing countries face are enormous. Indeed, because of the rapid growth of the youthful population and the acute shortages of teachers and instructional material, developing countries face the very real prospect of having more school-age children out of school in 1985 than a decade earlier. Our strategy is to help developing countries find cost-effective ways of improving their basic educational programs.

AID also focuses on critical higher level manpower shortages that undermine economic progress in the developing world. AID has supported the training of over 200,000 professionals in a wide range of fields critical to development. I am personally concerned that AID's participant training program has declined in the last decade, notwithstanding continuing high demand for American university and specialized training.

In order to help meet these education and training needs, we are requesting \$109.6 million for FY 1982, primarily for programs in Latin America and Africa. The bulk of these funds will be used to support programs for basic primary and nonformal education as well as vocational, technical, and professional training.

Geographic Highlights

Now let me touch on a few geographic highlights.

Africa. Twenty-six percent of our development assistance program is focused on Africa, including \$107.5 million for the Sahel. The most pressing and interrelated problems in Africa today are declining per capita food production and the rapid depletion of traditional energy resources. These problems, aggravated by serious balance-of-payments deficits in many African countries, are resulting in much human suffering. They also point to potential economic and political instability—a matter of great concern to U.S. interests in

this continent. Resolution of these problems has become the highest development priority for most African governments and international donors, including AID.

There is significant food production potential in Africa. By the year 2000, and perhaps well before that with adequate investment and supporting policies, a number of countries will be surplus producers. AID assistance strengthens national agricultural research systems, small-holder irrigation, and marketing and distribution systems. We also believe that a combination of improved agricultural and land management practices and expanded reforestation programs by AID and other donors will ease the energy problem. A third approach is to tackle population growth directly, which at 2.7% a year in sub-Saharan Africa is higher than in any other region and still increasing. There is a growing awareness among many African leaders that the population question needs to be faced. To help bridge the food gap, PL 480 Title I and II programs are being maintained as vital to a food-short and drought-prone continent.

Asia. Thirty percent of the development assistance program is concentrated in Asia. Several major Asian countries have chalked up impressive gains in food production. AID assistance in the form of fertilizer, financing for irrigation, and technical assistance has contributed to the Philippines' approaching rice self-sufficiency, to impressive wheat production gains in Pakistan and Bangladesh, and to supporting Indonesian incentive pricing policies for rice production. Our assistance was a major factor in establishing India's agricultural education and research system and domestic fertilizer capacity, which in turn has contributed to its current market self-sufficiency in basic grains.

Notwithstanding this progress, the food deficit for the region, as a whole, is expected to increase. The gap between effective demand and domestic supply would become even greater if pervasive malnutrition were to be eliminated. Through projects assisted by AID and other donors that help farmers increase food production and provide expanded rural employment and income, a 4% annual growth rate is projected in food production for the region.

While population growth has declined significantly, thanks in part to

FY 1982 Assistance Requests

Following are statements by Deputy Assistant Secretaries for Near Eastern and South Asian Affairs Morris Draper and Joseph W. Twinam before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee.¹

**MR. DRAPER,
MAR. 12, 1981**

I welcome the opportunity to be here today to testify in support of the Administration's proposals for economic and security assistance to Jordan and Lebanon.

These two countries border Israel. A comprehensive settlement of the Arab-Israeli conflict will not be possible without their active involvement and cooperation. In both countries, there are substantial numbers of Palestinians. The future of the countries will be affected by the way the Palestinian problem—including its political and refugee dimensions, among others—is handled in the process of achieving a just and lasting end to the Arab-Israeli conflict. We thus have a strong interest in the directions the policies of these two countries will take over the period ahead.

While our assistance programs have specific objectives tailored to each country's needs, they fit within the broad regional strategy which the Administration intends to develop and carry out. These two countries—Jordan and Lebanon—have historically been close to the United States. They have depended on our support in the past while facing challenges and crises. In the future, both countries will have to cope with poten-

tially threatening and destabilizing trends in the region. They will expect us to be helpful and cooperative. Our assistance programs there—while fitting within our broad strategy—are intended to nurture basic relationships of mutual trust and confidence and to assist the governments in carrying out their responsible national priorities. In the process, we believe we will be reinforcing the hopes of these governments to be able to promote peace and stability—internally and in the international arena—with confidence.

Jordan

For Jordan in FY 1982, we are proposing \$50 million in foreign military sales (FMS) credits, \$20 million in economic support funds (ESF), and \$2 million for the international military and education training (IMET) program. Except for military training, which has been increased, the levels of assistance for the country will be significantly lower than the programs for much of the decade of the 1970s. Our determination took into account the improving Jordan economy and the flow of other external assistance. The lower levels also reflect the constraints involved in our own domestic economic reform program. The programs, however, remain consistent with our goals of building a relationship with Jordan which will endure through ups and downs and will provide a good basis for further cooperation as we pursue our interests and Jordan strengthens its national independence.

Jordan—its progressive leadership, its continued economic and social development, its stability, and its ability

had to be scrutinized and virtually every program had to be restrained no matter how sound the objectives.

As we reviewed the Carter budget, I came to realize how central our development assistance program is to America's relations with countries around the world. Indeed, for many countries the development assistance program is our primary expression of participation in what for them is most important—their rapid economic and social development. Thus, this program serves not only our generalized interests in helping to solve some of the world's most critical problems but also our very immediate political interests in achieving a satisfactory

relationship with countries important to us on the three major continents where the program is carried out.

This is a worldwide program, focused on a critical set of development issues—food, population, health, education, and energy. It serves our foreign policy interests well and will leave a lasting impact on vast numbers of poor people. I urge your strong support for this lean and effective AID program.

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

AID programs in Thailand and Indonesia, the regional annual population growth rate is still above 2% and in some Asian countries is 3%. We expect our continuing family planning assistance to the major countries of the region and substantially expanded programs in Bangladesh to help bring about a significant decline in regional population growth.

Latin America and the Caribbean.

The link between the need for accelerated socioeconomic development and U.S. security is most clearly demonstrated in the Latin American/Caribbean region. AID requests a \$265.3 million development assistance program in Latin America, concentrated in the Central American and Caribbean region, an area where socioeconomic problems are serious and where the United States has vital economic and security interests.

Unemployment and underemployment remain critical problems in Latin America. This reflects slow economic growth in the region's low-income countries, continuing sharp disparities between modern and traditional sectors within countries, and population growth, although declining, still almost 2½% a year. Problems of resource depletion—soil, firewood, and others—are reaching very serious proportions in some countries; the cost of imported petroleum is strangling development efforts and making it difficult for many smaller countries even to maintain existing programs. Our programs serve as catalyst and risk taker, attracting complementary public and private resources in support of innovative programs benefiting the poor.

Cooperatives and credit unions as well as joint private investment ventures with Latin American small enterprise and the use of the economic support fund to support private enterprise in the Caribbean are features of this broad-based AID program.

Importance of Program

The \$1.9 billion we are seeking for the development assistance program is nearly one-half billion less than was proposed in the Carter budget. This cut does not represent a reduction in need for funding of agriculture, health, population, and other programs around the world. Rather it represents the outcome of a difficult set of choices in which this Administration has had to give very high priority to reaching an appropriate balance between income and expenditures, a process in which every budget

to defend itself and to make independent decisions of its own despite pressures and influence exerted by others—is important to American foreign policy goals. It is important that Jordan remain committed to a policy of preserving peace along the border with Israel. It is important that Jordan continue its constructive policy—directly helpful to greater U.S. interests—of providing training, guidance, and seconded military and security personnel to key countries in the gulf region. This reinforces inclinations there to look to the United States and the West for equipment, military orientation, and guidance.

The substantially increased IMET program for Jordan will enroll perhaps 175 officers in U.S. military courses, which will include key members of the Jordanian instructor cadre.

While Jordan has expanded resources and external funding from which to draw, our FMS credit program of \$50 million remains significant. Jordan may be facing the prospect of further challenges and confrontations with the regime in Damascus. Late last year, the Syrians massed significant military forces on Jordan's northern border in what was viewed widely as an effort at intimidation. Relations between the two countries currently are cold, and their disagreements have been highlighted in the media of both countries. A small country, with only limited manpower, Jordan has tried to develop—with our assistance and guidance—a reasonable deterrent against its far stronger potential adversaries in the region. Our assistance program fits sensibly within this basic goal, without trying to go beyond it.

As for economic assistance, we should recall that our help to Jordan over the years—generating significant economic and social advancement—has been a major success. At the beginning of our close association, we, together, faced what were considered almost insurmountable economic problems. We are pleased with the accomplishments so far. Jordan is healthy and has a promising future. Jordan will, however, remain dependent on outside help for several years yet. And we believe we should play a continuing role.

Our economic programs will be concentrated on the Jordan Valley irrigation project and on programs dealing with health, potable water, agriculture, and sewage. We have been deeply disappointed that it has not been possible to resolve the riparian issues that would

permit the construction of the Maqarin Dam. We will not seek new funds from the Congress until improved political conditions in the region permit a new approach. Nevertheless, it is a tragedy that one of the scarcest national resources in the Middle East—water for ordinary drinking purposes as well as agriculture—still has not been adequately harnessed and controlled in the area of the Yarmouk River basin where the Maqarin Dam might some day be built. In the absence of the Maqarin Dam, we will continue to examine, however, ways in which we could be helpful to Jordan on many broad questions of water management and use.

Lebanon

For Lebanon we are proposing for FY 1982, \$15 million in FMS credits, \$5 million in ESF, and \$840,000 for expanded training of Lebanese military officers.

Our fundamental policies toward this pivotal country remain the same. We firmly support Lebanon's independence, territorial integrity, and sovereignty. We consider it important that its unity and cohesion be preserved and strengthened. We have made clear our hope that the day will soon come when a genuine political consensus and national reconciliation can be achieved. In the meantime, we would like to see the strengthening of the authority of Lebanon's lawful and legitimate government structure and all of Lebanon's national institutions. This includes the rebuilding national army, which offers the only promising means of assuring security eventually to all of Lebanon's citizens.

Tied as our two countries have been by common traditions, blood and family connections, and a historically warm friendship, we must maintain our humanitarian concern for those innocent people who have been victimized by the violence, terrorism, and warfare in many parts of Lebanon since 1975. We have tried to use our influence—in combination with our assistance programs—to make progress toward improved stability and an end to the violence. While facing formidable problems, Lebanese leaders have been trying hard also to end the suffering and violence. In this connection, we have been impressed with the efforts by President Sarkis—at the recent Islamic summit in Taif—to

stop southern Lebanon from being used as a battleground with Israel. The United States will continue its firm support for the U.N. peacekeeping forces in southern Lebanon, which offer the only realistic near-term means of containing the dangers there and working for stability.

The military assistance programs are continuations of those we began in 1976. Our IMET program will be expanded. This will permit the enrollment of military officers, and particularly junior officers, in courses at the three U.S. service staff colleges, as well as in basic and advance officer courses elsewhere. Our FMS credit assistance will help Lebanon to continue the reorganization and equipping of an additional brigade. Equipment will be similar to that purchased earlier with FMS credits to help rebuild Lebanon's mechanized light infantry formations.

Lebanon has made good use of the equipment and training it has received from the United States in recent years. The army has been able to take over some security responsibilities from the Arab deterrent forces, and we hope that added responsibilities can be undertaken stage-by-stage.

Overall economic conditions have improved slowly since the end of the civil conflict in 1976, but the progress has been spotty and uneven. Tense conditions in the country discourage investment and rational economic planning. Our relatively modest economic assistance programs have worked well and have been highly visible. In FY 1982 we intend to continue programs of support for health education, vocational training, cooperatives, housing, as well as for development planning.

To sum up, we have continued to look at Lebanon from both the policy and human perspectives. A stable, prosperous, and independent Lebanon—playing its traditional role as a well-spring of moderation, teaching, free enterprise, intellectual thought, and tolerance—would contribute to creating the kind of Middle East we want.

**MR. TWINAM,
MAR. 12, 1981**

In the past year, U.S. concern over security in Southwest Asia has heightened. To respond to Soviet pressures, as well as potentially destabilizing regional tensions, the Administration seeks to

Middle East

strengthen our relations with the friendly governments in the Arabian Peninsula. This purpose is manifested in a variety of actions, including support for the development efforts of the U.S.-Oman Joint Commission, our ongoing development assistance program in Yemen, and our military assistance undertakings in both countries.

Sultanate of Oman

U.S. relations with the Sultanate of Oman have intensified during the past year. We concluded an agreement last June under which U.S. military forces are given access to certain Omani ports and airfields under implementing arrangements as mutually agreed. We will upgrade these facilities for our own purposes and also for Oman's permanent use through a military construction program now getting underway. We are increasing the supply of military equipment in areas where American equipment appropriately meets the Sultanate's defense needs, and we are seeking increased FMS credits to help finance some of this equipment.

We also established last August a joint commission, thus strengthening the economic dimension to the relationship. This commission, supported both in funds and personnel jointly by Oman and the United States, will be the focal point for projects in Oman which might benefit from American technology and for increased commercial links between our two countries.

Oman is strategically significant because of its position overlooking the Strait of Hormuz at the mouth of the gulf. The United States has an interest in supporting a friendly and responsible government there. Although Oman in late 1975 successfully quelled a Marxist-oriented insurgency led by the Popular Front for the Liberation of Oman (PFLO) and supported from South Yemen, some leaders of the PFLO are still at large and South Yemen has kept up its anti-Oman rhetoric. Therefore, there is reason for concern that radical elements in the region will seek to pressure Oman through military and political means. Our new military and economic program is designed to help Oman address these concerns.

Our intensified relationship with Oman builds on a long history of cordial relations. It recognizes the remarkable progress that Oman has made during the past decade in creating a modern society and bringing prosperity to its

populace. When Sultan Qaboos came to power in 1970 and set that country on the road to development, he was faced with one of the most impoverished economies in the world and had to fight the PFLO insurrection which was then at its peak. With great effort and considerable cost in resources, the Sultan's government not only put down the rebellion but also built a modern economic and social infrastructure where virtually nothing existed before.

Oman has been helped in this endeavor by its oil income, but its oil resources are small by the standards of the region and in relation to the development task it is facing. The Sultanate has received substantial economic and military assistance from friendly countries in its difficult task and will rely on similar help in the future.

Yemen Arab Republic

The Yemen Arab Republic occupies a strategic location on the southern border of Saudi Arabia and astride the entrance to the Red Sea. It occupies a buffer position between Saudi Arabia and the Marxist-led People's Democratic Republic of Yemen (P.D.R.Y.). After centuries of isolation and a period of devastation brought about by a long civil war during the 1960s, Yemen today is attempting to strengthen its central government, to achieve security and political order throughout its territory, to improve its economic development, and to raise the standard of living of its population.

Yemen is poor in natural and industrial resources and remains heavily dependent upon outside assistance. In the past, it has sought aid, both economic and military, from a variety of sources. The Saudis have been particularly generous in their economic assistance as have other Arab states. The Soviet Union has concentrated its assistance on military equipment and training. For a long period, Yemen obtained the bulk of its military supplies from the Soviet Union. The Soviets, however, also provided very large amounts of military aid to the Marxist regime in the P.D.R.Y. and as tensions between the two Yemens heightened during the early 1970s, North Yemen expressed interest in obtaining arms from the United States.

The U.S. economic and security assistance program in Yemen is part of the U.S. effort to counter the Soviet

challenge in the Middle East and to confront the challenge of radical forces in the region. Our security assistance effort (\$1.05 million in IMET and \$15 million in FMS credits) is aimed at providing additional training and support for the operation and maintenance of the U.S. military equipment we sold to North Yemen, with Saudi financing, in 1979 during its border conflict with South Yemen. We want to maximize Yemen's ability to utilize the equipment we have provided. Our security assistance provides an alternative to Yemeni reliance on the Soviet Union. Our program in Yemen is smaller than that of the Soviets, who over the last year have provided substantial amounts of military equipment at very favorable interest rates. The Soviets are also providing training for over 1,000 Yemenis in the Soviet Union. We have sought to emphasize the quality of our own training activity. We feel the progress in our training of F-5 pilots contrasts favorably to the limited success of the Soviet MiG-21 program.

It is equally important that the United States contribute to Yemen's effort to develop its economic and human resources. Our aid program is relatively small and complements the larger efforts being made by Arab and international donors. In the last several years, our aid program has had to concentrate on laying a basis for development training in the seriously underdeveloped Yemeni technical environment. We have now reached a stage where we can demonstrate more visibly the human benefits of this effort. It is essential that the program be fully funded at the request level of \$21.1 million in order to achieve this. Unless we are able to operate at the funding level requested, we will need to review our economic assistance approach and seek even more modest goals.

**MR. DRAPER,
MAR. 16, 1981**

I am pleased to be here today to testify in support of our FY 1982 proposals for economic and military assistance to Egypt.

We are seeking—in security assistance—\$750 million in ESF, as well as \$900 million in FMS credits, \$400 million of which will be in concessionary "direct credits." These security assistance proposals will be on top of a PL 480 program likely to exceed \$300 million in FY 1982.

Progress in the U.S.-Egyptian Relationship

Our assistance programs for Egypt complement the Middle East peace process and constitute integral elements of the coherent strategic approach to the region which we are developing in order to improve the security situation there. Our relationship with Egypt is critically important to these two objectives. It is remarkable that we have achieved such intimate ties, given the fact that diplomatic relations between our two countries were reestablished only 7 years ago. These ties are as close as they are because of the mutuality of our interest.

Following the October 1973 war, we have together moved steadily forward on the search for peace in the Middle East, while developing confidence in one another's determination. The disengagement agreements in the Sinai were followed by President Sadat's historic visit to Jerusalem in 1977, which set in motion the dramatic developments leading to the Camp David accords and the Egyptian-Israeli Peace Treaty.

Working from the foundation of a common commitment to peace, our two countries have developed an equally strong record of cooperation with regard to the challenges to the region's security. Egypt will have a role to play of high importance. It must have the strength to deter threats and maintain national security. This is a principal reason for our military assistance programs.

Starting from a relatively modest economic assistance program after 1974 that was small in relation to Egypt's needs, we are now devoting over \$1 billion annually in support of President Sadat's efforts to free up the economy, to achieve self-sustaining growth, and to enhance the quality of life for his people.

The closeness, the importance, and the magnitude of such ties are unusual in our other relations worldwide. They deserve our full measure of support.

Strengthening the Peace

A little over a year ago, Israel and Egypt exchanged Ambassadors, which was one of the more dramatic events in the process of normalizing relations between these two former adversaries. The two are adhering scrupulously to both the letter and the spirit of the Treaty of Peace. The interim boundary is open to travel and trade. Israel's President Navon visited Egypt and addressed the People's Assembly. Israeli

and Egyptian Ministers and Members of Parliament have exchanged visits. Scholars, scientists, and businessmen are forging new ties in broadening fields. Egypt struck from the books all laws related to the Arab boycott of Israel. Aviation, postal, and communication links have been established between the two countries. Egypt now sells Israel 2 million tons of crude oil annually, making Egypt one of Israel's major long-term suppliers. Egypt and Israel, we are confident, are becoming good neighbors.

Much has been achieved, but much remains to be done. Egypt remains committed to building on what has been negotiated in partnership with the United States and Israel. We have already joined with the two countries, ahead of schedule, to work out security arrangements concerned with the final phase of Israel's withdrawal from the Sinai under the terms of the Peace Treaty. On his April trip to the region, Secretary Haig will be discussing with President Sadat and Prime Minister Begin how the peace process should best be advanced and how the core problems should be addressed. The Secretary will also be talking to some of the other leaders in the region to analyze their detailed views of a proper course toward peace.

Growing Strategic Cooperation

President Sadat has been outspoken about the threats posed to the region through foreign intervention and subversion. If Egypt is to play its role in our common strategic approach to regional security problems, it must have help in modernizing its armed forces. Egypt has been the target of efforts by some Arab states to isolate it politically, as punishment for its commitment to peace, and thus has been deprived of some traditional sources of outside funding to meet its needs. Other traditional donors have tended to concentrate on economic credits rather than for those that might be used for military equipment. Meanwhile, Egypt's problems with its deteriorating inventory of Soviet-origin hardware continue to grow.

Thus, Egypt feels itself dependent on us to help satisfy its minimal, legitimate defensive needs. These needs must be set in the context of the prevailing instability in the region and the adventurism of some of the states there.

Libya is pursuing a heavy-handed, aggressive policy, as witnessed by its intervention in Chad. It is heavily armed with modern Soviet equipment. Egypt's security concerns embrace the potential threat to its neighbor, Sudan, with which it has a mutual defense treaty.

President Sadat sees the overall threat in broad strategic terms. He has been deeply concerned over the implications of the Iranian revolution and the Soviet invasion of Afghanistan. He has offered access to Egyptian military facilities for U.S. forces in emergencies and for common purposes. He has invited U.S. Air Force and rapid deployment force units to participate in joint exercises with Egyptian forces. He wants to consult with us further and extend cooperation compatible with Egypt's own national interests.

Military Assistance

It was with our broad and coherent regional strategy in mind that we decided to propose an FMS credit level of \$900 million, or \$100 million higher than initially planned. When we proposed—and the Congress approved—\$550 million in FY 1981 as part of an anticipated longer term military supply relationship, we privately told the Egyptians that they could consider a figure of \$800 million for planning purposes in FY 1982. With the help of cash-flow financing, our program allows Egypt to make sensible plans to carry out a balanced modernization program for the next years ahead.

In planning and placing orders for a balanced program, however, Egypt had, in effect, mortgaged the \$800 million funding level it was told we would seek for FY 1982. As a result, Egypt would be faced with the prospect of not being able to place major new orders until FY 1983—with deliveries, of course, several years later still. It is in response to this problem that we went to the higher figure of \$900 million.

As I stated, we are also proposing that \$400 million of this new level of \$900 million be offered in the form of concessionary direct credits; the exact terms are yet to be decided. Egypt is a relatively poor country, measured in per capita income terms. While the short-term prospects for the economy are good, the country will probably face some serious problems a few years ahead, as it balances needs—including defensive needs—with resources. Direct

credits take into account this problem.

Finally, we are proposing an expanded IMET program of \$2 million. This will help train about 250 officers.

Economic Assistance Program

President Sadat's commitment to political and economic programs of reform, development, and liberalization remains as strong as ever. From the very outset of his presidency, when he released many political prisoners, President Sadat has encouraged the development of democratic opposition institutions. Opposition parties are represented in the People's Assembly, and an opposition press contributes to a spirited dialogue on important domestic and foreign issues. A comparison of economic conditions prevailing in the mid-1970s and at the end of 1980 also demonstrates that good progress has been made in that field. In the mid-1970s, Egypt teetered on the edge of bankruptcy. In 1979 there was an overall balance-of-payments surplus; in 1980 this surplus probably was somewhat larger. A free foreign exchange market is flourishing, tariff barriers have been lowered, agricultural production has risen somewhat above the rate of population growth, and major construction projects are underway.

Foreign assistance, however, remains absolutely vital; without it there would have been no balance-of-payments surplus in the past 2 years. With nearly half of the population aged 15 or younger, and a population growth rate of close to 3%, problems lie ahead.

Inflation is a serious problem. Earlier in 1980, it was running at an annual rate approaching 40%. This problem, coupled with increasing consumer unhappiness over chronic food supply and distribution problems, led President Sadat to reorganize his government at midyear and personally to assume the Prime Minister's role. Since then, the government has attempted to deal directly with consumer discontent by broadened price controls and by increasing the food supplies in the markets. This effort has had some success; at year end, the rise in the consumer price index had eased sharply. Nevertheless, underlying inflationary pressures remain strong, and Egyptian officials, including the President himself, are well aware that trade-offs may have to be made between present consumption and future investment.

Egyptian economic policymakers

confront a dilemma. The legacy of Egypt's experiment with economic centralism in the 1960s was an overstaffed and inefficient public sector industrial plant and a declining agricultural sector. The Egyptian consumer had been effectively insulated from the vicissitudes of world inflation for over a decade before the "open door" policy was announced at the end of 1974. That decision—to undertake a major economic liberalization by opening the economy to the free markets of the West and to allow domestic private enterprise to re-emerge—meant unavoidable changes in patterns of equity. It also meant that consumers would be subjected to the pressures of rising prices at the very time that world inflation reached unprecedented levels.

Therefore, the Government of Egypt will be trying simultaneously to increase

productivity and efficiency throughout the economy while preserving and protecting an historic commitment to a very high degree of economic equity and social justice. To undertake such a massive domestic effort at the time of a truly historic reorientation of its foreign policy marks the statesmanlike policies of the Government of Egypt and President Sadat.

To persevere, Egypt requires continuing support from the United States and the Western world. Our large ESF program of \$750 million recognizes that need.

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. ■

Hostage Agreements Transmitted to the Congress

After 444 days in captivity, the U.S. hostages in Iran were freed on January 20, 1981. Their release came after weeks of around-the-clock discussions between the U.S. team and an Algerian team, selected by the Iranian Government to act as intermediary in exchanges leading to the hostages' release. The agreements which eventually concluded the crisis were adhered to in Algiers on January 19-20, 1981, with Deputy Secretary Warren M. Christopher signing for the United States. These agreements were transmitted to the Congress by the Department of State on March 12, 1981, along with an explanatory statement summarizing the five documents.¹

DEPARTMENT STATEMENT REGARDING DECLARATIONS OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA, THE UNDERTAKINGS OF THE UNITED STATES AND RELATED DOCUMENTS ADHERED TO AT ALGIERS, JANUARY 19-20, 1981

Explanation of Agreement

This agreement relates to the release of 52 U.S. nationals detained in Iran and to the settlement of claims between the United States and its nationals and the

Islamic Republic of Iran and its nationals. The agreement consists of five principal documents:

(1) The Declaration of the Government of the Democratic and Popular Republic of Algeria (henceforth the "Algerian declaration").

(2) The Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran (henceforth the "claims settlement agreement").

(3) The Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran With Respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria (henceforth the "undertakings").

(4) The Escrow Agreement.

(5) The Technical Arrangement Between Banque Centrale D'Algerie as Escrow Agent and the Governor and Company of the Bank of England and the Federal Reserve Bank of New York as Fiscal Agent of the United States (henceforth the "technical arrangement").

The Algerian declaration describes the overall principles underlying these agreements. It states that it is the policy of the United States not to intervene in the internal affairs of Iran, and it establishes a mechanism for the

quitable settlement of claims between the United States and its nationals and Iran and its nationals. The declaration further establishes a procedure for the return to Iran of its assets currently held in the United States or by entities under U.S. control. The declaration finally describes the measures the United States will take with respect to assets of the estate of the former Shah of Iran and his close relatives.

The **claims settlement agreement** establishes the Iran-U.S. Claims Tribunal for the purpose of deciding (1) claims of U.S. nationals against Iran, (2) claims of Iranian nationals against the United States, and (3) certain claims of the United States and Iran against each other. The agreement provides a method for selecting the members of the tribunal. It also provides that all decisions and awards of the tribunal shall be final and binding and enforceable in the courts of any country.

The **undertakings** provide for the transfer of certain Iranian assets to a bank account in the name of the Banque Centrale D'Algerie and provide that when the balance in that account reaches at least \$7.955 billion that Iran shall effect the safe departure of the 52 U.S. nationals detained in Iran. The undertakings provide for distribution of the funds in that account upon certification by Algeria that the 52 Americans have safely left Iran. A total of \$3.667 billion has been transferred to the Federal Reserve Bank of New York to pay outstanding loans; \$1.418 billion remain in an escrow account to pay outstanding loans as to which the amount owing may be in dispute; and the remainder in the account has been transferred to Bank Markazi Iran.

The **escrow agreement** implements the Algerian declaration and establishes an escrow account at the Bank of England in the name of the Banque Centrale D'Algerie as escrow agent.

The **technical arrangement** is a banking document which defines the responsibilities of the Bank of England with respect to the escrow agreement and provides for the transfer of funds pursuant to the other agreements.

Background Information on Negotiations

Efforts to obtain the release of the hostages in Iran began when the American Embassy in Tehran was seized on November 4, 1979. The direct

steps leading to the signing of this agreement in Algiers on January 19-20, 1981, however, began on September 12, 1980, when Ayatollah Khomeini announced his four conditions for the release of the hostages. Shortly thereafter, the Iranian Parliament (Majlis) established a commission to draft a detailed statement of Iran's position on the hostage issue.

The Majlis, on November 2, 1980, approved a more detailed statement of conditions for release of the hostages and delegated to the executive branch the authority to implement these conditions. The Prime Minister chose to negotiate the issue through the Algerian Government as intermediary between Iran and the United States. Eight days later, on November 10, the first U.S. response to the Majlis resolution was delivered and explained to the Algerian negotiating team in Algiers.

On November 26, 1980, the Algerian team delivered a series of Iranian comments on the U.S. position; the U.S. response to these comments and requests for clarification was delivered to Tehran on December 4, 1980.

The Iranians presented their response to the U.S. clarifications to the Algerians on December 19, 1980; the Algerian team conducted discussions with U.S. officials in Washington from December 27-30, 1980. The U.S. response to that communication was delivered to Iran on January 3, 1981. Four days later, on January 7, 1981, a U.S. negotiating team, headed by Deputy Secretary of State Warren M. Christopher, arrived in Algiers to facilitate further exchanges. Negotiations continued between the U.S. team in Algiers and the Algerian team which was shuttling between Tehran and Algiers.

The overall agreement was entered into on the morning of January 19, 1981, and the final implementing arrangements were completed on January 20, 1981. At that point, the 52 U.S. nationals were released from Iran.

Effect of Agreement

The most immediate and obvious result of these agreements is that they effected the release of the 52 U.S. nationals who had been detained in Iran for 444 days, from November 4, 1979, to January 20, 1981.

As a result of this agreement, an Iran-U.S. Claims Tribunal will be

established to arbitrate claims—in particular, the large number of claims of U.S. nationals against Iran. The tribunal will consist of nine arbitrators unless the two governments agree on a larger multiple of three. The United States and Iran each appoint one-third of the arbitrators. The party-appointed arbitrators appoint, by agreement, the remaining third of the tribunal's members.

To implement these agreements, President Carter issued 10 Executive orders* on January 19, 1981, and President Reagan issued an 11th Executive order** on February 24, 1981.

In addition to directing the establishment of the escrow account described in the agreements (Executive Order 12276), President Carter also directed appropriate transfers of assets in the United States and assets held in U.S. banks overseas belonging to the Iranian Government (Executive Orders 12277-12281). President Carter revoked the trade embargo against Iran (Executive Order 12282) and placed restrictions upon transfer of property belonging to the former Shah of Iran (Executive Order 12284). A commission was established to study the issue of compensation for the U.S. nationals held in Iran (Executive Order 12285). President Carter additionally ordered the Secretary of the Treasury to promulgate regulations prohibiting claims against Iran relating to the seizure of the hostages and their subsequent detention (Executive Order 12283).

President Reagan issued Executive Order 12294 on February 24, 1981, suspending claims against Iran that may be presented to the tribunal and providing that during the period of this suspension such claims shall have no legal effect in any action now pending in U.S. courts.

Legal Authority

(1) U.S. Constitution, Article II, Section 2 (Executive Power) and (2) International Emergency Economic Powers Act (IEEPA) Section 202(a), 50 U.S.C. 1701(a).

*For texts of the agreements, see BULLETIN of Feb. 1981.

**The Executive orders are printed in the BULLETIN of Feb. 1981.

³For text see BULLETIN of Apr. 1981. ■

U.S., Egypt Initial Nuclear Cooperation Agreement

Following are the text of a joint U.S.-Egypt statement issued in Cairo on March 21, 1981, together with supplementary information made available to the press that day.

JOINT STATEMENT

The United States and the Arab Republic of Egypt on March 21, 1981, took yet another step toward advancing and strengthening their ties in mutually beneficial areas by completing negotiations on an agreement between the two countries for cooperation in the peaceful uses of nuclear energy.

The agreement reflects the intention of the two countries to cooperate in the peaceful uses of nuclear energy in a manner that supports energy development and nonproliferation objectives. The agreement will permit a number of cooperative activities and exchanges between the countries when it enters into force, including at the outset the transfer from the United States to the Arab Republic of Egypt of technology and equipment for nuclear electric generating capacity of about 2,000 megawatts electric and the enriched uranium fuel necessary to support that capacity.

The agreement fully recognizes the Arab Republic of Egypt's ratification of the Treaty on the Non-Proliferation of Nuclear Weapons. In the course of the negotiations leading to initialing of the agreement, the United States again welcomed Egypt's decision to ratify the treaty as yet another testament to Egypt's strong commitment to peace in the region and longstanding support for the objectives of the Nonproliferation Treaty.

The initialed agreement is now being referred to both governments with a view to completing the necessary procedures for its signing and entry into force at an early date.

SUPPLEMENTARY INFORMATION

United States and Egyptian negotiators in Cairo initialed the proposed text of an agreement for cooperation between the two countries in peaceful uses of nuclear energy on Saturday, March 21. This agreement will specify the terms and conditions forming the framework

within which various cooperative activities and exchanges in this field may take place. These include possible purchase by Egypt from U.S. suppliers of nuclear power reactors and low-enriched uranium fuel for them, subject to agreement with these suppliers on the terms of any purchases Egypt may decide to make. The agreement is, in most respects, the same as agreements which the United States has concluded with a number of other countries; such agreements are required by U.S. law for the U.S. Government to permit the export of nuclear materials and equipment. The agreement recognizes Egypt's recent ratification of the Treaty on the Non-Proliferation of Nuclear Weapons, and during these negotiations the United States again welcomed Egypt's decision to ratify that treaty.

The proposed agreement will now be referred to both governments. For the United States, the further procedures necessary before it may enter into force are specified in the Atomic Energy Act of 1954, as amended. After review by the executive branch, the proposed agreement will be submitted to the President by the Secretaries of State and Energy, accompanied by the views and recommendations of the Director of the Arms Control and Disarmament Agency and the members of the Nuclear Regulatory Commission. After the President has approved the agreement and it has been signed by the two parties, it will be transmitted to Congress. It may enter into force after 60 days of continuous congressional session, unless during that time the Congress objects by concurrent resolution to our concluding the agreement. ■

Lebanon

SECRETARY'S LETTER TO PRESIDENT SARKIS, APR. 7, 1981

Dear Mr. President:
I have talked to our Ambassador to Lebanon, John Gunther Dean, and have asked him to transmit this message to you.

I am pleased to have this opportunity to communicate with you and the Lebanese people. The United States has always held Lebanon in special esteem as a free and independent democracy adhering to the same

principles and ideals that Americans prize. In this regard, I would like to convey to the Government of Lebanon, and to you personally, Mr. President, my respect and admiration for the courageous efforts you have made to defend these values in the face of the violence which Lebanon has suffered.

Linked to our respect for the principles of the Lebanese republic is our firm support for the institutions of the Lebanese Government. Now, Lebanon is facing renewed and intensified crises—in Beirut, in Zahleh, and in the south. Against this background of intolerable violence, I want to reaffirm most strongly the support of the United States for the Government of Lebanon. You have seen, Mr. President, the statement of my government calling on all parties to put an end to acts of violence from within or without the country, and stressing that it is in the interest of all Lebanese to support fully the constitutional authorities of Lebanon. We are also making the most urgent and high level contacts with concerned parties in support of your efforts to end this latest round of violence.

I also have reconfirmed to all concerned our strong support for U.N. peacekeeping efforts in south Lebanon and for the expansion of the Lebanese contingents serving with UNIFIL in its area of operations.

It remains our firm conviction that a strong central government, based on the democratic principles that you have so consistently and bravely upheld, is the only guarantee of security for both the inhabitant of Lebanon and her neighbors. Accordingly, as we work now to help in putting an immediate end to this most recent violence, we are also calling on all parties, in and out of Lebanon, to assist in expanding and strengthening the authority of the Lebanese Government in every part of the country. It is only in this way that peace and security for all can be restored.

Please accept, Mr. President, on behalf of the Government of the United States and myself personally, my admiration, appreciation, and firm support for your courageous efforts to fully translate the ideals of the Republic of Lebanon into actuality.

With warm regards,
Sincerely,

Alexander M. Haig, Jr.

¹Made available to news correspondents by acting Department spokesman William J Dyess. ■

International Narcotics Control

by Joseph H. Linnemann

*Statement before the Subcommittee on Inter-American Affairs and the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 30, 1981. Mr. Linnemann is Acting Assistant Secretary for International Narcotics Matters.*¹

Events of the past year, both in the United States and abroad, have reinforced our view that international narcotics control is an integral part of U.S. foreign relations. I welcome this opportunity to present the Department's overall international narcotics control philosophy, describe our programs, and place our effort in a global context.

Illicit drug sales in the United States are estimated at \$65 billion. According to a *Fortune* magazine report of 1979 corporate earnings, only Exxon and AT&T [American Telephone and Telegraph] exceeded that figure. In contrast, the overall Federal budget devoted to the suppression of drug abuse is roughly \$1 billion. Approximately 95% of that amount is expended here in the United States for law enforcement, demand reduction, and addict rehabilitation. The remainder is devoted largely to international programs planned and implemented by the Bureau of International Narcotics Matters. For FY 1982 the Department is requesting \$37.7 million for the Bureau's budget, approximately \$2.3 million more than our FY 1981 planned program.

The history of prohibition and of illegal immigration to the United States demonstrates that our borders cannot be sealed to forces attracted by the wealth of this country. This does not deter us, however, from doing what we can to reduce the illicit drug supply while solutions to the domestic demand for illicit narcotics are sought. The Department's role in our international effort is to motivate and assist foreign governments in curtailing the production of illicit drugs at their source and in immobilizing major traffickers who smuggle these drugs into the United States.

Since the appointment of the Department's Special Adviser on Narcotics Matters in 1971, we have placed highest priority on those drugs that have the most serious health, social, and

economic consequences—heroin, cocaine, and marijuana—in that order. Our primary goal has been to assist foreign governments stem trafficking in these drugs as close to the point of initial production as possible.

The Department follows three general approaches in pursuing that goal:

- Illicit production control and interdiction through enforcement;
- Drug income alternatives, where necessary; and
- Demand prevention and reduction.

Underpinning these approaches is a sustained diplomatic effort by the Department and our overseas missions to secure the cooperation of producing and transit countries in the global fight against drug abuse. Unless we insure a cooperative international environment, other U.S. Agencies, such as the Drug Enforcement Administration (DEA), U.S. Customs Service, or the U.S. Coast Guard, could not operate effectively with their foreign counterparts. More specifically, the Department, through government-to-government agreements and appropriate international agencies, seeks to provide the legal and organizational framework—seizure of illicit assets, mutual judicial assistance, ship boardings, and U.N. drug control conventions—within which much of our international effort is based.

The principal focus of our effort, within these three general approaches, is direct technical assistance. In FY 1982, we are requesting \$26.9 million for country programs, an increase of approximately \$2 million over planned FY 1981 levels, due largely to increased efforts in Southwest Asia and our program in Burma. To date, our most successful country program has been our support of Mexico's efforts to eradicate opium poppies. Before the aerial eradication program began in 1975, Mexico was the leading source of heroin for the United States. Substantial amounts of Mexican heroin are still being seized, but the herbicide program destroys an estimated 90% of the opium planted.

Drug Trafficking in Asia

In Southeast and Southwest Asia, the target drug for our proposed program is opium and the heroin which is refined from it. In Southeast Asia, this means the primary focus is in Burma and Thailand; in Southwest Asia, Pakistan.

We shall also propose programs for transit countries like Turkey, and in both Southeast and Southwest Asia, a regional cooperation project.

As in Latin America, the projects proposed are of two general designs—supply reductions and demand reduction. Supply reduction projects attempt to restrict the supply of illicit opiates reaching the United States. Enforcement assistance to police and customs agencies and crop-income substitution projects fit this design. Demand reduction projects are focused on limited demand for illicit opiates. Frequently, international traffickers get their start in their own domestic drug market. At the least, a reliable domestic market provides a cushion for traffickers suffering hard times. We support a domestic program of treatment and rehabilitation of drug abusers and propose studies into the nature and extent of drug abuse in Asia. The Bureau believes demand reduction projects are an integral component of our overall assistance. They aid unfortunate individuals in countries which are crucial to a successful effort against drug abuse. The United States advances its own interest while sincerely and honestly helping our friends and allies.

Southeast Asia. Opium is grown in the rugged hill-country along the tri-border area of Burma, Thailand, and Laos. Hill tribes, ethnically different from the nationals of these three states and, generally, at a lower level of civilization, are the primary cultivators of the opium poppy. They practice a slash-and-burn form of agriculture, very destructive of lumber resources and watersheds, as they cultivate the poppy.

The opium is refined just along the border between Burma and Thailand. In this wild "no-man's land," covered by very heavy jungle, neither Burma nor Thailand have the ability to exert control consistently. Bands of traffickers and opium refiners take advantage of the weakness of local governments, the difficulties of the terrain, and the crazy quilt pattern of ethnic and political insurgencies. Their income from the narcotics trade means that they are well armed and able to corrupt poorly paid provincial officials. The so-called Shan United Army (SUA) has achieved a predominant position in refining and trafficking in the Thai-Burmese border area.

Semirefined opium and its derivatives move to market through various

channels. We feel the largest part of opium produced in the "Golden Triangle" region of Southeast Asia transits Thailand before it leaves the region. The tendency for opiates to leave the region via Thailand is encouraged, at least in part, by the relative isolation and controlled nature of the Burmese and Lao societies. Nevertheless, some opiates move through Burma by land to the Tenasserim coast, then on to Malaysia, and elsewhere by sea. We believe the major trafficking routes, however, lead over land to Bangkok and points south in Thailand and Malaysia, then by air and traveler concealment to destinations outside the region.

Southwest Asia. Opium is offered for sale relatively openly at towns along the border between Afghanistan and Pakistan. These tribal areas are not subject to Pakistani Government law or control and have long resisted nontribal authority. Opium and refined products leave the tribal areas over land or by camel caravans and truck. There is also clear evidence of movement out by sea and by air through Karachi. Some enforcement officials speculate that shipments of Afghanistan and Pakistan opium to meet the demand of Iran's large addict populations frees up a portion of Iran's production for movement into Turkey's eastern province. Opium can be refined into morphine base and heroin at any point from the Pakistani frontier to eastern Turkey. The refineries used in this process are crude and highly mobile. They are not easy to locate and destroy.

Morphine base is also moved to Turkey's porous southern coastline where it is shipped to points in Italy for further refining into heroin and movement to the United States through Mafia channels. Heroin moves directly over land to Western Europe where it has fueled an addiction epidemic of unprecedented proportions and has the potential for affecting our Armed Forces.

Programs in Asia

To counter the threat from opium-heroin production in Southeast and Southwest Asia, we support programs designed to reduce both the supply of and the demand for opium and heroin. In FY 1982, we are requesting \$9 million for country programs in Southeast Asia and \$4.4 million for programs in Southwest Asia.

In Southeast Asia, international narcotics control assistance supports enforcement efforts in Thailand and in

Burma. In Thailand, commodities such as vehicles, narcotics test kits, and training are provided to narcotics enforcement units of the Thai police and customs.

In Burma our assistance supports contract maintenance for fixed- and rotary-wing aircraft used to curtail opium production. Recently, the destruction of more than 5,000 acres of poppies was made possible by these aircraft to ferry personnel to the isolated areas where poppies grow.

Encouraging regional enforcement cooperation is also an important goal of our assistance. In Southeast Asia, the Bureau has pursued this by funding police training for students from the five ASEAN [Association of South East Asian Nations] countries at the Thai police academy. This goal has also been advanced through the activities of the Colombo Plan drug adviser, who is dedicated to regional cooperation. From its inception, the Colombo Plan drug advisory program has received most of its financial support from the United States.

Through the "cross-posting program"—one facet of this program—the Colombo Plan finances the travel of two officers working on the narcotics problem in ASEAN countries. These officers exchange positions for several months to broaden their experience and encourage international cooperation against narcotics trafficking. We are requesting \$150,000 in FY 1982 to support the Colombo Plan's efforts.

In Southwest Asia, political turmoil has prevented the Bureau from cooperating with Iran or Afghanistan. It has been estimated that if all the opium presently stored in Pakistan were to be converted into heroin, Pakistan alone could supply the U.S. market at present U.S. consumption rates for the next 10 years. We are attempting to strengthen Pakistani narcotics law enforcement efforts through training and commodity assistance to the Pakistani Narcotics Control Board, the Pakistani Customs Service, and other agencies with enforcement responsibilities. Additionally, we support income-crop substitution programs and addict treatment and rehabilitation. In Pakistan, the Bureau is planning a significant increase in efforts. A total of \$1.1 million will be provided for the customs and board units and \$1.3 million for the agricultural development project in the northwest frontier province to develop alternate income sources.

Geographic position has helped to

make Turkey an important trafficking route for Southwest Asian heroin on its way to Europe and the United States. Our assistance is designed to respond to the problem of generally tight budgets in Pakistan by providing needed commodities and narcotics law enforcement training.

Situation in Latin America

Latin Americans, because of their geographical and cultural proximity, are much more attuned to our society than the inhabitants of the remote narcotics-producing areas of Asia. They are more aware of the perceived ambivalent attitude toward drug abuse among major elements of our population. They also are more aware of our inability to fully enforce our own laws against the production here of illicit drugs and marijuana. This relative familiarity with the controversy over drug use here adds a unique complication to our programs in Latin America.

We frequently must convince influential private and public figures that the United States—the ready market for lucrative exports from their weak economies—really wants them to take strong and politically difficult measures to control illicit production and trafficking. Otherwise responsible Colombian businessmen, for example, have charged that their desire to eliminate Colombian marijuana production is designed to "protect the United States marijuana producers' market." And some Caribbean officials, while accepting our pleas that they improve their interdiction efforts, have noted that our own judicial procedures sometimes appear limited to apprehending traffickers.

Latin America's importance as primary supplier of illicit cocaine and marijuana for the U.S. market has increased as production has expanded in Bolivia, Peru, and Colombia. The latter is also a major trafficking country. Our programing, based on unqualified successes in Turkey and Mexico, has consistently sought to attack the actual production in the fields. Simultaneously, it attempts to implement projects and contacts toward improving affected governments' commitments and abilities with regard to both the interdiction of drugs as well as legal action against major traffickers.

As Mexico's drive against heroin and marijuana production became effective, Colombia's role as transit point for cocaine and producer of marijuana became predominant. Trafficking earnings are now estimated to surpass those of coffee

in the national economy. This Colombian-U.S. link has quickly proven to be a devastating social and economic problem for the small Caribbean states—Bahamas, Jamaica, and others—through which the traffic passes. It is, therefore, a bilateral political problem for the United States in an area already sensitive because of economic and security threats.

Progress in Latin America

In FY 1982, \$13.5 million, or approximately 50% of our overall country program assistance, is requested for our Latin American initiatives.

Mexico. The joint U.S.-Mexican campaign to eradicate opium poppy continues to be very successful. Our FY 1982 planning assumes that the Mexican Government will attain partial self-sufficiency in most operational aspects of the eradication program. We shall continue to provide support for the remote sensing program, which was developed in conjunction with the National Aeronautics and Space Administration, and we will continue to provide some commodity equipment. Our total input will be \$5.6 million, down substantially from \$18.5 million in 1978. We shall work as closely as possible with the Mexican Attorney General's Office to sustain current controls and diminish further production of opium from this traditional growing area on our border. As Mexican Government self-sufficiency is established, our monitoring will continue, but our program costs will be reduced appropriately.

Peru. Our FY 1982 programing continues with its long-term drive to diminish cocaine production, in part through improved herbicide eradication techniques but primarily through appropriate participation in, and support for, a major agricultural program in Peru's principal cocaine-producing area. This support includes \$2.9 million covering a wide spectrum of activities—some directly connected with agricultural work, others with the Peruvian enforcement agencies such as the Guardia Civil, Peruvian Investigative Police, and Peruvian Customs Service, whose work is essential to the success of control through alternative crop programs.

Our Peruvian programs have been designed to coordinate closely with and be complemented by the rural development program of the Agency for International Development. We have worked for 2 years to initiate such a project in the illicit coca area, which now produces

an estimated 40–60 metric tons of illicit cocaine annually. If sufficient funding and multilateral commitment can be garnered, we see real possibilities for success in effectively diminishing illicit Peruvian production.

Bolivia. Almost all program activities in Bolivia have been suspended in the wake of that country's July 17, 1980, takeover by a military junta closely connected with cocaine trafficking. Resumption of full programing in Bolivia depends on a political decision as to the possibility of achieving useful antidrug results through cooperation with the Bolivian Government. In light of the consistent reporting which shows complete complicity between Bolivian enforcement agencies, the Bolivian military, and major Bolivian traffickers, resumption of programing is currently impossible. If the situation changes dramatically, we will seek reprograming possibilities to reinstate effective programs.

Colombia. Colombia continues to be the major processor of cocaine hydrochloride, supplying approximately 70% of the U.S. and world markets. It also provides 70% of the marijuana smuggled to the United States, with an estimated 23,000–25,000 metric tons produced in the 1980 harvest. Building on previous programs totaling \$19.7 million in FY 1980 and FY 1981, the FY 1982 program will extend support at a level of \$2.7 million. The majority of this new funding—\$1.7 million—will be used to assist the national police, as the primary Colombian Government agency for narcotics enforcement. Modest amounts will support the Colombian Customs Service, the Attorney General's Office, and the Mission's project development and support costs. Any effective steps to move the Colombians toward attacking their vast marijuana production are hindered by two factors: our own inability to suppress domestic marijuana cultivation in the United States and our being prevented from working toward eradication through herbicidal spraying.

Ecuador. We have maintained a program in Ecuador because of that country's importance as a major trafficking link for coca derivatives and cocaine from Bolivia and Peru to Colombia. For FY 1982, a funding level of \$480,000 will be provided to support ongoing interdiction work by enforcement agencies and to continue drug abuse education efforts.

Brazil. Since 1979 Brazil has shown evidence of becoming an important co-

caine transshipment country and the principal source for acetone and ether used in cocaine refinement in Bolivia. Fairly sophisticated drug distribution networks transship cocaine from Bolivia through Brazil for ultimate transport to the United States and Europe. Our goal is to assist Brazilian federal police in curtailing the processing and transshipment of coca derivatives destined eventually for the United States.

In FY 1981, the United States is negotiating a project agreement with the federal police, which is under the responsibility of the Ministry of Justice and is the agency within the Brazilian Government with primary responsibility for narcotics control. Approximately \$200,000 will support border interdiction operations aimed at disrupting trafficking at key spots on the Colombian and Bolivian borders.

If supported by evaluation of the success of the FY 1981 operations, we will continue in FY 1982 to support the federal police in its border interdiction program for cocaine. About \$500,000 will provide commodity support, training, and rental of necessary tactical air transportation for Brazilian narcotics teams in operations border areas and other support costs.

The Caribbean. Trafficking routes for 70% of the cocaine and marijuana and a major portion of the illicitly produced dangerous drugs entering the United States pass through the Caribbean. The impact of this flow on the United States, especially Florida, has long been obvious. The Attorney General of Florida has reportedly described the trade in cocaine, marijuana, and illicit quaaludes in that State alone as "the biggest retail business in our State," amounting to about \$7 billion. But the affected Caribbean countries are only now beginning to perceive the serious social, political, and economic problems for themselves stemming from the traffic. The matter has been raised recently as a priority bilateral issue by both the Bahamas and Jamaica; the latter is the source of approximately 25% of marijuana smuggled into the United States. We are undertaking a Caribbean regional narcotics program aimed at establishing a basis for better coordination among the Caribbean countries, particularly Jamaica, the Bahamas, the Turks and Caicos, and U.S. enforcement Agencies—DEA, Coast Guard, and Customs. The main thrust of this funding is to be used in improving interdiction results in the Caribbean, pursuing

eradication efforts if deemed feasible, and operational support efforts.

Narcotics Demand Reduction

In FY 1982, we are requesting \$2.1 million to support programs designed to reduce demand for illicit drugs in countries which are involved in the production or transit of drugs destined for the United States. This effort has a direct effect on our production control and interdiction programs.

We have found that the existence of a demand reduction program enhances the awareness of local public leaders to the potential or actual threat drug abuse poses to the host society. This, in turn, strengthens the government's commitment to the production and trafficking control programs which we emphasize. We have also found, particularly in producing countries, that stable populations of illicit drug consumers provide an additional economic incentive to illicit producers. These addicts are a ready local market for relatively unrefined drugs, like opium gum, and serve as a hedge against fluctuations of the international drug market.

Finally, large numbers of chronic consumers of illicit drugs may destabilize societies friendly to the United States by reducing the availability of effective manpower in the workplace; supporting corruption, criminal trafficking elements, and other drug-related crime; and exacerbating other economic and social problems. Malaysia, for example, has identified the illicit drug problem as a major security problem.

Much of our effort in Europe is tied in some way to pump-priming—increasing European awareness of the scope of the problem, sensitizing them to the threat posed by the definite spillover threat on U.S. and other NATO forces, and stimulating European Community support for international narcotic control programs in production areas. The Department has encouraged a collaborative effort with the Federal Republic of Germany (F.R.G.)—known as the central working group—in which [the U.S. Departments of] State and Defense, as well as the DEA work with several German agencies to increase the effectiveness of domestic drug enforcement and treatment programs, as well as programs which affect the U.S. military forces stationed in the F.R.G. We have also provided limited technical assistance to the Government of Italy and have consulted with representatives of other European governments, and we

work closely with the Vatican, which has identified drug abuse as one of the major problems confronting the family.

International Narcotics Control Training

Our funded training activities are aimed primarily at improving the enforcement capability of foreign narcotics officials and are designed to increase professional cooperation between U.S. enforcement authorities and those of other countries.

Most of the training is carried out by the DEA and the U.S. Customs Service in time-tested courses and in special programs designed to meet specific requirements. Both agencies conduct advanced courses for high-level foreign officials in their U.S. training centers, while training for line officials is generally offered abroad in special in-country programs. Beginning in FY 1982, DEA will conduct its advanced international narcotics-control training at the Federal Law Enforcement Training Center at Glynco, Georgia.

DEA and Customs also provide courses to improve domestic training capabilities of responsible agencies in the cooperating nations. During FY 1980, DEA and Customs provided training to over 1,100 foreign participants in courses overseas and in the United States. Both DEA and Customs evaluate their portions of the training program. The overall training program was evaluated by a contractor on behalf of the White House Domestic Policy Staff in 1980.

Our funded training also includes the executive observation program, through which senior foreign government officials involved in narcotics-control activities visit this country. Besides exposing these key visitors to U.S. agencies and procedures, this program develops personal ties of communication and cooperation between U.S. and foreign government officials. During FY 1980, we funded the visits of 13 senior government officials from 8 countries.

U.N. Fund for Drug Abuse Control

So far I have spoken mainly of our bilateral narcotics control efforts, but we also work through various multilateral agencies and contribute to the U.N. Fund for Drug Abuse Control (UNFDAC). I would like to cite here an important recent development by which the U.N. drug control system will assist us in reducing a major form of drug abuse in the United States.

One of the most popular illicit pharmaceuticals here is methaqualone, first marketed under the trade name Quaalude. Hospital emergency rooms mention methaqualone during the first three-quarters of 1980 totaled 3,374, up almost 100% from the same period in 1979. Although most of the illicit methaqualone has been smuggled from clandestine laboratories in Colombia, it appears that in the near future Colombia may no longer be a major supplier. For some time, we have urged the Colombian Government to ratify the U.N.'s Psychotropic Substances Convention of 1971—the international agreement under which the shipment of licit raw material for methaqualone, which is later diverted to illicit production, can be controlled. The convention has serious implications for domestic pharmaceutical industries which makes ratification a sensitive economic issue.

As you know, the U.S. Senate did not ratify the convention until last year. The Colombian legislature did so in September 1980, and President [Julio Cesar Turbay Ayala] Turbay signed the ratification agreement on January 13, 1981. Colombia can now notify the U.N.'s Commission on Narcotic Drugs that licit imports of the raw materials for methaqualone are prohibited. Exporting countries, in this case the F.R.G. and Switzerland, are then obliged to halt shipments to Colombia and, in doing so cut off supplies now diverted to the clandestine laboratories which supply the U.S. market.

The U.N.'s own program activities control illicit drugs are funded through UNFDAC. Since its establishment in 1971, UNFDAC has helped to emphasize the fact that the problems of drug abuse know no national boundaries and, therefore, require worldwide cooperation. UNFDAC has also been able to work with countries whose cooperation is vital to U.S. narcotics-control interests but where political circumstances inhibit U.S. bilateral assistance.

We plan to contribute up to \$3 million to the fund in FY 1982. The 19 program will support crop substitution projects in countries producing the great majority of illegal opium, notably Burma, Thailand, Laos, and Pakistan.

With the support of Congress, we tend to pursue our efforts to suppress licit narcotics production and trafficking as far from our borders as possible.

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

FY 1982 and FY 1983 Requests for Migration and Refugee Assistance

by W. R. Smyser

Statement before the Senate Foreign Relations Committee on March 27, 1981. Mr. Smyser is Acting Director of the Bureau for Refugee Programs.¹

The U.S. response to the worldwide refugee problem can be divided into two major components—refugee relief and refugee resettlement. Our basic policy is to emphasize assistance to refugees overseas until they can either be voluntarily repatriated to their country of origin or resettled in place. Resettlement in the United States, or to another third country, is a solution of last resort for a very limited number of refugees.

Refugee Resettlement

For the purpose of admitting refugees to the United States, the Department is seeking \$294 million in FY 1982 authorization, which is an increase of \$18 million above the level available under the terms of the FY 1981 continuing resolution. These funds will finance the admission of 187,000 refugees to the United States, if the President confirms those admission levels following consultation with the Congress in September in accordance with the Refugee Act of 1980. The current proposed FY 1982 admissions level includes 144,000 Indo-Chinese refugees and 43,000 refugees from other parts of the world. This proposed level for FY 1982 is 30,000 below the level authorized for this fiscal year and nearly 45,000 below the FY 1980 consultations level.

The anomaly of having decreased admissions, at a time when nearly \$19 million in additional financial authorization is being requested, is explained by higher fuel costs for transporting refugees to this country, along with the full implementation of the Refugee Act of 1980, which requires more equitable treatment of refugees selected for admission to the United States.

Overseas Refugee Relief Programs

The most significant policy and financial changes in the FY 1982 refugee program are presented in the overseas

refugee relief programs. The funds sought for these activities are generally contributed to international organizations such as the U.N. High Commissioner for Refugees (UNHCR) or the International Committee of the Red Cross (ICRC). As the Congress requested, the executive branch planned to consolidate funding for all refugee-related accounts within the migration and refugee assistance appropriation effective with the beginning of FY 1981.

The delay in the enactment of the Foreign Assistance and Related Programs Appropriation Act, however, has made it very likely that this consolidation of accounts will be postponed until FY 1982. The effect of this consolidation will be to transfer \$66 million in requirements from other accounts within the Foreign Assistance and Related Programs Appropriation Act to the migration and refugee assistance appropriation account. Included in this transfer is \$52 million for the U.N. Relief and Works Agency (UNRWA) and \$14.25 million for programs authorized in accordance with the authorities of section 495F of the Foreign Assistance Act.

Southeast Asia. For overseas refugee relief in Southeast Asia, we are requesting \$60 million, a reduction of \$31 million from the amount available under the terms of the FY 1981 continuing resolution. These funds will provide care and maintenance for Indochinese refugees in the nations of first asylum, the cash portion of the U.S. contribution to the Khmer relief program, and also provide English-language and cultural orientation training to employable heads of households selected for resettlement in the United States.

Middle East. In keeping with our commitment to the principle of freedom of emigration for Soviet and Eastern European Jewish refugees, the Department is requesting \$12.5 million to help defray the cost of refugee resettlement and assistance in Israel. These funds will be contributed to the United Israel Appeal for immediate and long-term assistance in Israel to the thousands of Jewish refugees who have been allowed to leave the Soviet Union and Eastern European nations over the past several years.

Africa. To deal with the critical needs of refugees in Africa, the Department is seeking \$77 million in FY 1982 authorization. While this is an increase of \$41.3 million over the amount available under the terms of the continuing resolution, \$14.25 million of this increase reflects the effect of the consolidation in this account of activities previously appropriated to the Agency for International Development (AID). Of the total request for assistance in Africa, \$65 million will be contributed to international organizations involved in the provision of relief in that continent, and the balance of \$12 million will be utilized for a variety of emergency and bilateral activities, similar to those previously funded by AID under the authorities of section 495F of the Foreign Assistance Act.

Near East. For refugee relief in the Near East, the Department is requesting \$92 million, an increase of \$88,370,000 above the level available under the continuing resolution. This increase includes \$52 million resulting from the transfer to this account of financing for the U.S. Government contribution to UNRWA, which provides essential assistance to Palestinian refugees. The balance of the request includes \$24.15 million for assistance through international organizations to the 2 million Afghan refugees expected to be in Pakistan in FY 1982, a \$15 million adjustment for UNRWA to incorporate the effects of reprogramming actions in past years and enhanced financial support for that organization, and a contribution of \$1 million to the overall Near East program of the UNHCR.

Latin America. Another component of our overall relief program provides assistance to refugees in Latin America. Our request for this activity is \$1 million, a decrease of \$220,000 below the continuing resolution level due to certain nonrecurring costs.

The \$6.95 million which we are seeking for contributions to international organizations and resettlement assistance activities includes requests of \$4.45 million as the U.S. contribution to the Intergovernmental Committee for Migration (ICM), which was previously called the Intergovernmental Committee for European Migration, and \$1.5 million as a general contribution to the ICRC. The increases of \$330,000 in our proposed contribution to ICM and \$500,000 for the ICRC, signify our continuing support for these organizations,

which play a vital role in helping the world community deal with the refugee crisis.

The remaining \$1 million requested for this activity supports projects designed to resettle refugees in nations other than the traditional countries of resettlement. We view this as one of the more significant policy initiatives included in this budget, since there are certain resource-rich, but population-poor, nations throughout the world which may be willing to accept refugees for permanent resettlement, if international financial assistance is available.

Administrative Expenses

The last item in our request is \$8.2 million for administrative expenses. This increase of \$1.4 million over the comparable continuing resolution level provides funding to establish 30 new positions in the Bureau for Refugee Programs, which will strengthen financial and program management; to finance an enhanced program of evaluation and audit; and to meet price increases for ongoing activities such as travel, rents, and supplies. Despite this period of financial stringency, there are certain crucial needs in the Bureau which can only be met by establishing new positions. In particular, I am referring to such complex new needs as the refugee programs in Pakistan, Somalia, and Kampuchea and the management responsibilities incumbent upon a program which has available over \$500 million in Federal resources. I would now like to discuss briefly the outlines of the FY 1983 migration and refugee assistance authorization needs. For that year, we are seeking \$460 million in program authorization. This request is \$93 million less than what we are seeking for FY 1982. This decrease reflects a projected reduction in the rate of Indochinese refugee resettlement to the United States, since the refugee situation in Southeast Asia is expected to continue to improve, along with other program decreases in areas such as Khmer relief. The balance of the authorization request projects no significant changes from the activities which I have just described for FY 1982.

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

FY 1982 Assistance Requests for African Refugees

by W. R. Smyser

Statement before the Subcommittees on Africa and on International Organizations of the House Foreign Affairs Committee on March 19, 1981. Mr. Smyser is Acting Director of the Bureau of Refugee Programs.¹

I am pleased to discuss with you our program of assistance for African refugees. At the time of the Department of State's testimony before the Africa subcommittee last year, Africa's refugee problem, although of immense magnitude, was not well known to the world community. Today this is no longer the case. The world's attention is focusing more and more on the needs of the several million refugees in Africa. This is a welcome development to all people who are concerned about the very large number of Africans who are victims of civil strife and political persecution. I should add also that increased world awareness of this major humanitarian problem is a matter of crucial importance to U.S. policy interests. Several African countries which are our staunch friends are seriously affected by the presence within their borders of hundreds of thousands of homeless and destitute refugees.

The U.S. Government, over the past year, has made substantial contributions to ongoing multilateral efforts on this issue. We and others have worked successfully to raise the world's awareness of this critical humanitarian and political problem. Subsequently, we have begun to see the results of these efforts in increasing availabilities of international assistance for African refugees. There is no question that our government's efforts were strengthened at each step in this process by close collaboration between the Administration and concerned committees and individuals in the Congress. We, therefore, look forward to continuing in a cooperative effort with you and others in Congress to make sure that the United States does its share to strengthen the international community's refugee relief efforts in Africa.

The Department's mandate includes both the care and maintenance of refugees in their countries of asylum outside the United States and the resettlement of refugees in this country. In

the African context, the first of these functions is by far the more important due to the nature of the African refugee situation. Nevertheless, in the past year we have made significant progress in implementing an appropriate African refugee admissions program as well, in accordance with the provisions of the 1980 Refugee Act.

The implementation of our African refugee program has been an interdepartmental effort. As a result of the division of responsibilities within the U.S. Government, assistance for refugees falls within the mandate of the Department of State and assistance for internally displaced persons falls almost entirely within the mandate of the Agency for International Development (AID). Further distinctions exist between emergency relief assistance for refugees and long-term development assistance—infrastructure building as these affect refugee relief operations and refugee resettlement. There is also a distinction between nonfood relief for refugees and food assistance.

Congress has provided funds to different agencies and offices to cover these assistance needs. But, obviously, these functions are often interrelated, and distinctions are at times hard to draw. Consequently, the Department of State has collaborated closely with the Department's Bureau of African Affairs and offices in other government agencies—all of the Agency for International Development, primarily AID's Office of Food for Peace and the Office of U.S. Foreign Disaster Assistance—to insure that the long- and short-term food and nonfood needs of the refugees and displaced persons in Africa are taken into consideration.

U.S. Efforts

For FY 1981, the Department of State requested a total of \$54 million in non food aid for African refugees. This figure includes \$35 million for the U.N. High Commissioner for Refugees (UNHCR), \$7 million for the International Committee of the Red Cross (ICRC), and \$12 million for special projects and bilateral assistance. Although we are operating under the terms of a continuing resolution, we are taking steps, possibly including reprogramming actions and reallocation of other

resources available to the Department, to insure that nonfood contributions to African refugees in FY 1981 will be funded, at least, at the \$54 million level for the entire fiscal year. To date in FY 1981, we have pledged \$28.3 million to the UNHCR's general program for Africa and \$7 million to the ICRC. We are also continuing to support a number of urgent bilateral projects through voluntary organizations and with the assistance of the Public Health Service's Centers for Disease Control in Atlanta.

Food contributions to refugees in Africa are administered by AID's Office of Food for Peace. Our FY 1981 food contribution to African refugees is expected to total \$42 million, which includes transport. The levels of our food aid in 1982 will be determined later in the year when food needs are more clearly known.

For FY 1982, the State Department has requested \$77 million for nonfood aid for African refugees. The Agency for International Development's FY 1982 request also includes \$20 million for long-term resettlement projects for refugees and displaced persons.

The bulk of the funds expended by the Department of State for African refugees is channeled through international organizations. In FY 1980, for example, 84% of the \$56.1 million U.S. Government contribution of nonfood refugee assistance was made through the UNHCR and the ICRC. We intend to continue our multilateral approach in FY 1981 and FY 1982.

Internationalization of African refugee relief is clearly our most desirable and effective option. This is true for two reasons. First, by making the international organizations the focal point for refugee relief, the responsibility for providing needed humanitarian assistance correctly rests on all donor nations rather than solely on the United States. Second, it is in our political interest to involve other nations in this effort.

I should stress that reliance on international organizations does not reduce the role of the Department of State in the area of African refugee relief. Rather, in order to insure that refugees' needs are being met and that the international organizations remain accountable for their activities, we have undertaken a multiplicity of functions on a continuing basis. These responsibilities include monitoring the conditions in Africa which create refugee problems; evaluating the relief programs carried

out by the international organizations in support of the African refugees; and working closely to accomplish these purposes with a broad group of the interested parties, including African and other governments.

Since our last appearance before the Subcommittee on Africa, our efforts have taken many directions. We view as some of our more noteworthy accomplishments over the past year:

- The establishment of the Somalia Refugee Working Group in early 1980, which, in the initial stages of the Somali refugee emergency, provided critically needed food and other relief supplies and which, I am convinced, assured the survival of the refugees;

- The successful completion of on-site situation assessments in Somalia, Sudan, Djibouti, Cameroon, Zaire, and other African countries which have led to realistic planning and more appropriate responses by the international organizations, the U.S. Government, and other donors; and

- The establishment of excellent communications and collaboration within the U.S. Government and between us and affected African governments, other donor nations, the private voluntary sector, and international organizations.

In addition to the above, during the past year, U.S. funding for African refugee relief rose considerably over the previous years' levels. Total U.S. assistance for African refugees, including food and nonfood and from State Department and AID sources, rose from \$63 million in FY 1979 to nearly \$105 million in FY 1980. The U.S. contribution to refugee relief in Somalia alone in FY 1980 totaled \$53 million. In Somalia, our contribution of 114,000 metric tons of food in FY 1980, valued with transport at \$35 million, represented approximately 80% of all food donated to Somali refugees in that year. Our contribution of \$18 million worth of nonfood assistance to Somali refugees was close to one-half of all such contributions. In the future, I believe that 1980 will be seen as a turning point in our government's recognition of African refugee needs.

I would like to mention briefly another aspect of our African refugee program for 1980. That is our African refugee admissions program. Most refugees in Africa traditionally have been welcome to remain in African countries of asylum. This is a humane and praiseworthy attitude, and we should do what

we can to support its continuation. Fortunately, this situation still prevails, and we consider it to be in the best interests of the African countries and of the individual refugees themselves. However, in certain instances, settlement in an African country is not possible. Last year following the enactment of the Refugee Act of 1980 and with the help of the Department of Justice and of numerous American voluntary agencies, we expanded our program of African refugee admissions to the United States. This program has as its aim to provide resettlement opportunities to those who are in genuine need while avoiding an unnecessarily traumatic separation for large numbers of people from familiar climates and cultures. As part of this admissions program, we have retained the necessary latitude to offer resettlement to urgent cases from any country in Africa where refugees come to our Embassies' attention.

Critical Problems

Calendar year 1981 promises to present new challenges to our African refugee program. One of the most troubling aspects of the current situation is that several ongoing conflicts in Africa will probably not soon reach solutions which would allow the refugees to return to their homes. As a result, the monumental assistance requirements which have arisen over the past few years will persist. This state of affairs is further exacerbated by the fact that both the asylum countries and the donor countries are facing serious internal economic difficulties.

Today's most critical African refugee problems are in Somalia, Sudan, Djibouti, Zaire, and Cameroon. In Somalia the situation is especially acute where refugees from the fighting in Ethiopia have been arriving at an average rate of more than 1,000 a day since October 1979. Earlier this year, the Government of Somalia estimated the refugee population in the more than 35 camps at over 1 million. Some half million more refugees in Somalia are believed to be struggling to survive outside the camps. However, because numbers of refugees often are difficult to estimate, a new assessment of the scope of the Somali refugee population will soon be undertaken. The currently estimated requirements for the refugees in Somalia for 1981 are \$85 million worth of nonfood assistance and 283,000

metric tons of food. The U.S. Government intends to continue its support for refugee relief in Somalia within the framework of the ongoing needs of that situation.

Sudan is host to nearly 500,000 refugees, over 350,000 of whom are Ethiopians who have fled either the Socialist revolution or widespread ongoing strife in their home country. Tens of thousands of Ethiopian refugees have crowded into many of Sudan's cities while another even larger group is concentrated in the rural areas of Sudan along the Ethiopian border. In addition to the Ethiopians in Sudan, nearly 100,000 Ugandans are living in the eastern Equatoria province near the Uganda and Zaire borders.

Zaire's already large refugee population grew during the last quarter of 1980 when tens of thousands of residents of the West Nile district of Uganda fled disturbances in that area and joined the 54,000 Ugandan refugees who had come to northeastern Zaire in 1979. A recent U.S. Government study estimated a current total of 80,000-100,000 Ugandans living in northeastern Zaire but found that the refugees frequently move back and forth across the border to acquire food and to escape military or rebel harassment on both sides. In addition to the Ugandans, Zaire is host to approximately 400,000 other refugees, mostly from Angola.

Following the outbreak of fighting in Ndjamena in March 1980, much of the population of that city fled across the river to Kousseri, a small village in northern Cameroon. Approximately 80,000 Chadian refugees in Cameroon are still in need of relief assistance.

International Conference

Africa's refugee problems will be at the forefront of the world's attention next month when an international conference for assistance to refugees in Africa meets in Geneva April 9-10. The conference, which is in response to a General Assembly resolution calling for increased assistance for Africa's refugees, is jointly sponsored by the U.N. Secretary General's office, the U.N. High Commissioner for Refugees, and the Organization of African Unity (OAU). It is expected that a large number of European and African countries will be represented at the ministerial level or above. The composition of the U.S. delegation will be announced in the near future.

FY 1982 Security Assistance Requests

*Statements by James L. Buckley, Under Secretary for Security Assistance, Science, and Technology on March 19, 1981, and Richard R. Burt, Director, Bureau of Politico-Military Affairs, on March 23, 1981, both before the Subcommittee on International Security and Science Affairs of the House Foreign Affairs Committee.*¹

**UNDER SECRETARY BUCKLEY,
MAR. 19, 1981**

I appreciate this opportunity to appear before the subcommittee in support of the Administration's legislative and budgetary proposals for security assistance in fiscal year 1982. I would like to stress at the outset that this Administration regards all of our foreign assistance programs as important instruments of U.S. policy abroad. Both security and development assistance serve our long-range interest in stability and in encouraging an international environment con-

ducive to peaceful change. If the increases we are recommending for FY 1982 development assistance over the levels available in this fiscal year are relatively modest in comparison to those we are seeking for security assistance, this should not be construed as any loss of faith in the value of these programs. Rather, it stems from our view that there is an immediate and pressing need to increase the security assistance resources this country is making available to its friends and allies.

Before turning to the details of our security assistance request, I would also like to note that this Administration believes there has been a tendency in the past to overemphasize the differences between security and development assistance and to lose sight of their common goals. Insufficient coordination at times resulted in foreign assistance not being employed in the most effective manner to support our foreign policy and national security interests. To remedy this situation, Secretary Haig

The United States has supported the idea of the conference since its inception and views the success of this conference as an important aspect of our policy toward Africa in general and toward refugee relief in particular. Accordingly, for the past few months we have lent our support to efforts to insure that the conference will satisfy the purposes of the recipient and the donor countries alike. These efforts have included discussions with African governments and the O-U, the European Community, the Development Assistance Council of the Organization for Economic Cooperation and Development, the U.N. Secretary General's office, and the High Commissioner for Refugees. We feel confident that these efforts have been worthwhile, and we are looking forward to the conference in Geneva as an opportunity to express to the African governments and the world community our concern over the plight of African refugees and our support for international efforts to assist them. We intend to announce a level of U.S. assistance at the conference which will be supportive of the needs of African refugees. It is our hope that the conference will serve to encourage other donors also to contribute generously to African refugee relief.

Future Concerns

A look to the future for improvement in the current refugee situation in Africa is not encouraging. Signals in certain parts of Africa, and the African security situation in general, are unsettling to the point where we would be unwise not to anticipate future needs. A disturbing proof of this trend is that, over the past few years, the number of African refugees assisted by UNHCR programs has grown from 700,000 to over 3 million. It is uncertain when this alarming expansion will cease.

Given the current conditions and the outlook for the future, it is essential that the channels of communication which have developed over the past year remain open and that close collaboration with all interested parties continues. The role of our office in this process has developed significantly since we last testified before the Africa Subcommittee. We will continue to look to the Congress for support and assistance on these important issues.

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. ■

asked me to assist him in providing overall policy guidance for foreign assistance and to insure that all assistance funds and programs are being employed to our best advantage. To this end, I will coordinate for the Department of State both security assistance and development assistance resource locations. I will be working closely with the Under Secretary for Economic Affairs who has specific responsibilities for the economic assistance area. This afternoon, however, in accord with your invitation, I am here to discuss the security assistance program.

General Framework

His appearance yesterday before the full committee, Secretary Haig emphasized the importance which this Administration attaches to security assistance as an integral component of our global defense posture and as a key instrument of our foreign policy [see Current Policy p. 264]. In so doing, he underscored the increasing challenges which the Soviets and their clients have posed to our most important interests—in Southeast and Southeast Asia, Africa, and Central America. Clearly these challenges, as well as those evidenced in the unparalleled buildup of Soviet conventional and nuclear forces over the past decade, cannot go unanswered. To meet these challenges, however, we must not only strengthen our own military forces; we must also give urgent attention to the security requirements of our friends and allies, whose strength and support constitute major pillars of our own security.

Security assistance programs contribute directly to the security of the United States in a number of specific ways.

- They bolster the military capabilities of our friends and allies, permitting them in some cases to undertake responsibilities which otherwise we ourselves might have to assume. Greece and Turkey are examples of countries whose military forces carry out duties which are crucial to U.S. security interests, such as contributing to a strong NATO southern flank and stability in the Eastern Mediterranean.

- They contribute to the broad cooperative relationships we have established with many nations which permit either U.S. facilities on their territory or access by U.S. forces to their

facilities in time of threat to mutual interests. U.S. defense expenditures would be immeasurably higher if we did not have overseas facilities available for emergency situations.

- They help our friends and allies provide for their own defense and furnish tangible evidence of our support for their independence and territorial integrity, thus deterring possible aggression. For example, the prompt and effective assistance we were able to provide Thailand last year undoubtedly helped bolster Thai resolve in the face of the Soviet-supported Vietnamese forces arrayed along that country's eastern frontiers. This was a signal which was not lost on either friend or foe.

- They provide a means of demonstrating U.S. constancy and willingness to stay the course in support of nations whose continued survival constitutes a basic purpose of our foreign policy. Strong and unwavering support for the independence and security of Israel has been a hallmark of U.S. policy from administration to administration.

- They help alleviate the economic and social causes of instability and conflict. This is particularly important for countries whose necessary military expenditures would otherwise impose severe strains on their economies.

It is within this context, then, that the Administration has cast its FY 1982 security assistance requests. Because of the direct relationship of these programs to U.S. security interests, we believe that they must be viewed as an extension of our defense programs and that they should enjoy the same high-priority funding. As a result, we are recommending significantly increased security assistance programs and funding levels over both the previous administration's request and the FY 1981 levels for these programs.

As in previous years, our FY 1982 budget request will fund five major programs: foreign military sales (FMS) financing, the economic support fund (ESF), the grant military assistance program (MAP), the international military education and training (IMET) program, and peacekeeping operations. Since Department officials representing our regional bureaus are already appearing before appropriate subcommittees in support of individual country program requests, I propose this morning to emphasize the overall scope and purposes of our requests on a program-by-program basis. In addition, I would like to

draw your attention to several new features in the budget request and a number of changes which we are recommending in legislation governing these programs in order to improve their effectiveness in furthering our national interests.

FY 1982 Budget Request

For FY 1982, the Administration is requesting authorizations of appropriations of \$4.3 billion to finance security assistance programs totaling \$6.9 billion. This represents a total program increase of 8.4%, and a budget authority increase of 27% over the previous administration's request. As compared to FY 1981 levels, our request constitutes an increase of 30% and 57%, respectively, in program and budget authority.

Foreign Military Sales Financing. Foreign military sales financing assists countries in which we have a security interest to meet their legitimate defense needs through the acquisition of needed defense articles and services, including training. For FY 1982 we are requesting an appropriation of \$1.48 billion to support a total FMS financing program of \$4.05 billion, to be furnished to 38 countries and to provide for one regional program, as compared to an FY 1981 program of \$3.05 billion for 35 countries. New programs are proposed for Yemen, Djibouti, Portugal, the Bahamas, and the eastern Caribbean.

The proposed FY 1982 FMS program consists of three major elements:

- \$2.573 billion which would be extended in the form of loans from the Federal Financing Bank with repayment guaranteed by the Department of Defense. No new budget authority is required for such guaranties.

- \$500 million in FMS credits for Israel (for which \$500 million in budget authority is requested) on which repayment would be forgiven; and

- \$981.8 million for FMS credits to 15 countries and one regional program at reduced interest rates (for which an equal amount of budget authority is requested).

Direct Credits. Before describing the major FMS country programs which would be funded from this request, I would like to discuss briefly the need for FMS credits at reduced interest rates. As the Congress is aware, FMS financing was largely conceived as a means of

Security Assistance

assisting developing countries to shift from grant military assistance to cash purchases at a time when they were experiencing substantial economic growth. Until recently, most nations were making steady progress toward this objective.

The rise in oil prices, however, has had a marked impact on economic growth throughout the world. Serious problems are developing as a number of countries amass increasingly large debt obligations to OPEC [Organization of Petroleum Exporting Countries] members and to the industrialized countries. Moreover, there is growing concern among a number of security assistance recipients regarding the additional debt burden they can prudently assume in order to finance needed defense articles and services.

This problem has been further aggravated by the recent increase in interest rates in this country. In the last year, interest rates on FMS-guaranteed loans—which are computed on the basis of the cost of the money to the U.S. Government plus a modest administrative charge—have risen as high as 15%. These two trends—increasing debt burdens among recipient countries and rising Federal Financing Bank interest rates—have combined to produce a situation in which countries with particularly weak economies are facing serious difficulties in financing their purchases through this mechanism.

To deal with this problem and to insure that legitimate security needs are met without further exacerbating economic problems, we are proposing that a portion of the FY 1982 FMS financing program be made available in the form of direct U.S. Government credits. We plan to offer these credits at a rate of interest as low as 3%. The countries selected, which include Egypt, Sudan, Turkey, Thailand, and Portugal, are those facing particularly difficult economic situations and in which we have important security and foreign policy interests.

Regional Programs. As in previous years, the bulk of our FMS financing program is allocated to countries of the Middle East in support of our major security and foreign policy interests in that important region. The increased levels requested for FY 1982 are also intended as a response to recent Soviet and Soviet-supported moves against Afghanistan, in the Horn of Africa, and in other areas important to the stability

of the region. Approximately 57% of the total FMS financing program is slated for Israel and Egypt.

As the primary source of assistance to Israel, the large FMS financing program reflects deep and abiding U.S. support for the independence and security of that country. It has enabled Israel to maintain its defenses at a level necessary to insure its own security. Moreover, this increased security has helped Israel to pursue peace negotiations with Egypt. The proposed FY 1982 FMS financing program of \$1.4 billion would enable Israel to continue to finance its priority military requirements for air defense, high-performance aircraft, armored and tracked vehicles, artillery, missiles, and ammunition. Of this amount, \$500 million would be forgiven, in recognition of the unusually heavy burden which defense expenditures impose upon the Israeli economy. We are confident that, with the proposed assistance, Israel will continue to be able to defend itself against all likely combinations of possible adversaries for the next several years.

For Egypt, which under President Sadat has become a major force for moderation in the Middle East, the proposed FMS program of \$900 million (\$400 million of which will be in the form of credits at reduced interest rates) will assist that country in modernizing its military force to insure its security against significant external threats from Libya and other Soviet-supported sources of instability in the region. I would note that virtually all of these credits will be applied to pay for U.S. equipment ordered in previous years, including F-16 aircraft, air-defense batteries, armored-personnel carriers, and M60A3 tanks, almost wholly intended to replace existing Soviet-origin equipment.

Turkey would receive the third largest FMS program—totaling \$400 million, of which \$250 million would be provided at reduced interest rates in view of the particularly difficult economic situation facing that country. Other major FMS programs are requested for Greece (\$260 million), Korea (\$167.5 million), Spain (\$150 million), Sudan (\$100 million), Tunisia (\$95 million), and Thailand (\$80 million).

Economic Support Fund. The economic support fund allows us to furnish economic assistance in the form of loans or grants to selected countries of special security and political interest to us. ESF can be used to fund commodity import

programs, economic infrastructure and other capital projects, balance-of-payment support, and assistance for development projects of more direct impact on the poor. We realize that economic stability is often a basic precondition for political stability.

For FY 1982, we are requesting a total ESF program of \$2.6 billion to fund 30 country and regional programs. This represents an increase of 26% over the FY 1981 level and about 6% over the previous administration's request.

Of this amount, we are requesting \$250 million in unallocated ESF funds for use in responding to unforeseen requirements where such assistance can support important foreign policy objectives. We believe the resulting flexibility to be of the utmost importance in helping meet unforeseen contingencies. It is obviously impossible in March of 1981 to predict all needs that may arise during fiscal year beginning 7 months from now. In the past, we have had to rely on supplementals or reprogramings to respond to developments unanticipated at the time of our budget requests.

However, experience has shown that neither we nor the Congress have found these procedures to be satisfactory. Supplemental requests are time-consuming and lessen the political and economic impact of our assistance. Reprogramming is also a cumbersome process and requires sacrificing one important policy objective for another. For example, in the past 2 years we have had to reprogram to meet important unanticipated ESF needs in Thailand, Liberia, and in countries in the eastern Caribbean, Persian Gulf, and Southwest Asian regions.

Reprogramming becomes even more difficult in fiscal years when most of our programs are earmarked or for compelling policy reasons are otherwise unavailable for reprogramming. In FY 1981, for example, about 87% of our ESF program is earmarked by law. As a result, funds which can be shifted from one purpose to another to respond to unforeseen events are severely limited. It is, of course, for this reason among others that the executive branch continues to oppose statutory earmarking.

I should note that the Congress itself recognized this problem when last year it adopted an amendment proposing by the distinguished chairman of this committee [Clement J. Zablocki] that makes available for any emergency ESF use up to \$50 million in FY 1981 ESF

nds, and permits up to 5% of any earmarked funds to be used for such purpose. Inasmuch as our proposed legislation contains no FY 1982 earmarkings, we do not propose the retention of that provision. Our request for \$250 million in unallocated ESF, rather, builds upon a purpose that that provision was intended to serve, namely, to increase the availability of ESF to meet requirements that cannot be anticipated at the time our annual security assistance programs are formulated and proposed to the Congress. I can assure you that this unallocated ESF would be used only for situations of high priority and in accordance with the substantive and procedural standards of the law, including normal reprogramming notification requirements.

Regional Programs. Turning to our ESF country programs, the majority of funds requested would be used to provide economic assistance to the countries of the Middle East; as has been the case in previous years, Israel and Egypt would receive the largest amounts. The \$785 million ESF program we are requesting for Israel would be in the form of a cash transfer, two-thirds grant and one-third in loans. Israel is expected to use these funds for balance-of-payment support, to procure essential commodities, and to ameliorate conditions which have produced its current, overheated economy. For Egypt, we are requesting an ESF program of \$750 million, also two-thirds in grant and one-third in loans. These funds would be used to finance commodity imports, needed infrastructure improvements, and increased health, education, and transportation services.

Important ESF programs are also requested for Turkey (\$300 million), Sudan (\$50 million), Zimbabwe (\$75 million), the southern Africa program (\$60 million), Jamaica (\$40 million), El Salvador (\$40 million), and the Philippines (\$50 million).

Military Assistance Program. In contrast to previous years, we are proposing no new grant military assistance country programs. Nevertheless, given the growing challenges to our interests in several crucial regions, we wish to retain the flexibility to use such assistance in situations where only it can do the job and which do not meet the criteria for emergency "drawdowns" under section 606(a) of the Foreign Assistance Act of 1961, as amended.

Accordingly, our MAP budget proposal thus includes, in addition to general costs—which consist of administrative expenses and costs related to the implementation of prior year programs—\$100 million in unallocated funds. These funds will give the President the flexibility to provide grant military assistance in unforeseen situations when diplomatic and political circumstances directly related to U.S. national interests and the economic situation of the proposed recipient so require. As with the ESF special requirements fund, we would, of course, notify Congress of each intended use of these funds in accordance with standard reprogramming procedures, and the assistance to be provided would be furnished in accordance with the substantive authorities and limitations applicable to MAP.

International Military Education and Training Program. In the considered judgment of our Ambassadors abroad, the international military education and training program has been perhaps our most cost-effective security assistance program. We are requesting \$47.7 million for this program in FY 1982, which would allow training and instruction for military and related civilian personnel from 72 countries. This compares to an FY 1981 program of \$28.4 million which provides training for personnel from 63 countries.

Over the years, executive branch officials have stressed the benefits which accrue to the United States as a result of IMET training. This training does far more than upgrade the military capabilities of allied and friendly nations. It also fosters long-range, close, and cooperative relationships with military and civilian leaders in a number of important countries, while exposing them to American democratic values and to the role of a professional military organization under civilian leadership and direction.

This committee's initiative of last year to reduce the tuition rates on IMET training has facilitated the exposure of greater numbers of foreign students to this valuable program. Indeed, these lower training costs have finally stopped the long-term decline in the annual numbers of students trained between FY 1975 and FY 1980 and are helping to restore the program to its full utility at modest cost. Nevertheless, our identified requirements are clearly expanding, especially in the Persian Gulf region, Central America, the Caribbean,

and Southeast Asia. The increased levels we are requesting would meet these requirements by allowing programs for nine more countries than in FY 1981. In addition, they would allow remedial action in programs adversely affected by underfunding in past years.

**MR. BURT,
MAR. 23, 1981**

I am pleased to appear before your subcommittee today as you continue your examination of the Reagan Administration's security assistance proposals for fiscal year 1982. This is my first appearance as an Administration witness before a congressional committee. It is an experience to which I have long looked forward.

Legislative Proposals

Last week before your subcommittee, Under Secretary of State Buckley went into some detail on the Administration's FY 1982 security assistance request. I will try to avoid going over the same ground; instead, after making a few remarks on our security assistance and arms transfer policies, I will largely confine myself to discussing their relationship to our plans for creating a new strategic consensus in the Persian Gulf and wider Middle East.

We recognize that we are asking for a considerable increase in the size of our security assistance programs. We also realize we have done this in the face of belt-tightening in domestic programs and a lesser increase in our development assistance request. However, as Secretary Haig said last week before your committee, our security assistance goes hand-in-hand with our effort to reconstitute America's defense capabilities. We believe that we must confront the challenges to our vital interests with no less a commitment.

In addition to the value of the country and regional programs themselves, important elements in our security assistance requests include:

- The \$250 million in unallocated funds for economic support fund (ESF) special requirements;
- The \$100 million in unallocated funds for military assistance program special requirements; and
- The modifications to legislative authorities that we have proposed.

Security Assistance

The two special requirements funds would enable us to respond rapidly in unforeseen circumstances where other assistance is not available and where an infusion of either ESF economic assistance or military materiel would make a critical difference in the successful pursuit of U.S. political and security interests.

Similarly, the legislative proposals would support our objectives by:

- Enhancing our arms cooperation efforts with NATO and other allies;
- Helping to procure high-demand equipment in advance to avoid drawing down U.S. service inventories in the event of urgent foreign needs;
- Facilitating the performance of legitimate and important functions in our overseas security assistance program management; and
- Removing certain severe restrictions on the President's ability to conduct an effective and flexible foreign policy.

Arms Transfer Policy

Last week, Under Secretary Buckley also told this subcommittee that we have started a review of conventional arms transfer policy. He mentioned those general principles that are guiding the Administration's approach. Although the review is still in progress, I would like to elaborate on the Administration's thinking.

We consider arms transfers to be an important implement of our global defense posture and our foreign policy. We believe they should be used in a positive manner to advance our national security interests.

Specifically, we intend to use arms transfers for the following purposes:

- To strengthen the military capabilities of friends and allies;
- To enhance important bilateral relationships we have with other countries;
- To support our overseas basing and access requirements;
- To send signals to friends and adversaries alike about American determination to act on behalf of its interests.

Therefore, we are seeking to forge a policy that will insure that arms transfers contribute directly to U.S. security interests; neither restraint for its own sake nor an unrestricted cash-and-carry attitude would accomplish this. In this context, I want to assure the subcommittee that any suggestion of an uncontrolled sales approach would be a complete misreading of our intentions. In

addition, we are not only reviewing the policy itself, but we are looking very closely at our managerial and decision-making structure to insure that lines of authority are not confused and that arms transfer decisions are made efficiently.

Middle East/Persian Gulf

Let me turn now to the Middle East/Persian Gulf. The Administration is actively formulating a strategic approach to this critical part of the world. Our goal is to produce an integrated and coherent strategy to defend our interests throughout the region. Although there are no final conclusions to discuss with you today, I would like to give you a sense of our objectives and the direction in which we are proceeding.

The United States has a fundamental interest in nurturing an environment in the region in which the local states are able to develop sound political and economic institutions and relationships. In order to realize our specific objectives, we must:

- Demonstrate the ability to counter the influence of the Soviets and their allies;
- Insure continued Western access to the oil of the Persian Gulf in adequate quantities and at a reasonable price;
- Insure the continued existence and strength of our friends in the region; and
- Continue to work toward peace between Israel and her neighbors.

In the wake of Iran's revolution, the continued Soviet occupation of Afghanistan, and the accumulation of Soviet power in and near the Persian Gulf, these objectives are increasingly threatened. Regional states are experiencing the turbulence which accompanies the modernization of traditional societies. There exists a regional environment of endemic conflict springing from political, religious, ethnic, ideological, and economic differences. Revolution, external support of opposition groups, and conflict between states are the rule rather than the exception. Most significant, the Soviets, capitalizing on their surrogates and their geographical proximity to the region, have exploited and created opportunities to further their interests to the detriment of those of the West.

Our General Approach

We are resolved to meet these threats. This means we and our Western allies

will have to assist the local states so that they can contribute to regional stability and resist intimidation. We must be prepared to resist these challenges directly, if necessary, and we must convince both our friends and opponents that we are able and willing to do so.

We view the Middle East, including the Persian Gulf, as part of a larger politico-strategic theater—the region bounded by Turkey, Pakistan, and the Horn of Africa—and we view it as a strategic entity requiring comprehensive treatment to insure a favorable balance of power. It is our strong belief that improving the security of the region is intimately related to progress in the peace process between Israel and the Arab states. In fact, only when local states feel confident of U.S. reliability and secure against Soviet threats will they be willing to take the necessary risks for peace.

It is, thus, important to handle the Arab-Israeli question and other regional disputes in a strategic framework that recognizes and is responsive to the larger threat of Soviet expansionism. This endeavor will require clarifying the roles that we and our friends, both inside and outside the region, can and must play, as well as the contributions each of us are able to make to this mutual effort. U.S. strategy consists of several dimensions:

- Providing security assistance to regional states;
- Maintaining a military presence in the region;
- Building a reinforcement capability to deploy the necessary additional forces in a contingency;
- Encouraging a role for local states; and
- Gaining support from our European and Asian allies.

Let me address each of these dimensions in turn.

Security Assistance to Regional States. Since you have received our request for an additional \$1 billion in security assistance above the last Administration's budget, you are well aware of the importance we attach to this dimension of our strategy. Much of what we will be asking regional states to do in our common interests will depend upon security assistance resources being available to equip their armed forces.

Maintaining a Military Presence in the Region. During the last years of the

ter Administration, several important initiatives were undertaken in this area. They include:

- An augmented naval presence, which now consists of the 5-ship EASTFOR [Middle East Force], carrier battle groups, and regular deployments of a marine amphibious force;
- Prepositioned equipment and supplies at Diego Garcia for a marine amphibious brigade;
- A program for periodic exercises;
- Negotiated access agreements which allow us to make facilities improvements needed to support our advanced presence.

In Oman, Kenya, and Somalia, we have reached agreement to use and improve certain air and naval facilities. In addition, Egypt has offered to permit us access to certain of its facilities, and in consultation with the United Kingdom, the United States is significantly expanding its facilities on Diego Garcia.

Certain improvements remain to be made to some of the facilities, and the Reagan Administration is committed to doing so. This will include improving runways, taxiways, and aprons; providing navigation aids and communications; improving refueling facilities; and providing or constructing storage space. In FY 1982, we have requested roughly \$475 million to support our military construction program in Southwest Asia.

In addition to carrying through with what has already been initiated, we are exploring options for greater access in the region, increased military construction, and a greater peacetime presence. Moving further to strengthen our military capabilities in the region, however, will be sensitive to the political problems that a permanent presence would entail.

Reinforcement Capabilities. With regard to reinforcement capabilities, our peacetime presence in Southwest Asia provides the basis for a rapid response in many contingencies. But whatever peacetime military presence we eventually attain, our ability to defend vital Western interests against a range of threats will continue to depend on our ability to augment rapidly our forces there. Specifically, we will be looking at ways to develop and improve on:

- Our deployable combat forces with training, equipment, and doctrine suited to likely contingencies;

- Support forces tailored for Southwest Asia;
- Mobility capabilities for both inter-theater and intratheater movements;
- Overflight rights, as well as access to en route bases and facilities, in order to support airlift and sealift operations;
- Access to and improvement of regional airfields and ports in order to permit deployments in time of crisis;
- Prepositioning of stocks at regional facilities or on maritime prepositioning ships; and
- Secure land, air, and sea lines of communication by which to deploy and resupply our forces.

Clearly, then, we have multiple problems—all of which we are now addressing. But our principal goals are two: to improve strategic mobility and to provide adequate prepositioning and to provide the support and resupply necessary to sustain forces in Southwest Asia.

With regard to en route bases, facilities, and overflight rights, our ability to deploy forces rapidly to Southwest Asia would depend on en route facilities for refueling and to a lesser, but still important extent, on overflight rights. Some concrete, positive results have been achieved, but a much greater effort is needed if we are to approach our requirements.

The Role of Local States

It is self-evident that in coordination with the U.S. effort, local states have essential contributions to make to regional security. If they are to be able to resist aggression and intimidation, they must have confidence that they have reliable and capable friends in the West, ready to contribute to their stability with balanced security and development assistance, and ready to support them militarily in a crisis. In short, we must demonstrate that it pays to be an American friend.

Many of the states of the region can play key roles in helping us deter and counter Soviet pressures and threats. Some states, as I have noted, are already making significant contributions. We intend to initiate a frank dialogue with our regional friends to explore their thoughts on regional security, to understand the limitations on what they can do, to convince them that we are sensitive to their concerns, and to persuade them of the need to contribute to the common endeavor. As a part of this security dialogue, we will make known our view that present arms control proposals for the Indian Ocean area offer little prospect for enhancing security.

Allied Contributions

With regard to contributions our allies can make, it is important for us to realize that our Western allies share many of our interests and that we cannot—and should not—shoulder the entire responsibility for the area. We recognize that the threat to vital Western interests in the Persian Gulf region can be met only if all concerned share the burden and create a rational division of labor to make greater contributions in support of our common interests. Our allies' stake in the region is at least as great as our own, and we are asking them to contribute more to its security and stability. For obvious reasons, we are not seeking a formal NATO role. Rather, we have in mind individual but complementary efforts in the following areas:

- Increased defense efforts in Western Europe and Japan can improve U.S. flexibility to meet emergencies in Southwest Asia.
- Close political relations with nations throughout Southwest Asia would strengthen understanding of Western objectives in the region and of our common interest in resisting Soviet aggression.
- Security arrangements between our allies and countries in Southwest Asia can help our friends in that region strengthen their capability for self-defense.
- Many of our allies can increase their important economic support to friendly countries in Southwest Asia and in the eastern Mediterranean.
- Force deployments in Southwest Asia by some European states can be strengthened and coordinated with U.S. military activities in the region. In addition, allies with important facilities, both en route to and in the region, can ease U.S. deployments and planning by granting us access to these facilities as needed.

In conclusion, let me just say that the stakes are great, and the threats to regional stability and U.S. objectives are real and serious. We have not done enough to answer these threats. All of us, both within and without the region, must do more on behalf of our common security interests.

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

FY 1982 Assistance Requests

by Jane A. Coon

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 23, 1981. Ms. Coon is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.¹

I appreciate this opportunity to testify on the Administration's proposed assistance programs in South Asia for FY 1982. It is important to put our programs in the context of this Administration's broad foreign policy objectives in the region.

The invasion of Afghanistan, the turmoil in Iran, and the increasing Soviet presence in the Indian Ocean have had profound implications for our relations with the countries of South Asia. These developments have greatly enhanced the importance we attach to the area. We recognize it as the eastern flank of a region in which vital interests of the United States are at stake.

If these dramatic political and strategic changes have heightened our interest in South Asia, they also pose new and difficult changes to the achievement of our foreign policy objectives there. They have prompted this Administration to undertake an urgent review of U.S. regional policies. In this review, we are giving careful attention to the role our assistance programs can play in meeting these challenges.

Let me outline for you the foreign policy objectives we wish to achieve in this populous region.

- We seek a South Asia of secure, independent, stable states which live at peace with one another.
- We want a region capable of resisting aggression and subversion from outside.
- We want a prospering South Asia whose governments can act effectively to develop their national economies and improve the lot of their peoples.
- We seek to contain the proliferation of nuclear weapons and the potential to develop them in the region.
- We seek friendly and constructive ties with all the countries of the region, fostered by mutual trust and recognition that the United States is a steadfast and reliable partner.

In planning assistance programs for an area this large and this diverse, we

have a mix of political, developmental, and humanitarian objectives. These are both complementary and mutually reinforcing. We recognize, for example, that the political stability of these countries—a prime U.S. foreign policy objective in the region—depends on steady economic development, a goal to which we can make a valuable contribution. As the Secretary noted in his testimony last week, serious economic dislocations "... create conditions for violent disruptions, with dangerous political consequences." I submit that we also have an abiding American concern for those so much less fortunate than we are. The Secretary said that "... the United States will not forsake its traditional assistance to the needy of this world—the sick, the desperate refugee." As you well know, the poor and populous South Asian Subcontinent has all too many in these categories.

Our overall approach in planning our assistance has been to devise a set of lean programs which best meet this mix of interests in South Asia at a time of budgetary constraints. This has not been an easy task. It has required a careful balancing of claims on scarce resources and a series of adjustments determined both by our broader interests and, quite frankly, by deferring ongoing and upcoming programs in individual countries. In some cases, this has meant scaling down from the higher levels proposed by the previous Administration. This may lead to disappointment on the part of the countries in the area. But we hope they will recognize that their interests will be better served by an economically strong and resilient United States which this Administration's budgetary policies are designed to achieve.

Working within these limits, we have developed programs for the South Asian countries which in total funding will be roughly equivalent in real terms to actual aid levels in 1981. I want to focus on how we see the programs in terms of our foreign policy objectives in each of the regional countries.

Pakistan

We are deeply concerned over Pakistan's security; Pakistan is now a "front-line" state facing 85,000 Soviet soldiers across its borders in Afghanistan.

Pakistan's strategic location, at the eastern flank of the Persian Gulf, makes it very important that we and our allies undertake a major effort to help Pakistan resist Soviet pressures and become stronger and more self-confident. We are currently involved in an extensive review of our relations with Pakistan, but no final decisions have been made. I can assure you that we are consulting closely with the Congress as we move forward with our consideration of this matter.

In the current budget request, assistance to this key country is confined to \$50 million PL 480 and to assistance for the 1.7 million Afghan refugees who have sought refuge in Pakistan.

India

We propose a development assistance program in India of \$110 million, a PL 480 title II program of \$148 million, international military and education training (IMET) funding of \$500,000. Our development assistance is targeted on increasing food production, rural employment, and improving health and family planning programs. Our title II program is primarily humanitarian in purpose.

Reinstituted at congressional initiative in 1978, our bilateral assistance to India is small in comparison with Indian development needs and the functions it receives from international financial institutions in which the United States participates. Nonetheless, this program is a useful asset in our efforts to develop a constructive relationship with India.

We believe it important to demonstrate to this large and powerful nation—the world's largest democracy—that despite differences in some regional and global policies and perceptions, we wish to maintain mutually beneficial bilateral relations. The strength of such a relationship can help ameliorate the impact of these differences on U.S. interests in the region. The figure for development assistance we have proposed is comparable to previous levels and represents a reasonable compromise between India's needs, our desire to be responsive to some of these needs, and our resource constraints.

Bangladesh

We are requesting a development assistance program for Bangladesh of \$90.4 million, PL 480 programs of \$102.7 million, and IMET funding of \$225,000. Our economic assistance concentrates on food production, controlling

FY 1982 Assistance Requests

by John A. Bushnell

Statement before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on March 23, 1981. Mr. Bushnell is Acting Assistant Secretary for Inter-American Affairs.¹

I welcome this opportunity to appear before you and your colleagues to discuss our proposed bilateral foreign assistance for Latin America and the Caribbean. Our requests for bilateral assistance activities in Latin America for fiscal year 1982 total \$478 million are as follows:

- \$265 million of development assistance;
- \$120 million of economic support funds (ESF);
- \$81.5 million in foreign military sales credits (FMS); and
- \$11.1 million for the international military education and training program (IMET).

In a separate authorization there is about \$150 million in PL 480 food assistance for Latin America.

Four aspects of this request are worthy of particular notice.

First, it is carefully targeted by country and program to contribute directly to U.S. interests. It is not an assistance program to meet needs throughout Latin America, although development problems are urgent in almost every country in the region. We have proposed no assistance, except IMET training, to the larger countries in the area whose economies have sus-

tained relatively good growth rates without continuing significant bilateral assistance. Absence from the budget does not mean these countries are not important to us. Not only do they have a major impact on U.S. interests bilaterally, but they now play a major role as full partners with us in helping the smaller Latin American countries deal with their problems. Despite the increasing number of ways that our national interests require cooperation with our neighbors, our proposed assistance programs are but 7% of the Administration's worldwide foreign assistance request.

Second, the increase—22% over our requests for the current fiscal year—is concentrated in two categories: quick-disbursing ESF monies to help meet critical immediate needs in Central America and the Caribbean and modest security assistance mainly to the same countries.

Third, the FMS portion of our proposal includes a critical improvement: \$31 million of the \$81.5 million in proposed FMS credits are in the form of direct credits at concessionary rates for countries in whose security we have a manifest interest, yet whose weak economies and severe financial constraints prevent them from taking advantage of credits on standard terms.

Fourth, this budget may prove to depend for its full effectiveness on a request not earmarked specifically for Latin America. I refer to the Administration's request for a contingency fund of \$250 million in ESF. We hope not to have to use these funds in Latin

ulation growth, and generating rural employment.

The recommended funding for development assistance is comparable to actual outlays in recent years. It is the minimum needed to continue effective support for that country as it tries to build a viable political and economic system. The recommended PL 480 funding is substantially increased over that provided in FY 81, a year of unusually bad harvests.

We will be reviewing the situation to make sure that these projected levels are needed. Bangladesh is a moderate and increasingly influential Islamic nation. We take satisfaction in Bangladesh's achievement of a large measure of stability. Our assistance programs have helped encourage Bangladesh to turn toward more pragmatic economic policies. The government's increasing reliance on more efficient private sector contribution of inputs, such as fertilizer and irrigation, has contributed to the most successful series of harvest Bangladesh has ever enjoyed. The development of a more stable Bangladesh takes on greater significance when we recognize, past events have shown, that instability there can arouse passions which the Soviet Union can be expected to exploit.

Lanka

FY 1982 we are proposing \$51 million in development assistance, \$27.2 million for PL 480 programs, \$25 million for public housing investment guarantees, and \$100,000 for IMET. Development assistance is concentrated on the haweli irrigation project, with smaller amounts going for health, education, and environmental protection projects.

Sri Lanka is an important and moderate member of the nonaligned community, and we have excellent relations. We appreciate the recent agreement it negotiated with us permitting the expansion of Voice of America facilities. We welcome its willingness to receive foreign naval vessels in its ports. Lanka's commitment to the democratic process and to a pragmatic program of economic development—which includes a burgeoning foreign investment sector—serves as a useful model for other developing nations. We propose to maintain our assistance at levels roughly comparable to actual outlays in FY 81. In providing it we help assure that Sri Lanka is able to perpetuate its cherished democratic traditions in an atmosphere of political and economic stability.

Nepal

We are requesting a development assistance for Nepal of \$16.1 million, PL 480 programs of \$2.1 million, and IMET funding of \$75,000. Our development assistance focuses on three 5-year "core projects"—in rural development, resource conservation, and health and family planning.

We value our good relations with this moderate, nonaligned country whose recent decision to return its contingent to the U.N. peacekeeping mission in Lebanon is the latest example of its responsible international role. The support represented by our assistance levels is particularly important today. Nepal has embarked upon a difficult

transition toward more democratic and effective government amid increasingly serious economic challenges. Our assistance contributes to Nepal's development efforts and to the sense of confidence its leaders need as they approach this transition. Nepal's orderly progress is important to our objective of regional stability. If it falters and major disturbances occur, this could have serious consequences for the broader South Asian 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. ■

Western Hemisphere

America. However, our recent experiences, which have often involved painful and difficult reprogramings, and the uncertain situations we face in several countries, suggest the wisdom of building this flexibility into a budget otherwise limited to essentials foreseeable now.

The Need for Bilateral Aid

Before turning to particular programs, I would like to observe that for some years there has been a tendency to de-emphasize the need for U.S. bilateral assistance for Latin America. Our major contributions to regional development have been concentrated in multilateral institutions that play a key role in the maintenance of a healthy world economy. The richer countries of Latin America—Mexico, Brazil, and Argentina, for example—need and can obtain far greater resources from these institutions than we could provide bilaterally. Indeed, the reflows to us from countries where we no longer have programs would finance half of our total development assistance program for Latin America. The reflows of principal and interest from Brazil, Chile, and Colombia alone will provide over \$121 million in FY 1982.

Several of the relatively better-off countries are themselves beginning to provide significant assistance to their less fortunate hemispheric neighbors. The contribution of the new Mexican-Venezuelan facility and the similar financing by Trinidad will exceed \$1.5 billion of concessional assistance for Central America and the Caribbean over 3 years.

The greatest assistance that we can provide to Latin America, especially in these economically troubled times, is a healthy economy of our own to provide markets for their goods and thereby generate jobs for their workers. When considering Latin America in its entirety, trade, technology transfers, access to our capital markets, and other interfaces are more important than bilateral or multilateral assistance.

It is when we consider our ability to advance specific U.S. interests in particular countries that bilateral assistance programs become of critical importance. Over three-quarters of our total request for bilateral assistance in FY 1982 for Latin America and the Caribbean is concentrated on the most vulnerable countries in Central America and the Caribbean. Of these, El Salvador, Jamaica,

and the island states of the eastern Caribbean are of the most concern.

Central America

For Central America we are asking for \$114 million in bilateral development assistance and \$60 million in economic support funds in 1982. The \$114 million is nearly half of our total Latin America development assistance budget and represents a 33% increase over our 1981 request. The immediacy of the economic and strategic challenge in Central America creates a greater need for flexible and quick-disbursing ESF resources than in the past.

Because El Salvador has been most affected by outside interference, it has our largest proposed program. In 1980, El Salvador's output fell by over 8%, and it will likely drop further this year even with the assistance we and others are providing. Commercial credit for the privately owned manufacturing sector has almost disappeared. Agricultural production has been disrupted by the lack of credit and the insurgency. Without substantial assistance, these economic difficulties will undercut President Duarte's efforts to deal with the insurgency and bring stability to El Salvador. To help meet this emergency, two-thirds of the ESF we are requesting for Central America will go to El Salvador, \$40 million, and our proposal for development assistance there is the largest in the hemisphere at \$35 million.

But if the lion's share of our proposed assistance package for El Salvador is economic, it is also evident that externally armed guerrillas cannot be defeated with fertilizers alone. Since January 16, we have provided substantial military assistance through emergency grants and FMS reprogramming. We must follow through with enough of a military assistance package to help the government bring the insurgency to an end and thereby permit economic and social reforms to work and free elections to be held. To this end, the most significant increase in this year's security assistance budget request is a \$25 million FMS program for El Salvador, \$17 million of which would be in direct credits.

In Nicaragua we have quite different purposes. The private businessmen, small farmers, free labor unions, and many others who have held on for more

than a year as a strong force against those who would establish a totalitarian state have earned our continued support. We would like to be able to provide—so long as the Marxist-led government accepts a pluralist society and support from Nicaragua for the guerrillas in El Salvador. We are encouraged by signs that this support has been reduced. We have under review whether the steps Nicaragua is taking may justify a resumption of our current aid program. If so, we want to be in a position to respond in the future to the needs of the private sector which acts as a moderating force on the more extreme elements of the government.

For these reasons we have requested \$35 million in development assistance and ESF in the FY 1982 budget. So long as the outcome remains potentially favorable, the investment risk worth taking. Failure to budget the outcome we desire in Nicaragua would be defeatism of the first order. But you can be sure we shall not delimit the proposed assistance to Nicaragua this year or next, unless the government there maintains the pluralism and nonintervention called for by their own policies.

Other countries of Central America are watching Nicaragua and El Salvador, knowing that their own security will be affected. We propose to maintain development assistance to Honduras, Guatemala, and Costa Rica at about 1981 levels. We propose to increase the FMS program for Honduras from \$5 million in FY 1981 to \$10 million, including \$4.5 million in direct credits. This will help Honduras protect itself against the dangers of foreign-supported insurgency and help its efforts to stop the use of Honduran territory to support guerrillas in El Salvador.

International military and educational training programs for El Salvador and Honduras are also being increased to reinforce our FMS programs. Their purpose is to help train professionally competent military forces which can curb subversion, halt the infiltration of arms and men from abroad, and use U.S.-manufactured equipment effectively. We are proposing to continue in FY 1982 the small IMET program for Costa Rica that was established through reprogramming in FY 1981.

Caribbean

Another priority in the FY 1982 budget is the area some call our "third border"—the Caribbean. These island

es find themselves critically strained stagnant agricultural sectors, the low out of industries, and unemployment s of up to 35%, all contributing to content and political instability which te Cuban adventurism. Nearly one-d of total development assistance one-half of the ESF we are re- sting for the hemisphere is for the ibbean, \$89 million and \$60 million ectively.

Our assistance efforts in the Carib- n have the following objectives:

- To strengthen friendly ties and operation among the islands, including t security measures among the small- island states to enable them to pro- themselves, maintain law and order preserve their territorial integrity national sovereignty;
- To promote political and social in- itions so as to strengthen democratic constitutional processes; and
- To expand the productive sector nable nations to increase their ource base and move toward econom- self-sufficiency.

Approximately one-third of our aid he Caribbean will go to regional in- itions such as the Caribbean Devel- ent Bank. We will work closely with er major donors such as Canada and stern Europe, and we shall deal with small Caribbean countries on a onal basis.

In Jamaica, years of weak economic agement have taken a terrible toll— ears of negative growth. Prime ister Seaga's decisive electoral vic- / last October turned Jamaica away n policies which had led it close to kruptcy. Seaga is determined to ore economic health to Jamaica by ulating private investment and owing sound economic policies, sup- ted by the international financial in- itutions buttressed by bilateral pro- ms. The outcome of this effort to d Jamaica to recovery under West- oriented principles is being followed sely throughout the Caribbean.

Our national interests require that help Jamaica succeed. We are eady engaged in a major program for aica, linked to the massive assist- e and economic program being nego- ted between Jamaica and other inter- tional donors. We expect this pro- um—a large part of which is aimed at nvigoring the private sector—to n the economy from negative to sitive growth by the end of the year.

The problem for FY 1982 is to maintain momentum. Earlier attempts to solve Jamaican problems have faltered short of success, making each new attempt more difficult.

We are asking for \$19 million in development assistance for FY 1982— twice our FY 1981 program—and \$40 million in ESF. Our bilateral programs are largely focused on helping to revitalize Jamaica's private sector and undertake special programs in energy. They are designed to complement Presi- dent Reagan's initiative for stimulating private foreign investment in Jamaica.

We are also requesting \$1 million in security assistance for Jamaica to con- tinue the \$1.5 million FMS program we began with the new government this year through reprogramming. Direct

credit is requested in view of Jamaica's already large foreign debt service burden over the next several years.

We intend to strengthen ties among the small island states of the eastern Caribbean through joint security meas- ures as well as economic cooperation. The crucial problem is unemployment, particularly of youths just entering the labor force—the groups most susceptible to Cuban-inspired exploitation. We plan to target \$20 million in ESF toward stimulating employment generating enterprises. The FMS program of \$7.5 million is primarily for a regional Coast Guard program of the eastern Caribbean states.

Frankly, we are late in supporting this regional coast guard in which the British have taken a lead. We had hoped

U.S. Suspends Economic Aid to Nicaragua

DEPARTMENT STATEMENT,
APR. 1, 1981¹

After a careful review the President has defined a comprehensive U.S. policy on assistance to Nicaragua. The policy takes into account Nicaraguan support for violence in El Salvador, the provi- sions of U.S. law, the positive responses of the Nicaraguan Government to our concerns, and U.S. national security in- terests in the region. It envisages the possibility of a continuing assistance relationship with Nicaragua.

Given the Government of Nicaragua's involvement in activities supporting violence in El Salvador, the President has decided to invoke the pro- visions of section 533(f) of the Foreign Assistance Act. That section calls for a termination of ESF [economic support funds] assistance to Nicaragua if the President determines that its govern- ment is supporting violence in another country. It also makes all outstanding ESF loans due and payable in that event.

This Administration has made strong representations to the Nicaraguans to cease military support to the Salvadoran guerrillas. Their re- sponse has been positive. We have no hard evidence of arms movements through Nicaragua during the past few weeks, and propaganda and some other

support activities have been curtailed. We remain concerned, however, that some arms traffic may be continuing and that other support very probably con- tinues.

Important U.S. security interests are at stake in the region. We want to encourage a continuation of recent favorable trends with regard to Nicaraguan support for the Salvadoran guerrillas. We also want to continue to assist moderate forces in Nicaragua which are resisting Marxist domination, working toward a democratic alter- native, and keeping alive the private sec- tor.

Recognizing the Nicaraguan response to date and taking into account our national security interests in the region, the President has decided to use his special authority under section 614(a)(1) of the Foreign Assistance Act to maintain outstanding fully disbursed ESF loans to the Government of Nica- ragua—that is, not to call for their im- mediate repayment.

We are considering a resumption of PL 480 and, later, development assistance if the favorable trends there continue. We do not rule out the even- tual resumption of ESF assistance at a later time should the situation in Nica- ragua improve.

¹Made available to news correspondents acting Department spokesman William J. Dyess. ■

to respond in FY 1980 to Barbados' request for coastal patrol and army equipment, but the Barbados Government informed us it could not afford the standard FMS credit terms. For FY 1982, we will mix both guaranteed loans and direct credits to achieve an intermediate interest rate for Barbados. For the even smaller states in the area, even these terms are beyond their means; direct, concessional credits in FY 1982 are crucial to meeting their needs.

We are also proposing a major increase in FMS for the Dominican Republic to \$7 million including \$4 million of direct credit. We have been working with this democratic country on a program to introduce some modern equipment to begin replacing the U.S. arms acquired 20 to 30 years ago. A small \$1 million FMS program is proposed for the Bahamas which has recently established a defense force.

South America

Our commitment to our close and important friends in South America is not lessened by the emphasis we are giving to the Caribbean Basin. The most serious South American development problems are in the Andean countries. Peru, Ecuador, and Bolivia all have mineral reserves which boost their long-term prospects, but they are now trying to cope with chronic economic problems, including serious unemployment and rapid population growth. All have per capita incomes less than one-tenth of our own. These problems contribute to instability and stimulate narcotics trafficking.

The assistance we are proposing builds on existing bilateral and local efforts. Development assistance programs in FY 1982 total \$11.6 million for Ecuador and \$30 million for Peru. In Ecuador, President Roldos has initiated an extensive development program. In Peru, President Belaunde's plans focus on developing economically deprived areas and significantly expanding employment.

We have FMS programs for only three countries in South America—Colombia, Ecuador, and Peru. The programs for Peru and Ecuador, each of which is proposed at \$6 million, are modestly larger than the FY 1981 programs. The proposed \$12.7 million program for Colombia remains at the FY 1981 level. Small new IMET programs are also being proposed for Venezuela

Economic Assistance to El Salvador

DEPARTMENT STATEMENT,
MAR. 24, 1981¹

The Administration has approved proceeding with reprogramming of an additional \$63.5 million in economic assistance to the Government of El Salvador for FY 1981. This assistance is urgently needed to help the government deal with the economic situation, especially to finance essential imports of food and of agricultural chemicals and industrial materials for the private sector.

With this additional aid we will be providing a total of \$126.5 million in economic aid this fiscal year, over three times our military aid.

In keeping with the Administration's commitment to hold down expenditures, we intend to provide the additional \$63.5 million through reprogramming rather than by supplemental appropriations. We are working out the precise details of reprogramming of PL 480, development assistance, economic support funds, and other credits. We will be consulting with the Congress and other governments as implementation proceeds.

¹Made available to news correspondents by acting Department spokesman William J. Dyess. ■

and Brazil, in keeping with the recommendation of the conference committee on the FY 1981 foreign assistance authorization bill which we fully support.

Finally, the Administration is recommending repeal of the provision in Section 620B of the Foreign Assistance Act, which prohibits all military sales and assistance to the Government of Argentina. Although we are proposing no assistance for Argentina in FY 1982, the strategic interests we share with Argentina require that we have the flexibility to consider sales of defense articles and services if that would be in our interest.

Conclusion

In conclusion, I would like to stress again the importance of the proposed ESF contingency fund to our efforts to

strengthen both security and development. Events in the past 2 years in the hemisphere, particularly in El Salvador and Jamaica, have tested our ability to move quickly with economic support funds to meet rapidly changing situations. With the cooperation of Congress we have done relatively well, but often by sacrificing important objectives elsewhere. The \$250 million ESF contingency fund this Administration is requesting is essential to enable us to respond rapidly to critical situations where reprogrammings may prove insufficiently counterproductive.

Regarding security, the total FMS assistance we are requesting, \$81.5 million, is an increase of 27% over our FY 1981 budget. But more important than the increase is the tailoring of FMS terms to economic needs; \$31 million dollars of the FMS request is for the very important direct credits on concessional terms—at not less than 3% interest and up to 12 years repayment. Also, the total FMS request for Latin America is but 2% of our worldwide FMS request proposal and falls substantially below the program levels for that region in the mid 1970s.

Finally, let me emphasize the importance of the international military education and training program. The number of Latin American students trained under IMET reached an all-time low in FY 1980, less than half the average annual level of the 1970s. Thanks to the change that this subcommittee initiated in the FY 1981 legislation providing incremental costing of IMET, we hope to turn that statistic around this year. We are requesting \$11.1 million in FY 1982, an increase of 22% over our FY 1981 request. Even with the ability to produce more training per IMET dollar, we need more dollars if we are to meet the training needs of the region and preserve the capacity to cooperate with our neighbors on shared security interest.

Compared to the stakes in Latin America, we are not asking for much in the way of assistance. Carefully targeted, the small amounts we are requesting can have a significant impact and provide concrete evidence of our commitment to the development and security of our closest neighbors.

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. ■

Current Actions

MULTILATERAL

Agriculture

Convention on the Inter-American Institute of Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980.
Accessions deposited: Ecuador, Jan. 30, 1981; Nicaragua, Feb. 12, 1981.

Antarctica

Antarctic Treaty. Signed at Washington Dec. 1, 1959. Entered into force June 23, 1961. TIAS 4780.
Accession deposited: Italy, Mar. 18, 1981.

Aviation, Civil-Navigation

Amendment of annex I of the 1956 Agreements on joint financing of certain air navigation services in Greenland and the Faroe Islands and in Iceland (TIAS 4048, 419). Adopted by the ICAO Council at Montreal Dec. 16, 1980. Entered into force Dec. 1980.

Collisions

Convention on the international regulations for preventing collisions at sea, 1972, with amendments. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accessions deposited: Guinea, Jan. 19, 1981; Maldives, Jan. 14, 1981.

Commodities - Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 24, 1980.¹
Signatures: F.R.G., Mar. 10, 1981; Ireland, Philippines, Feb. 24, 1981; Malawi, Zaire, Apr. 17, 1981.
Accession deposited: Indonesia, Feb. 24, 1981.

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 49.
Accession deposited: Argentina, Jan. 8, 1981.²
Accessions deposited: China, Jan. 8, 1981; Rwanda, Oct. 20, 1980; Suriname, Nov. 17, 1980;² Zambia, Nov. 24, 1980.²

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: Botswana, Nov. 19, 1980; F.R.G., May 7, 1980; Liechtenstein, Apr. 21, 1980; Mauritius, Sept. 23, 1980; Congo, Jan. 5, 1981; U.K., Nov. 28, 1980.³

Consular

Optional protocol, to the Vienna convention on consular relations (TIAS 6820), concerning

the compulsory settlement of disputes. Done at Vienna Apr. 24, 1963. Entered into force Mar. 19, 1967; for the U.S. Dec. 24, 1969. TIAS 6820.
Accession deposited: Malawi, Feb. 23, 1981.

Containers

International convention for safe containers (CSC), with annexes. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037.
Ratification deposited: Canada, Feb. 19, 1981.

Cultural Property

Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. Adopted at Paris Nov. 14, 1970, at the 16th session of the UNESCO general conference. Entered into force Apr. 24, 1972.⁴
Acceptance deposited: Peru, Oct. 24, 1979.

Customs

Customs convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978.⁴
Accession deposited: Czechoslovakia, Feb. 25, 1981.

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 4, 1970. TIAS 7063.
Accession deposited: Brazil, Jan. 19, 1981.

Energy

Implementing agreement for a program of research and development on radiation damage in fusion materials, with annexes. Done at Paris Oct. 21, 1980. Entered into force Oct. 21, 1980.
Signatures: Canada, European Atomic Energy Community, Japan, Switzerland, U.S., Oct. 21, 1980.

Implementing agreement for a program of energy technology systems analysis, with annex. Done at Paris Nov. 13, 1980. Entered into force Nov. 13, 1980.
Signatures: Australia, Belgium, Commission of the European Communities, Denmark, F.R.G., Italy, Norway, Sweden, Switzerland, U.S., Nov. 13, 1980.

Implementing agreement for the establishment of the economic assessment service for coal, with annex. Done at Paris Nov. 20, 1975. Entered into force Nov. 20, 1975. TIAS 9775.
Signatures: Australia, Sept. 26, 1980; Japan, Sept. 24, 1980.

Implementing agreement for a program of research and development on the production of hydrogen from water, with annexes. Done at Paris Oct. 6, 1977. Entered into force Oct. 6, 1977.
Signature: U.K., Sept. 23, 1979.

Implementing agreement for the establishment of the biomass conversion technical information service. Done at Paris May 24, 1978. Entered into force May 24, 1978.
Signatures: Italy, Dec. 4, 1979; Japan, Sept. 24, 1980; New Zealand, Oct. 5, 1979; Switzerland, Nov. 21, 1979.⁵

Implementing agreement for a program of research, development, and demonstration on forestry energy, with annex. Done at Tokyo Apr. 13, 1978. Entered into force Apr. 13, 1978.
Signatures: Switzerland, July 17, 1980; U.K., Apr. 10, 1980.

Implementing agreement for a program of research, development, and demonstration on enhanced recovery of oil, with energy. Done at Paris May 22, 1979. Entered into force May 22, 1979.
Signatures: U.K., Feb. 1, 1980.

Implementing agreement for a program of research, development, and demonstration on hot dry rock technology, with annex. Done at Paris Sept. 18, 1979. Entered into force Oct. 1, 1979.
Signature: Japan, Feb. 23, 1981.

Implementing agreement for a program of research and development and demonstration on energy conservation in the pulp and paper industry, with annexes. Done at Paris Feb. 18, 1981. Entered into force Feb. 18, 1981.
Signatures: Belgium, Canada, Japan, Netherlands, Norway, Spain, Sweden, U.K., U.S., Feb. 18, 1981.

Supplement to the implementing agreement of Oct. 6, 1977, for the establishment of a project on small solar power systems, with annex. Done at Paris May 22, 1979. Entered into force May 22, 1979.
Signature: Italy, Jan. 19, 1980.

Implementing agreement for a program of research and development on energy conservation through energy storage, with annex. Done at Paris Sept. 22, 1978. Entered into force Sept. 22, 1978; for the U.S. Feb. 21, 1979.
Signature: Belgium, Oct. 16, 1979.

International Court of Justice

Declarations recognizing as compulsory the jurisdiction of the International Court of Justice under Article 36, paragraph 2, of the Statute of the Court.
Declaration deposited: Malta, Jan. 23, 1981.

Labor

Instrument for the amendment of the constitution of the International Labor Organization. Done at Montreal Oct. 9, 1946; re-entered into force for the U.S. Feb. 18, 1980.
Accession deposited: Equatorial Guinea, Jan. 30, 1981.

Instrument for the amendment of the constitution of the International Labor Organization. Done at Montreal Oct. 9, 1946. Entered

Treaties

into force Apr. 20, 1948. TIAS 1868.
Acceptances deposited: Botswana, Feb. 27, 1978; Cape Verde, Apr. 3, 1979; Comoros, Oct. 23, 1978; Djibouti, May 3, 1978; Grenada, July 9, 1979; Lesotho, June 2, 1980; St. Lucia, Apr. 9, 1980; Vietnam, Socialist Republic of, Jan. 17, 1980; Zimbabwe, June 6, 1980.

Convention (ILO No. 53) concerning the minimum requirement of professional capacity for masters and officers on board merchant ships. Adopted at Geneva, Oct. 24, 1936. Entered into force for the U.S. Oct. 29, 1939. 54 Stat. 1683; TS 950; 3 Bevans 281.
Ratification deposited: Djibouti, Aug. 3, 1978.

Convention (ILO No. 55) concerning the liability of the shipowner in case of sickness, injury, or death of seamen. Adopted at Geneva Oct. 24, 1936. Entered into force for the U.S. Oct. 29, 1939. 54 Stat. 1683; TS 951; 3 Bevans 287.
Ratification deposited: Djibouti, Aug. 3, 1978.

Convention (ILO No. 58) fixing the minimum age for the admission of children to employment at sea. Adopted at Geneva Oct. 24, 1936. Entered into force for the U.S. Oct. 29, 1939. 54 Stat. 1705; TS 952; 3 Bevans 294.
Ratifications deposited: Djibouti, Aug. 3, 1978; Grenada, July 9, 1979; Seychelles, Feb. 6, 1978.

Convention (ILO No. 74) concerning the certification of able seamen. Adopted at Seattle June 29, 1946. Entered into force for the U.S. Apr. 9, 1954. 5 UST 605; TIAS 2949.
Ratification deposited: Guinea-Bissau, Feb. 9, 1977.

Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331), relating to amendments to the convention. Done at London Nov. 12, 1975.¹
Acceptance deposited: New Zealand, Feb. 13, 1981.

Maritime Matters

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975.¹
Acceptance deposited: Thailand, Feb. 20, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.¹
Acceptance deposited: Thailand, Feb. 20, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.¹
Acceptances deposited: Chile, Mar. 16, 1981; Sri Lanka, Mar. 17, 1981.

Convention on facilitation of international maritime traffic, with annex. Done at London Apr. 9, 1965. Entered into force Mar. 5, 1967; for the U.S. May 16, 1967. TIAS 6251.
Accession deposited: Guinea, Jan. 19, 1981.

Amendments of article VII of the convention on facilitation of international maritime traffic, 1965 (TIAS 6251). Adopted at London Nov. 19, 1973.¹
Acceptance deposited: Hungary, Feb. 9, 1981.

Meteorology

Convention of the World Meteorological Organization. Done at Washington Oct. 11, 1947. Entered into force Mar. 23, 1950. TIAS 2052.
Accession deposited: St. Lucia, Mar. 2, 1981.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹
Ratification deposited: German Democratic Republic, Feb. 5, 1981.²

Nuclear Weapons—Nonproliferation

Treaty on the non-proliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.
Ratification deposited: Egypt, Feb. 26, 1981.⁶

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.
Ratification deposited: U.S.S.R., Jan. 22, 1981.

Pollution

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.¹
Accession deposited: Liberia, Feb. 17, 1981.

Postal

General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.

Signatures: Afghanistan, Algeria, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Benin, Bhutan, Bolivia, Burma, Byelorussia, Soviet Socialist Republic, Botswana, Brazil, Bulgaria, Burundi, Cameroon, Canada, Central African Republic, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Ecuador, Egypt, Ethiopia, Finland, France, Gabon, German Democratic Republic, F.R.G., Greece, Guinea, Guinea-Bissau, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Republic of Korea, Democratic

Republic of Korea, Kuwait, Lebanon, Lesotho, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Malawi, Mali, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Nepal, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Singapore, Spain, Sudan, Suriname, Sri Lanka, Swaziland, Sweden, Switzerland, Syria, Tanzania, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, United Arab Emirates, U.K. (including overseas territories), U.S., Uruguay, Upper Volta, U.S.S.R., Yemen Arab Republic, Democratic Republic of Yemen, Yugoslavia, Zaire, Zambia, Oct. 26, 1979; Venezuela, Oct. 24, 1979.

Constitution of the universal postal union with final protocol. Done at Vienna July 1, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Ratification deposited: Saudi Arabia, Dec. 11, 1980.

Additional protocol to the constitution of universal postal union with final protocol signed at Vienna July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force Jan. 1, 1971, except for article V of the additional protocol which entered into force Jan. 1, 1971. TIAS 7150.
Ratification deposited: Saudi Arabia, Dec. 1980.

Second additional protocol to the constitution of the universal postal union of July 10, 1964, general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.
Ratifications deposited: Liberia, Nov. 28, 1980; Saudi Arabia, May 11, 1979.

Money orders and postal travellers' check agreement, with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.
Signatures: Algeria, Argentina, Austria, Barbados, Belgium, Benin, Bulgaria, Burundi, Cameroon, Central African Republic, Chile, Colombia, Congo, Costa Rica, Cyprus, Czechoslovakia, Denmark, Ecuador, Egypt, Finland, France, Gabon, F.R.G., Greece, Guinea, Haiti, Hungary, Iceland, Indonesia, Ivory Coast, Japan, Jordan, Republic of Korea, Kuwait, Lebanon, Liechtenstein, Libya, Luxembourg, Madagascar, Mali, Mauritania, Mexico, Monaco, Morocco, Mozambique, Netherlands, Netherlands Antilles, Nicaragua, Niger, Norway, Romania, Rwanda, San Marino, Senegal, Spain, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Syria, Thailand, Togo, Tunisia, Turkey, U.S., Upper Volta, Uruguay, Vatican City, Democratic Republic of Yemen, Yemen Arab Republic, Yugoslavia, Zaire, Oct. 26, 1979.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980. Ratification deposited: Mexico, Feb. 24, 1981.

Safety at Sea

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700. Accession deposited: Indonesia, Feb. 17, 1981.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Enters into force May 1, 1981. Accession deposited: Denmark, Nov. 27, 1980.

Satellite Communications System

Agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532. Accession deposited: Somalia, Mar. 27, 1981.

Operating agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532. Signature: Ministry of Posts and Telecommunications, Somalia, Mar. 27, 1981.

Space

Agreement governing the activities of states in the Moon and other celestial bodies. Adopted at New York Dec. 5, 1979.¹ Signature: Netherlands, Jan. 27, 1981.

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: Netherlands, Jan. 26, 1981.

Telecommunications

International telecommunication convention with annexes and protocols. Done at Malaga-Corremolinos Oct. 25, 1973. Entered into force Jan. 1, 1975; for the U.S. Apr. 7, 1976. TIAS 8572. Accession deposited: Zimbabwe, Feb. 10, 1981.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.¹ Accession deposited: Barbados, Mar. 9, 1981.

Tourism

Statutes of the World Tourism Organization (WTO). Done at Mexico City Sept. 27, 1970. Entered into force Jan. 2, 1975; for the U.S. Dec. 16, 1975. TIAS 8307.

Notification of withdrawal deposited: El Salvador, Jan. 28, 1980; effective Jan. 28, 1981.

Transportation

Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976.⁴ Accession deposited: Morocco, Mar. 5, 1981.

UNIDO

Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.¹ Signatures: Poland, Jan. 22, 1981; Hungary, Jan. 26, 1981; Haiti, Jan. 28, 1981; Mauritania, Mar. 4, 1981; Cyprus, Mar. 17, 1981. Ratification deposited: Iraq, Jan. 23, 1981; Ethiopia, Feb. 23, 1981; Cuba, Mar. 16, 1981.

Whaling

International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849. Notification of adherence: India, Mar. 9, 1981. Notification of succession: Papua New Guinea, Mar. 16, 1981.

Amendments to the schedule to the international convention for the regulation of whaling, 1946. Adopted at the 32d meeting of the International Whaling Commission, Brighton July 21-26, 1980. Entered into force Nov. 26, 1980, except for certain amendments that entered into force Feb. 23, 1981.

Wheat

1981 protocol for the sixth extension of the wheat trade convention, 1971. Open for signature at Washington from Mar. 24 through May 15, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met. Signature: Norway, Mar. 25, 1981.

Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended) (TIAS 7144, 9878). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980. Ratification deposited: F.R.G., Mar. 23, 1981.⁷

1981 protocol for the first extension of the food aid convention, 1980. Open for signature at Washington from Mar. 24 through May 15, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met. Signature: Norway, Mar. 25, 1981.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.¹ Ratifications deposited: U.S.S.R., Jan. 23, 1981; Rwanda, Mar. 2, 1981; Ukrainian Soviet Socialist Republic, Mar. 12, 1981.

World Heritage

Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226. Ratification deposited: Ivory Coast, Jan. 9, 1981.

BILATERAL**Australia**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington May 14, 1953. Entered into force Dec. 14, 1953. TIAS 2880.

Termination: Papua New Guinea, Sept. 16, 1975.

Agreement relating to operation of United States military flights through RAAF Base Darwin. Effected by exchange of notes at Canberra Mar. 11, 1981. Entered into force Mar. 11, 1981.

Belgium

Agreement in the field of radioactive waste management. Signed at Mol and Washington Jan. 7 and 19, 1981. Entered into force Jan. 19, 1981.

Brazil

Record of discussion concerning salted cattle hides and manufactured leather products. Signed at Brasilia Aug. 13, 1980. Entered into force Oct. 1, 1980.

Canada

Agreement with respect to social security. Signed at Ottawa Mar. 11, 1981. Enters into force on the first day of the second month following the month in which each government shall have received from the other government written notification that it has complied with all statutory and constitutional requirements for the entry into force of this agreement.

Denmark

General security of information agreement. Effected by exchange of notes at Copenhagen Jan. 23 and Feb. 27, 1981. Entered into force Feb. 27, 1981.

Dominica

Agreement relating to the establishment of a Peace Corps program in Dominica. Effected by exchange of letters at Bridgetown and Roseau May 15 and 22, 1980. Entered into force May 22, 1980. Supersedes agreement of Dec. 16, 1966, and Jan. 11, 1967 (TIAS 6206).

Ecuador

Agreement extending the agreement of Sept. 18, 1975 (TIAS 8282), relating to the cooperative program in Ecuador for the

Treaties

observation and tracking of satellites and space vehicles. Effected by exchange of notes at Quito Dec. 4 and 16, 1980. Entered into force Dec. 16, 1980.

Egypt

Agreement concerning the "Egypt Today-Memphis" exhibit. Signed at Cairo Mar. 1, 1981. Entered into force Mar. 1, 1981.

Agreement for the establishment and operation of an OMEGA navigation system monitoring station. Signed at Alexandria June 14, 1980. Entered into force June 14, 1980.

France

Agreement relating to the employment of dependents of official government employees. Effected by exchange of letters at Paris Feb. 18, 1981. Enters into force on the first day of the first month following date of receipt of last notification that each party has completed the procedures required by its legislation to enforce the agreement.

German Democratic Republic

Agreement regarding the establishment of branch offices of the commercial sections of the embassies of the United States and the German Democratic Republic. Effected by exchange of notes at Washington Jan. 30, 1981. Entered into force Jan. 30, 1981.

Haiti

Agreement relating to privileges and immunities to the accorded Department of Defense personnel temporarily in Haiti for the purpose of survey and relief operations. Effected by exchange of notes at Port-au-Prince Aug. 19 and 21, 1980. Entered into force Aug. 21, 1980.

Agreement amending the agreement of Aug. 17, 1979, as amended (TIAS 9595, 9715), relating to trade in cotton, wool, and man-made fiber textiles and textile products. Effected by exchange of notes at Port-au-Prince Dec. 17, 1980, and Feb. 5, 1981. Entered into force Feb. 5, 1981.

Iran

Agreement of cooperation. Signed at Ankara Mar. 5, 1959. Entered into force Mar. 5, 1959. TIAS 4189.
Notification of termination: Nov. 19, 1979; effective Nov. 19, 1980.

Jamaica

Agreement for sales of agricultural commodities, relating to the agreement of Aug. 8, 1977 (TIAS 8824). Signed at Kingston Feb. 6, 1981. Entered into force Feb. 6, 1981.

Japan

Agreement extending the Sept. 12, 1977 (TIAS 8734), joint determination and joint

communique for reprocessing of special nuclear material of U.S. origin, with exchange of notes and related letter. Signed at Washington Feb. 24, 1981. Entered into force Feb. 24, 1981.

Kuwait

International express mail agreement with detailed regulations. Signed at Kuwait and Washington Feb. 28 and Mar. 11, 1981. Entered into force Mar. 11, 1981.

Lebanon

Investment incentive agreement. Effected by exchange of notes at Beirut Sept. 17, 1980, and Feb. 10, 1981. Entered into force Feb. 10, 1981.

Montserrat

Agreement relating to the establishment of a Peace Corps program in Montserrat. Effected by exchange of letters at Bridgetown and Plymouth Jan. 13 and Feb. 9, 1981. Entered into force Feb. 9, 1981. Supersedes agreement of April 3 and May 16, 1968 (TIAS 6493).

Mozambique

Agreement for sales of agricultural commodities, relating to the agreement of June 28, 1979 (TIAS 9635), with minutes of negotiation. Signed at Maputo Feb. 23, 1981. Entered into force Feb. 23, 1981.

Netherlands

Agreement relating to storage of prepositioned war readiness materials by U.S. forces. Effected by exchange of notes at The Hague Jan. 15, 1981. Entered into force Jan. 15, 1981.

Pakistan

Agreement relating to scientific and technical cooperation. Signed at Washington Mar. 2, 1981. Entered into force Mar. 2, 1981.

Peru

Agreement for sales of agricultural commodities, relating to the agreement of Apr. 26, 1978 (TIAS 9604), with memorandum of understanding. Signed at Lima Feb. 5, 1981. Entered into force Feb. 5, 1981.

Portugal

Agreement concerning fisheries off the coasts of the United States. Signed at Washington Oct. 16, 1980. Entered into force: Mar. 4, 1981.

St. Kitts/Nevis

Agreement relating to the establishment of a Peace Corps program in St. Kitts/Nevis. Effected by exchange of letters at Bridgetown and Basseterre May 15, 1980, and Jan. 13, 1981. Entered into force Jan. 13, 1981. Supersedes agreement of Dec. 19, 1966, and Jan. 10, 1967 (TIAS 6209).

St. Lucia

Agreement relating to the establishment of Peace Corps program in St. Lucia. Effected by exchange of letters at Bridgetown and Castries May 15 and July 8, 1980. Entered into force July 8, 1980. Supersedes agreements of Oct. 19 and Nov. 10, 1965 (TIAS 5902).

Senegal

Agreement regarding the establishment and operation of a space vehicle tracking and communication facility. Effected by exchange of notes at Dakar Jan. 30 and Feb. 5, 1981. Entered into force Feb. 5, 1981.

Singapore

Memorandum of understanding for the exchange of individual personnel between the U.S. Army Western Command and the Republic of Singapore Armed Forces. Signed at Singapore Jan. 5, 1981. Entered into force Jan. 5, 1981.

Sudan

Agreement amending the agreement for sale of agricultural commodities of Dec. 22, 1979. Effected by exchange of notes at Khartoum Feb. 14, 1981. Entered into force Feb. 14, 1981.

Thailand

Agreement amending the agreement of Oct. 4, 1978, as amended (TIAS 9215, 9462, 9717), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bangkok Nov. 13 and 27, 1980. Terminated Jan. 1, 1981.

Turkey

Implementing agreement regarding the consolidation and rescheduling of certain debts owed to the Agency for International Development. Signed at Ankara Feb. 7, 1981. Entered into force Feb. 7, 1981.

Venezuela

Agreement in the field of energy research and development, with annex. Signed at Washington Mar. 6, 1980. Entered into force Mar. 6, 1980.

Agreement on agricultural cooperation. Signed at Caracas Apr. 10, 1980. Enters into force upon signature or upon the entry into force of the July 11, 1980, agreement for scientific and technological cooperation, whichever date is later.

¹Not in force.

²With reservation(s).

³Extended to the Bailiwick of Jersey, the Bailiwick of Guernsey, the Isle of Man, Belize, Bermuda, British Indian Ocean Territories, British Virgin Islands, Cayman Islands, Falkland Islands and Dependencies, Gibraltar, Hong Kong, Montserrat, Pitcairn Henderson, Ducie and Oeno Islands, and Saint Helena and Dependencies.

⁴Not in force for the U.S.

⁵Subject to ratification.

⁶With statement.

⁷Applicable to Berlin (West). ■

March 1981

March 2
State Department announces that it is sending \$25 million in military aid to El Salvador. Twenty more U.S. noncombat military advisers are to join the 25 advisers already there, in addition to 9 administrative support personnel, bringing to 54 the total involved in the security assistance program. Secretary Haig instructs U.S. Representatives to the U.N. Law of the Sea Conference to seek to insure that negotiations do not end at the coming session (scheduled to resume on Apr. 9) of the conference pending a U.S. Government policy review.

March 6
U.S. announces its decision to sell additional military equipment to Saudi Arabia as part of a policy to strengthen Western security interests in the Middle East and Persian Gulf. By a vote of 114 to 0 with 22 abstentions (including U.S.), U.N. General Assembly adopts a resolution condemning South Africa for blocking a settlement in Namibia and urging trade sanctions against South Africa.

March 9
Tenth session of the Third U.N. Law of the Sea Conference resumes in New York, Mar. 9-Apr. 24. Foreign Minister Hans-Deitrich Genscher of the Federal Republic of Germany makes official visit to Washington, D.C., Mar. 9-11.

March 10
President Reagan makes official visit to Canada, Mar. 10-11.

March 11
Effected by an exchange of notes at Canberra, U.S. and Australia agree to U.S. Air Force use of RAAF Base Darwin for F-52 aircraft staging operations for sea surveillance in the Indian Ocean area and for navigation training purposes.

March 13
Pending a complete review of U.S. bilateral relations with Mozambique, U.S. temporarily suspends food aid to that country.

March 15-18
During a private visit to the U.S., Argentine President-designate Viola meets in Washington, D.C., with the President and Vice President, Secretaries of State and Defense, Members of the Congress, and other U.S. officials, Mar. 16-17.

March 21
U.S., Egypt initial agreement for cooperation in the peaceful uses of nuclear energy which allows the U.S. to transfer to

Egypt technology and equipment for a nuclear electric generating capacity of approximately 2,000 megawatts and the enriched uranium fuel used to support the capacity.

March 23
Japanese Foreign Minister Masayoshi Ito makes official visit to Washington, D.C., Mar. 23-24.

March 26
Following a National Security Council meeting, the White House issues a statement noting its growing concern that Polish authorities may be preparing to use force to settle continuing difficulties in that country and that the Soviet Union may intend to undertake repressive action in Poland and warns of the grave effect of such actions on the whole course of East-West relations. It also repeats U.S. readiness to assist Poland in its current economic and financial difficulties as long as the people and authorities continue to seek a peaceful resolution of their problems.

March 29
Prime Minister Eric Williams of Trinidad and Tobago dies.

March 30
Prime Minister Andreas A. M. van Agt and Foreign Minister Christoph A. van Der Klaauw of the Netherlands make an official visit to Washington, D.C., Mar. 30-Apr. 1. President Reagan is wounded in an attempted assassination. Also wounded were the President's press secretary, James S. Brady; a Secret Serviceman, Timothy J. McCarthy; and a D.C. police officer, Thomas K. Delahanty. Twenty-five-year-old John W. Hinckley, Jr., is arrested and charged with the assassination attempt.

March 31
The Allied Special Consultative Group on long-range theater nuclear forces (LRTNF) meets in Brussels. U.S. delegation is headed by Ambassador Lawrence Eagleburger. Turkish Foreign Minister Ilter Turkmen makes official visit to U.S. Mar. 31-Apr. 9, and to Washington, D.C., Mar. 31-Apr. 4. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
55	3/3	Haig: remarks at EOB, Feb. 27.
*56	3/6	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, Mar. 25.
*57	3/6	U.S. Organization for the International Radio Consultative Committee (CCIR), study groups 10 and 11, Apr. 9.
*58	3/6	CCIR, study group 8, Apr. 2.
*59	3/6	CCIR, study group 2, Mar. 27.
*60	3/6	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on radio communications, Mar. 19.
*61	3/6	Advisory Committee on International Investment, Technology, and Development, working group on U.N./OECD investment undertakings, Mar. 30.
*62	3/11	Haig, Shamir: news conference, Feb. 24.
*63	3/11	Walter J. Stoessel, Jr. sworn in as Under Secretary for Political Affairs (biographic data).
*64	3/12	Haig, Genscher: remarks to the press, Mar. 9.
*65	3/13	Haig, MacGuigan: press briefing, Ottawa, Mar. 11.
66	3/17	Haig: interview on "MacNeil/Lehrer Report."
67	3/13	Haig: remarks at a breakfast meeting with media correspondents.
*68	3/18	Haig: statement before House Foreign Affairs Committee.
69	3/19	Haig: statement before Senate Foreign Relations Committee.
*70	3/20	U.S., Hong Kong amend textile agreement, Mar. 13.
71	3/24	Haig: statement before House Subcommittee on International Operations.
72	3/25	Haig, Ito: remarks following meeting with the President.
*73	3/26	Advisory Committee on International Intellectual Property, Apr. 21.
*74	3/26	CCITT, study group D, Apr. 10.
*75	3/26	Advisory Committee on Private International Law, Apr. 10.
*76	3/26	SCC, SOLAS, working group on radiocommunications, Apr. 16.
*77	3/26	SCC, SOLAS, panel on bulk cargoes, working group on subdivision and stability, Apr. 22.

PUBLICATIONS

- *78 3/26 SCC, SOLAS, working group on life-saving appliances, Apr. 22.
- *79 3/26 CCITT, study group C, Apr. 23.
- *80 3/26 CCIR, study group 2, Apr. 24
- *81 3/26 Advisory Committee on International Investment, Technology, and Development, Apr. 28.
- 82 3/26 Haig: remarks at a breakfast meeting with news correspondents.
- *83 3/26 Dean Fischer sworn in as Department spokesman (biographic data).
- *84 3/30 Program for the official working visit of Prime Minister Andreas A. M. van Agt and Foreign Minister Christoph A. van der Klaauw of the Netherlands to Washington, D.C., Mar. 30-Apr. 1.
- 85 3/31 Haig: interview on "Meet the Press," Mar.29.

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United States Contributions to International Organizations. This 28th Annual Report to the Congress transmits to the President and to the Congress the report on U.S. contributions to international organizations. It also describes the various U.N. agencies to which the United States contributes. Pub. 9140. 112pp. (Cat. No. S:179:149.)

INR—Intelligence and Research in the Department of State. This publication describes the role of the Bureau of Intelligence and Research in the field of intelligence and in the Department of State. It also includes a working description of intelligence. Pub. 9157. 16pp.

Rural Roads. Agreement with Syria. TIAS 9638. 29pp. \$1.75. (Cat. No. S9.10:9638.)

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May 1981
Vol. 81, No. 2050

Afghanistan. Secretary Haig Interviewed at Breakfast Meetings 9

Africa

FY 1982 Assistance Requests for Africa (Walker)18

FY 1982 Assistance Requests for African Refugees (Smyser)60

Secretary Haig Interviewed at Breakfast Meetings 9

Secretary Haig Interviewed on "Meet the Press" 4

Arms Control. Secretary Haig Interviewed at Breakfast Meetings 9

Canada. Maritime Boundary Treaty With Canada (Feldman, Ridgway)21

Commodities. Sixth International Tin Agreement (Calingaert)31

Congress

AID Bilateral Assistance Programs (McPherson)43

Energy Policy and Conservation Act (Morse) 33

FY 1982 and FY 1983 Requests for Migration and Refugee Assistance (Smyser)59

FY 1982 Assistance Requests for Africa (Walker) 18

FY 1982 Assistance Requests for African Refugees (Smyser)60

FY 1982 Assistance Requests for Asia (Armacost)26

FY 1982 Assistance Requests for Europe (Ewing)38

FY 1982 Assistance Requests for Latin America (Bushnell)69

FY 1982 Assistance Requests for South Asia (Coon)68

FY 1982 Assistance Requests for the Middle East (Draper, Twinam)48

FY 1982 Authorization Request (Haig) ...24

FY 1982 Security Assistance Requests (Buckley, Burt)62

Hostage Agreements Transmitted to the Congress (Department explanatory statement)52

International Narcotics Control (Linnemann)55

Maritime Boundary Treaty With Canada (Feldman, Ridgway)21

Sixth International Tin Agreement (Calingaert)31

Department and Foreign Service. FY 1982 Authorization Request (Haig)24

Developing Countries. AID Bilateral Assistance Programs (McPherson)43

East Asia and the Pacific. FY 1982 Assistance Requests for Asia (Armacost) ...26

Egypt. U.S., Egypt Initial Nuclear Cooperation Agreement (joint statement, supplementary information)54

El Salvador

Economic Assistance to El Salvador (Department statement)72

Secretary Haig Interviewed at Breakfast Meetings 9

Secretary Haig Interviewed on "Meet the Press" 4

Secretary Haig Interviewed on the "MacNeil/Lehrer Report" 1

Energy

Energy Policy and Conservation Act (Morse)33

Energy Security and International Preparedness (Morse)34

Europe

FY 1982 Assistance Requests for Europe (Ewing)38

Secretary Haig Interviewed at Breakfast Meetings 9

Foreign Aid

AID Bilateral Assistance Programs (McPherson)43

Economic Assistance to El Salvador (Department statement)72

FY 1982 and FY 1983 Requests for Migration and Refugee Assistance (Smyser)59

FY 1982 Assistance Requests for Africa (Walker)18

FY 1982 Assistance Requests for Asia (Armacost)26

FY 1982 Assistance Requests for Europe (Ewing)38

FY 1982 Assistance Requests for Latin America (Bushnell)69

FY 1982 Assistance Requests for South Asia (Coon)68

FY 1982 Assistance Requests for the Middle East (Draper, Twinam)48

FY 1982 Security Assistance Requests (Buckley, Burt)62

Military Assistance to Liberia (Department statement)20

U.S. Suspends Economic Aid to Nicaragua (Department statement)71

Government Organization. Secretary Haig Interviewed on "Meet the Press" 4

Human Rights. Secretary Haig Interviewed on "Meet the Press" 4

Iran. Hostage Agreements Transmitted to the Congress (Department explanatory statement)52

Japan. Visit of Japanese Foreign Minister (Haig, Ito)29

Latin America and the Caribbean. FY 1982 Assistance Requests for Latin America (Bushnell)69

Secretary Haig Interviewed for Spanish Television 7

Lebanon. Lebanon (Secretary's Letter to Lebanese President Sarkis)54

Liberia. Military Assistance to Liberia (Department statement)20

Middle East

Energy Security and International Preparedness (Morse)34

FY 1982 Assistance Requests for the Middle East (Draper, Twinam)48

Secretary Haig Interviewed at Breakfast Meetings 9

Narcotics. International Narcotics Control (Linnemann)55

Nicaragua

Secretary Haig Interviewed on the "MacNeil/Lehrer Report" 1

U.S. Suspends Economic Aid to Nicaragua (Department statement)71

NATO

NATO Defense Ministers Position on Poland (statement by deputy White House press secretary)42

Secretary Haig Interviewed for Spanish Television 7

Nuclear Policy. U.S., Egypt Initial Nuclear Cooperation Agreement (joint statement, supplementary information)54

Poland

NATO Defense Ministers Position on Poland (statement by deputy White House press secretary)42

Poland—A Profile42

Poland's First Deputy Prime Minister Visits U.S. (Bush, Jagielski)41

Secretary Haig Interviewed on "Meet the Press" 4

Secretary Haig Interviewed on the "MacNeil/Lehrer Report" 1

Situation in Poland (statement by White House press secretary)41

Presidential Documents

Lebanon (Secretary's Letter to Lebanese President Sarkis)54

Northern Ireland (Reagan)39

Publications78

Refugees

FY 1982 and FY 1983 Requests for Migration and Refugee Assistance59

FY 1982 Assistance Requests for African Refugees (Smyser)60

Security Assistance. FY 1982 Security Assistance Requests (Buckley, Burt) ...62

South Asia. FY 1982 Assistance Requests for South Asia (Coon)68

Spain. Secretary Haig Interviewed for Spanish Television 7

Terrorism

Secretary Haig Interviewed at Breakfast Meetings 9

Secretary Haig Interviewed for Spanish Television 7

Trade. Visit of Japanese Foreign Minister (Haig, Ito)29

Treaties

Current Actions73

Hostage Agreements Transmitted to the Congress (Department explanatory statement)52

Maritime Boundary Treaty With Canada (Feldman, Ridgway)21

Sixth International Tin Agreement (Calingaert)31

United Kingdom. Northern Ireland (Reagan)39

Name Index

Armacost, Michael26

Buckley, James L62

Burt, Richard R62

Bush, Vice President41

Bushnell, John A69

Calingaert, Michael31

Coon, Jane A68

Draper, Morris48

Ewing, Raymond C38

Feldman, Mark B21

Haig, Secretary1, 4, 7, 9, 24, 29, 54

Ito, Masayoshi29

Jagielski, Mieczyslaw41

Linnemann, Joseph H55

McPherson, M. Peter43

Morse, Edward L33, 34

Reagan, President39

Ridgway, Rozanne L21

Smyser, W. R.59, 60

Twinam, Joseph W48

Walker, Lannon18

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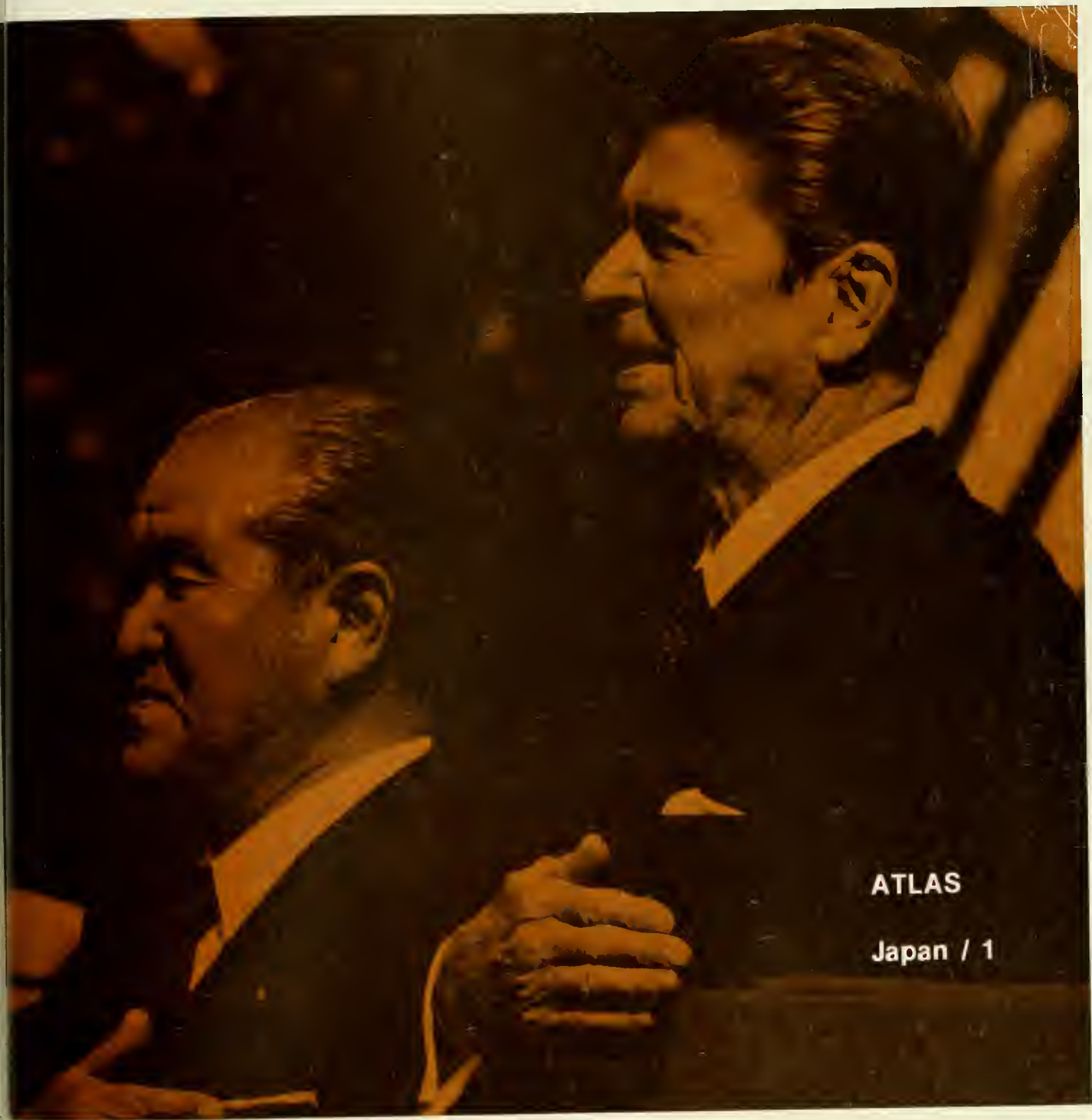
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June 1981



ATLAS

Japan / 1

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Japanese Prime Minister Suzuki
and President Reagan.

(White House photo by Mary Anne Fackelman)

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CONTENTS

FEATURE

- 1 Visit of Japanese Prime Minister Suzuki (*Arrival and Departure Remarks, Joint Communique*)
- 2 Japan—A Profile

The Secretary

- 4 A New Direction in U.S. Foreign Policy
- 7 Question-and-Answer Session Following Address Before ASNE
- 11 NATO and the Restoration of American Leadership
- 12 Foreign Policy and the American Spirit
- 13 Visit to the Middle East and Europe
- 20 Interview for *Great Decisions*
- 21 Interview for NBC Television
- 30 Interview for ABC Television

Africa

- 3 Internal Situation in Zimbabwe (*Letter to the Congress*)

Canada

- 3 U.S.-Canada Consultations on Garrison Diversion Unit (*Joint Press Release*)
- 3 Maritime Boundary Treaty and Fishery Agreement (*Message to the Senate*)

East Asia

- 3 Foreign Policy Priorities in Asia (*Walter J. Stoessel, Jr.*)

Economics

- 3 Global Economic Interdependence (*Deane R. Hinton*)
- 3 The Airbus: Challenge to U.S. Aircraft Industry (*Harry Kopp*)

Europe

- 41 U.S. Lifts Agricultural Sales Limitation to the U.S.S.R. (*President Reagan*)
- 41 Dutch Prime Minister Meets With Vice President Bush (*Vice President Bush, Andreas A.M. van Agt*)
- 42 Turkish Foreign Minister Meets With Vice President Bush (*White House Statement*)
- 42 Ataturk Centennial Year (*White House Statement*)

Middle East

- 43 U.S. Policy Toward the Middle East and Persian Gulf Region (*Peter D. Constable*)
- 44 Iran Claims Procedures (*Department Statement*)
- 45 11th Report on Sinai Support Mission (*Message to the Congress*)
- 46 Arms Sales to Morocco; Western Saharan Conflict (*Morris Draper*)
- 47 Sale of AWACS to Saudi Arabia (*Department Statement*)

Refugees

- 49 U.S. Contributions to Refugee Relief in Southeast Asia and Pakistan (*W. R. Smyser*)

Security Assistance

- 51 Reprogramming Proposal for El Salvador (*James L. Buckley*)

South Asia

- 53 Aid to Pakistan (*Jane A. Coon*)

United Nations

- 54 U.S. Perspective of the 35th General Assembly
- 55 Namibia (*Western Five Statement*)
- 58 International Conference on Assistance to Africa's Refugees (*Jeane J. Kirkpatrick*)
- 59 African Refugee Relief Day (*Proclamation*)

Western Hemisphere

- 59 El Salvador (*Department Statement*)

Treaties

- 60 Current Actions

Chronology

- 62 April 1981

Press Releases

- 63 Department of State

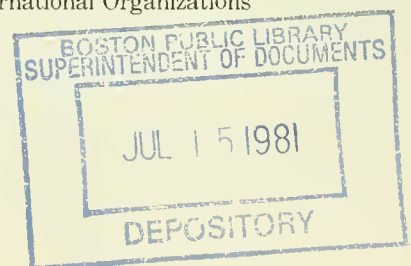
Publications

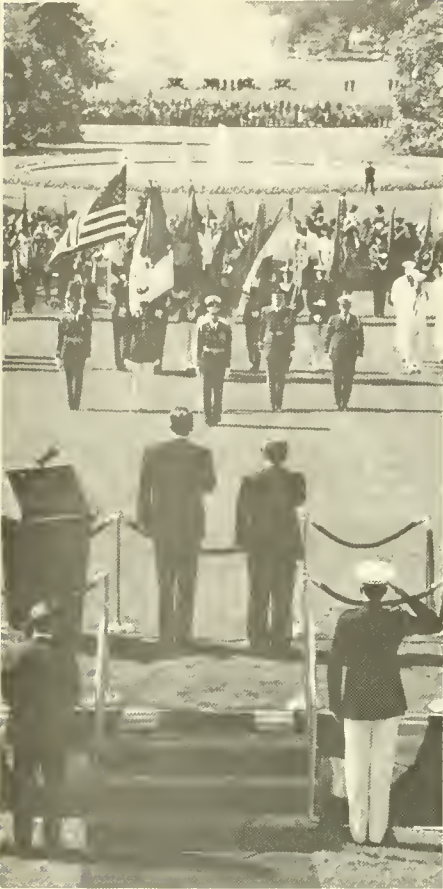
- 63 Department of State
- 64 GPO Sales

Index

SPECIAL (see Center Section)

Atlas of United States Foreign Relations: International Organizations



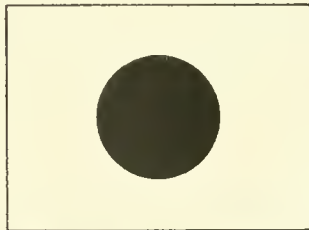


(White House photo by Bill Fitz-Patrick)

Full military honors are accorded Prime Minister Suzuki upon his arrival at the White House.



President Reagan welcomes Prime Minister Suzuki to the United States. Mrs. Reagan on the left and Ambassador Leonore Annenburg, Chief of Protocol, is in the center.



Prime Minister Suzuki signs President Reagan's guest book.

(White House photo by Bill Fitz-Patrick)



Prime Minister and Mrs. Suzuki with President and Mrs. Reagan.

(White House photo by Jack Kightlinger)

Visit of Japanese Prime Minister Suzuki

Japanese Prime Minister Zenko Suzuki made an official visit to the United States May 4-9, 1981, and to Washington, D.C., May 7-8, 1981. Following are remarks made at the arrival ceremony on May 7, a joint communique issued, and departure remarks, each on May 8.¹

ARRIVAL CEREMONY¹

President Reagan

Prime Minister, Madam Suzuki, it's a great honor for Nancy and me, in behalf of the American people, to welcome you to the United States. We're delighted to be your hosts during your first visit in both our Administrations. The people of Japan and the people of America are friends of separate pasts. We have a different language, different geography, and yet together, our actions have helped to shape the future.

Today, we have a chance to bring freshness and a new direction to the deep friendship between our peoples. The custom, when leaders of our two nations meet, is to look back, to measure how far we've come. It's true that we've accomplished much in a relatively short period of time. Today, however, you and I will look forward. We'll chart the future course of our friendship for the future. You and I hold a sacred trust, a sacred trust of two of the world's great nations. Our countries are economic leaders in the world of sophisticated technology, industry, and science. And because we're leaders, great tides swirl around us, forces of independence, progress, and friendly competition.

As you have said, the choices we make will determine the fate of generations. What we create must blend into the future as the poet Shelley described the west wind--a tumult of mighty harmonies. You have said that harmony is the keynote of your government's philosophy, and harmony is a philosophy I admire very much. Harmony requires differences to be joined in pursuit of higher ideals. It is the philosophy that you have said you want to share with the world. It is the foundation of a philosophy necessary to mold strength into greatness.

Japan has been a harmonious and loyal ally whose people understand that

free societies must bear the responsibility of freedom together. And Japan and the United States understand and work with each other because of the strong ties that we have built upon the principles of a harmonious relationship.

We, in America, are grateful for the strong measures that you have taken to penalize the Soviet Union for its violent aggression in Afghanistan. You have come to the aid of countries resisting Soviet expansion. You have rescued refugees, imposed sanctions against tyrants, and offered economic assistance to the oppressed. The people of Japan stand with Americans, Europeans, and people of other democracies in a community of free powers. But even in this world community of leadership, Japan and the United States stand out in their achievements. The economic forces at our command are the basis of a powerful guarantee of progress in peace. They are the essential tools with which we can help others to advance and to insure freedom. Our most valuable research, our people--our resource, I should say, have the strength to carry out their dreams, and in our dreams, we both yearn to be the best. Our mutual search for excellence, for achievement, for genuine security is conducted in the spirit of harmony.

There is a hill in Boston where dreams are made and sometimes shattered. Runners beaded in sweat and panting for breath must conquer that hill to win--a demanding foot race known as the Boston Marathon. It is called Heartbreak Hill. About 2 weeks ago, a young man from Japan raced up that hill and won. His name, Toshihiko Seko, a sales clerk from Tokyo. After the race, he told us that he was motivated by respect for the American who had won last year. In Japan, he said, when you respect somebody, you show it by going beyond his achievements. Well, Mr. Seko is not only an awesome athlete, he is a gracious and wise man. And let me say, Mr. Seko has earned the respect of a pack of American runners who look forward to the pleasure of meeting him again next year.

Let us continue to be challenged by our accomplishments, by the accomplishments of each other. Let us compete in the same contests with each victory becoming the next goal to conquer. But let us also always remember and let the world be aware, Japan and America will go forward together. [Applause]

Prime Minister Suzuki²

Thank you very much for your very warm welcome. Let me express my heartfelt thankfulness for your truly remarkable recovery from the unfortunate incident and my delight that you are now standing here in very good health and with that winning smile that is now known throughout the world. [Applause]

The world is now beset by unprecedentedly complex political, economic, and social challenges. I am convinced, however, that the industrialized democracies, by strengthening their cooperation and solidarity and by addressing these challenges with firm determination, can dispel misery, oppression, and violence from the face of this Earth and can bring peace, justice, freedom, and prosperity to the international community. Japan and the United States are great powers whose combined national products account for one-third of the world's total. Close coordination between our two countries can contribute immeasurably to the peace and security of the entire world.

I have come to hold a candid exchange of views with you about the responsibilities Japan and the United States should discharge and the roles we should play in the current international situation. It is, also, my earnest desire to consolidate the bond of friendship and expand, further, the horizons of cooperation between our two countries. I must add that the opportunity to talk with you so soon after you have assumed the Presidency in such trying times but with the full and sacred trust and mandate of the American people, I regard as very timely and significant.

The moment I set foot on American soil this time I sensed the aspirations of the American people to build a society filled with vitality. The Japanese people have profound respect for the American people who are now embarked on the new beginning under your leadership. We wish to advance hand-in-hand with you toward realizing the aspirations of the international community by expanding our cooperation with your country and by strengthening the ties between our two peoples, both of whom aspire to peace and to societies filled with vigor or vitality.

I know that the talks that will begin shortly will mark an important step forward in our common enterprise. [Applause]

JOINT COMMUNIQUE¹

At the invitation of the Government of the United States, the Prime Minister and Mrs. Suzuki paid an official visit to the United States from May 4 through 9. President Reagan and Prime Minister Suzuki met in Washington on May 7 and 8 for a comprehensive and fruitful review of the current international situation and U.S.-Japan relationship. They pledged that they would work closely together in pursuit of world peace and prosperity. The President and the Prime Minister, recognizing that the alliance between the United States and Japan is built upon their shared values of democracy and liberty, reaffirmed their solidarity, friendship and mutual trust.

The President and the Prime Minister viewed with concern the Soviet military build-up and the Soviet activities in the Third World as seen in its military intervention into Afghanistan and its behavior elsewhere. They reaffirmed their position that the Soviet intervention into Afghanistan cannot be condoned and that the immediate, unconditional and total withdrawal of the Soviet troops should be realized. They

restated their view that the problems of Poland should be resolved by the Polish people themselves without any external interference and that any intervention in Poland would have a serious adverse effect on world peace. They shared the view that should intervention in Poland occur, the Western industrialized democracies should cooperate and implement their policies in concert.

Affirming their interest in the peace and stability of Asia, the President and the Prime Minister agreed:

- To continue respectively to expand cooperative relations with the People's Republic of China,
- To promote the maintenance of peace on the Korean Peninsula as important for peace and security in East Asia, including Japan,
- To continue their cooperation in support of the solidarity of ASEAN and its quest for the greater resilience and development of its members.

The President and the Prime Minister placed high value on the respective role each country is playing in this regard as exemplified recently by the President's decision to maintain U.S.

ground forces in Korea and by the Prime Minister's visit to ASEAN countries this January.

They agreed that an early and comprehensive political settlement of the Kampuchean problem, including the withdrawal of foreign forces, through an international conference based on the resolutions of the General Assembly of the United Nations is important for the restoration of a durable peace in Indochina.

The President and the Prime Minister affirmed that the maintenance of peace and security in the Middle East, particularly in the Gulf region, is highly important for the peace and security of the entire world. They agreed that the determined efforts of the United States in the face of fragile security conditions in the region contribute to restoring stability, and that many countries, including Japan, are benefiting from them. They also agreed that the process of achieving a comprehensive peace in the Middle East should be further promoted to strengthen the security of the area.

In the process of reviewing the international situation, the President and the Prime Minister took note of the presence of various elements of instability in other areas of the world, and particularly with respect to some parts of Africa and Central America, they expressed their concern about the existence of conditions affecting peace and stability.

The President and the Prime Minister recognized the role that international efforts toward genuine arms control and disarmament should play in advancing world peace and stability, encouraging restraint and responsibility in international affairs, and promoting the security of the West as a whole.

The Prime Minister stated his view that it is important for the industrialized democracies to have a shared recognition of the various political, military and economic problems of the world and to cope with them in a consistent manner in order comprehensively to provide for the security of the West as a whole.

In meeting these international challenges to their peace and security, the President and the Prime Minister recognized that all Western industrialized democracies need to make greater efforts in the areas of defense, world economic improvement, economic cooperation with the Third World, and mutually supportive diplomatic initiatives.

Japan—A Profile

Geography

Area: 381,945 sq. km. (147,470 sq. mi.); slightly smaller than California. **Capital:** Tokyo (pop. 11,372 million). **Other Cities:** Yokohama (2.67 million), Osaka (2.658 million), Nagoya (2 million), Kyoto (1.4 million). **Terrain:** Rugged, mountainous islands. **Climate:** Varies from subtropical to temperate.

People

Population (1980): 117 million. **Annual Growth Rate:** 0.8%. **Ethnic Groups:** 0.6% Korean. **Religions:** Shintoism and Buddhism; 0.8% Christian. **Language:** Japanese. **Literacy:** 99%. **Life Expectancy:** Males 73 yrs., females 78 yrs.

Government

Type: Parliamentary democracy. **Date of Constitution:** May 3, 1947. **Branches:** Executive—Prime Minister (Head of Government). **Legislative:** bicameral Diet (House of Representatives and House of Councilors). **Judicial:** Civil law system with Anglo-American influence. **Subdivisions:** 47 prefectures. **Political Parties:** Liberal Democratic Party (LDP), Japan Socialist Party (JSP), Democratic Socialist Party (DSP), Komeito (Clean

Government Party), Japan Communist Party (JCP). **Suffrage:** Universal over 20.

Economy

GNP (1980): \$990 billion. **Real Growth Rate:** 6% 1979, 6.1% 1969-79. **Per Capita GNP (1980):** \$8,460. **Natural Resources:** Negligible mineral resources, fish. **Agricultural Products:** Rice, vegetables, fruits, milk, meat, natural silk. **Industrial Products:** Machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment. **Trade (1979): Exports** - \$101.1 billion: machinery and equipment, metals and metal products, textiles. **Partners** -U.S. 28%, EC 10.8%, Southeast Asia 20.9%, Communist countries 6%. **Imports** - \$98.7 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery and equipment. **Partners** -U.S. 18%, EC 5.6%, Southeast Asia 20.7%, Communist countries 5%.

Membership in International Organizations

U.N. and its specialized agencies, International Court of Justice (ICJ), International Monetary Fund (IMF), General Agreement on Tariffs and Trade (GATT), Organization for Economic Cooperation and Development (OECD), International Energy Agency (IEA), International Labor Organization (ILO), INTELSAT. ■

The President and the Prime Minister reaffirmed their belief that the U.S.-Japan Treaty of Mutual Cooperation and Security is the foundation of peace and stability in the Far East and the defense of Japan. In insuring peace and stability in the region and the defense of Japan, they acknowledged the desirability of an appropriate division of roles between Japan and the United States. The Prime Minister stated that Japan, on its own initiative and in accordance with its Constitution and basic defense policy, will seek to make even greater efforts for improving its defense capabilities in Japanese territories and in its surrounding sea and space, and for further alleviating the financial burden of U.S. forces in Japan. The President expressed his understanding of the statement by the Prime Minister. They recognized their common interest in contributing to the defense of Japan, and expressed the hope for even more fruitful dialogue between the two countries on security matters. In this regard, they looked forward to the scheduled meetings in June on security matters by representatives of the two governments both at the ministerial and working levels.

The President and the Prime Minister agreed upon the importance of the relationship between the industrialized countries and the developing countries. They expressed their hope that constructive progress will be made in dealing with the countries of the south through various means, in particular through the discussion scheduled for Ottawa and Mexico.

They affirmed that political, economic and social stability of developing countries is indispensable for the maintenance of peace and stability of the world. The Prime Minister stated that the Government of Japan will strive to expand and improve its official development assistance under the New Medium Term Target and that the Government will strengthen its aid to those areas which are important to the maintenance of peace and stability of the world.

They also stated that they will continue to assist the victims of international instability through their aid to Indo-Chinese, Afghan, and African refugees.

The President and the Prime Minister discussed various problems facing the world economy. In this connection, they expressed their concern about the rising pressure toward protectionism in many countries and affirmed that the



The receiving line at the state dinner; from left to right are Mrs. Suzuki, Mrs. Reagan, Prime Minister Suzuki shaking hands with Secretary Haig, and Mrs. Haig greets the President (behind the Secretary).

(White House photo by Michael Evans)

United States and Japan are determined to continue their efforts to maintain and strengthen free and open trade principles embodied in the GATT framework. In this regard, the President expressed his appreciation for the voluntary action taken by the Government of Japan to restrain the export of automobiles to the United States at a time when the United States automobile industry is passing through a difficult adjustment period.

The President and the Prime Minister highly valued the role the Summit Meeting of the Seven Industrialized Nations plays in securing the stability and development of the world economy.

The President and the Prime Minister expressed their satisfaction with the close bilateral economic relationship and noted the prospects for a further expansion of these ties. They shared the view that economic issues between the two countries have been and should continue to be given early and mutually satisfactory solutions in the spirit of goodwill and cooperation.

The President and the Prime Minister highly valued the report of the Japan-United States Economic Relations

Group which contains recommendations that will contribute to the long-term development of the United States-Japan economic relations. They agreed that the two governments should address the various recommendations for possible implementation. They also expressed the hope that the recommendations would be studied in such fora as the U.S.-Japan Businessmen's Conference.

They reconfirmed the importance of the dialogue between the two countries through various fora including the United States-Japan sub-cabinet group.

The President and the Prime Minister, noting that the energy problem continues to be critical to the healthy development of the world economy, reaffirmed the need for the two countries to make further efforts, together with other industrialized countries, in such fields as increase of energy production, promotion of development and use of alternative energy sources, and conservation of energy.

The President and the Prime Minister, in recognition of vital importance of preventing nuclear weapons proliferation, reaffirmed the need to continue to promote international efforts to this end. They shared the view, on the other hand, that the role of nuclear energy

ought to be further expanded under appropriate safeguards to meet the increasing energy needs of the world and that the United States and Japan have special responsibility to cooperate further in promoting the peaceful uses of nuclear energy. In this connection, the President endorsed the view of the Prime Minister that reprocessing is of particular importance to Japan. The President and the Prime Minister thus agreed that the two governments should promptly start consultations with a view to working out a permanent solution at an early date on such pending issues as the continued operation of the Tokai Reprocessing Facility and the construction of an additional reprocessing plant in Japan.

Underscoring their belief that cultural exchange is an important element in fostering mutual understanding and friendship, the President welcomed the announcement of the Prime Minister that the Government of Japan has made a financial contribution to the Japan-U.S. Friendship Commission and that it has announced its intention to give substantial financial assistance respectively to the Japan Society of New York and, in a continuing manner, to the Special Japan-U.S. Exchange Program of "Youth for Understanding" which is to commence next fiscal year.

Finally, the Prime Minister expressed his sincere appreciation to the President for the warm reception he has received during his visit to the United States. The Prime Minister extended an invitation to the President to visit Japan. The President thanked the Prime Minister for his gracious invitation, and said that he hoped to visit Japan at a mutually convenient time.

DEPARTURE REMARKS¹

President Reagan

This has been a most fruitful meeting for both our countries. We have established a bond of friendship. In fact, last night, the Prime Minister referred to it that we were buddies. And we have come to an agreement, or at least discovered, perhaps I should say, that we're in agreement on a number of broad issues—economic, political, military—and have established a base whereby we can have full consultation, and any possible difference or misunderstanding that might arise that we can be in instant contact to resolve it. So, we're most grateful and honored that the Prime Minister has been here, and as I say, I think we're all much better for what has been decided in the meetings we've held.

Prime Minister Suzuki²

Thank you very much for your kind words. As you've just said, through the 2 days of talks with you we have been able to establish between us an unshakable basis of friendship and mutual trust. And this is the greatest treasure that I take home from my visit to the United States to Japan.

Also, in the course of our 2-day talks, we touched on a broad range of issues, political-economic and other issues, including the questions of the relationship between the developing and the developed parts of the world and, also, including the question of how the countries in the West should cooperate together in securing, in a comprehensive manner, the security of the West as a whole.

We did engage in very forthright and open exchanges of views and, as a result, we were able to confirm that we have a basic convergence of views and perceptions about the important matters that face the international community today. We were also able to reaffirm that we are both dedicated to the common goal of securing world peace and stability and prosperity, and we reaffirmed our common resolve to join our hands together and move vigorously forward to that end.

We also agreed that we will always be in very close touch. We will communicate with each other very closely, consult very closely on these global issues, as well as on the problems that we may have in our bilateral relations. On the basis of mutual trust and friendship that I have been able to establish with you as true partners and as true friends, we can certainly contribute together to the further advancement of the relations between our two countries.

My visit this time has been very, very fruitful thanks to your kind cooperation, and I'm happy to report to you that I'm perfectly satisfied with this very fruitful visit that I've been able to have. Thank you very much. [Applause]

¹Texts from Weekly Compilation of Presidential Documents of May 11, 1981, which also includes the exchange of toasts between the President and the Prime Minister following a dinner at the White House on May 7.

²The Prime Minister spoke in Japanese and his remarks were translated by an interpreter. ■

A New Direction in U.S. Foreign Policy

Secretary Haig's address before the American Society of Newspaper Editors (SNE) on April 24, 1981.¹

Some 100 days have elapsed since President Reagan's inauguration. In the field of foreign affairs, the first controversial steps have been taken. To paraphrase Mark Twain, these actions have pleased more than a few and astonished the rest. Although we have not remade the world, a new direction is evident.

We are acting to restore confidence in American leadership through a more robust defense of U.S. ideals and interests and a more realistic approach to the dangers and opportunities of the international situation. It is my purpose today to outline briefly the philosophy behind the new direction: this Administration's view of the realities of the world and the tasks before us.

A French statesman once remarked that the true business of government is not to foresee problems and to administer appropriate remedies while time remained. In our approach to foreign affairs, we have sought to distinguish between the symptom of the problem and the problem itself, the crisis and its cause, the ebb and flow of daily events and the underlying trend. The problems that beset us are clearly symptomatic of deeper disorders, and it is to these fundamental movements of international politics that we must direct our remedies.

- Worldwide inflation, caused in part by astounding increases in the cost of oil, interrupts balanced economic growth essential to the aspirations of both developing and developed nations.

- Limited resources and political disturbance impede the eradication of hunger, poverty, disease, and other important humanitarian goals.

- Disruption from abroad threatens more vulnerable West, as we draw energy and raw materials from regions in which the throes of rapid change and conflict prevail.

- Soviet military power grows relentlessly as Moscow shows an increasing readiness to use it both directly and by proxy and obstructs the achievement of a more just international order.

We must understand that these conditions are interrelated; they play upon each other; and the danger is, therefore,

all the greater. If present trends are not arrested, the convergence of rising international disorder, greater Western vulnerability, and growing Soviet military power will undo the international codes of conduct that foster the peaceful resolution of disputes between nations. The symptoms of this breakdown—terrorism, subversion, and conquest—are already apparent. The ideals and safety of democratic societies are under assault.

Imaginative remedies might have prevented the current danger. Unfortunately, as these ominous developments gathered strength over the last decade, America's confidence in itself was shaken, and American leadership faltered. The United States seemed unable or unwilling to act when our strategic interests were threatened. We earned a reputation for "strategic passivity," and that reputation still weighs heavily upon us and cannot be wished away by rhetoric. What we once took for granted abroad—confidence in the United States—must be reestablished through a steady accumulation of prudent and successful actions.

Before others can repose confidence in us, we must ourselves be confident. The Reagan foreign policy, therefore, begins with a justifiable pride in our country, its ideals, and in its achievements. Government by the people and a

Reagan's program to restore confidence in American leadership abroad. Our actions are directed toward three projects:

First, to enlarge our capacity to influence events and to make more effective use of the full range of our moral, political, scientific, economic, and military resources in the pursuit of our interests;

Second, to convince our allies, friends, and adversaries—above all the Soviet Union—that America will act in a manner befitting our responsibilities as a trustee of freedom and peace; and

Third, to offer hope and aid to the developing countries in their aspirations for a peaceful and prosperous future.

The President has established clear priorities in the pursuit of these projects. Understanding that American economic weakness would cripple our efforts abroad, he has proposed a revolutionary program to restore inflation-free economic growth. This program recognizes that America's strength is measured not only in arms but also in the spirit of individual enterprise, the soundness of the dollar, and the proper role of government in a free society.

Fundamental to this approach is also the belief that economic recovery must be accompanied by a prompt correction of defects in our military posture. For too long, we have ignored this fact: The

We are acting to restore confidence in American leadership through a more robust defense of U.S. ideals and interests and a more realistic approach to the dangers and opportunities of the international situation.

society under law are great principles to defend. Regard for individual liberty at home translates into a concern for human rights abroad.

Moreover, we are fully conscious of our historic role in the defense of freedom. Together with our allies, we have shared peace and prosperity. The United States continues to be the natural anchor for the free societies of the Atlantic and Pacific. Our objective remains simple and compelling: a world hospitable to our society and our ideals.

Confidence in ourselves—the crucial psychological element in any foreign policy—is evident throughout President

military strength required by the United States can be achieved only through sacrifice and consistent purpose. We have proposed a heavy investment in our Armed Forces to assure safety for ourselves and the generations to come.

Our economic and military programs have not lessened the need for balanced economic and security assistance abroad. This helps allies and friends to join us in contributing to the general security. It also adds to the flexible instruments of influence required for a successful foreign policy.

These efforts to strengthen America's economic and military capa-

bilities provide the foundation for an American diplomacy that includes the following aims: restraining the Soviet Union; reinvigorating our alliances; strengthening our friends; and a more effective approach to the developing countries.

Restraining the Soviet Union

A major focus of American policy must be the Soviet Union, not because of ideological preoccupation but simply because Moscow is the greatest source of international insecurity today. Let us be plain about it: Soviet promotion of violence as the instrument of change constitutes the greatest danger to world peace.

The differences between the United States and the Soviet Union concern the very principles of international action. We believe in peaceful change, not the status quo. The peoples of the world seek peace, prosperity, and social justice. This is as desirable as it is inevitable. The United States could no more stand against such a quest than we could repudiate our own revolution. We were the first to proclaim that individual liberty, democracy, and the rule of law provided the best framework for the improvement of the human condition. And we have led the attempt since the Second World War to maintain two principles of international action: the peaceful resolution of disputes and the proscription of outside intervention in the affairs of sovereign nations.

In contrast, Soviet policy seeks to exploit aspirations for change in order to create conflict justifying the use of force and even invasion. Moscow continues to support terrorism and war by proxy.

There is an additional dimension to the danger. In regions sensitive to Western interests, in the littorals of critical sea passages, in areas that hardly affect Soviet security, you will find Moscow taking a keen interest in conflict. Thus, Western strategic interests, as well as the hopes for a more just international order, are at stake.

Our objective must be to restore the prospects for peaceful resolution of conflict. We can do this by demonstrating to the Soviet Union that aggressive and violent behavior will threaten Moscow's own interests. We can do this by demonstrating, as we are doing in El Salvador today, that a government bent on making necessary reforms will not be overthrown by armed intervention supported by Moscow or its surrogates. We

can do this by never accepting the Soviet occupation of other countries, such as Afghanistan.

Only the United States has the pivotal strength to convince the Soviets—and their proxies—that violence will not advance their cause. Only the United States has the power to persuade the Soviet leaders that improved relations with us serve Soviet as well as American interests. We have a right, indeed a duty, to insist that the Soviets support a peaceful international order, that they abide by treaties, and that

... Soviet promotion of violence as the instrument of change constitutes the greatest danger to world peace.

they respect reciprocity. A more constructive Soviet behavior in these areas will surely provide the basis for a more productive East-West dialogue.

Reinvigorating Alliances

Another essential element in the restoration of our leadership is the strengthening of our alliances. From the outset of this Administration, we have placed a high priority on repairing the damage done to these alliances in recent years. Rebuilding alliance solidarity is a precondition for redressing the East-West military imbalance and for constraining Soviet international behavior.

Perhaps the most useful concept to govern these critical relationships is "consultation." Consultation should mean more than the formal act of soliciting opinions. It suggests what alliances really mean: shared interests, reliable performance, and sensitivity to each other's concerns.

We have acted to restore consultation as a useful instrument of alliance communication and solidarity. President Reagan's numerous meetings with heads of state and foreign ministers, as well as my own, have been marked by refreshing exchanges of views. A warm welcome awaits a United States willing to listen before it acts.

We are moving already beyond exchanges of views toward common strategic perceptions and concrete acts. We and our allies are taking common steps to restrain Soviet aggression and to restore our strength.

• On Poland, we have collectively sent a firm signal to the Soviet Union. The Soviets are now well aware that intervention would bring severe and lasting consequences. Indeed, the restraint we have seen offers some evidence of the benefits of alliance cohesion and resolve. Simultaneously, the West is working together to help the Polish people economically, so they can deal with their own problems.

• On theater nuclear forces, we and our allies have reaffirmed our commitment to modernization of NATO's theater nuclear capabilities based on NATO's so-called two-track decision of 1979. We will also make a serious effort to pursue European theater nuclear arms control with the Soviets.

• In critical regions such as the Middle East and Southwest Asia, we have launched a new, intensive effort aimed at achieving common approaches to protect our vital interests and to help assure peace. At a meeting of allies interested in southern Africa earlier this week in London, we began to reach consensus on a realistic and fair approach to the important problem of Namibia.

• On economic challenges, we are experiencing slower growth and high inflation. Here again we understand that international cooperation is essential to solve each of our national problems. For example we have reaffirmed our belief in free trade as we consult with Japan to alleviate the plight of the auto industry in the United States.

Looking toward the NATO ministerial meeting early next month and the Ottawa economic summit in July, the most advanced nations in the world are coming together to meet the challenge from Soviet expansionism, regional instability, and economic interdependence.

Strengthening U.S. Friends

The reinvigoration of our alliances must be accompanied by the strengthening of our friends as well. This is particularly important in the Middle East and Southwest Asia, a region where violent action by the Soviet Union and its surrogates demands a more effective Western response.

The President's purpose in sending me recently to the area was to seek the wisdom of our friends on the issues of peace and security. But he also sent a message. The United States is fully cognizant of regional complexities and the necessity to proceed with the peace

rocess. At the same time, we are determined to strengthen our friends and to work with them against the threat posed by the Soviet Union and its surrogates. These great projects must go forward together if we are to shake off our reputation for strategic passivity in the area and safeguard Western interests.

Fresh Approach to Developing Countries

Restraint of the Soviets, the reinvigoration of our alliances, and the strengthening of our friends are crucial aspects of the Reagan foreign policy. But the underlying tensions of international affairs go beyond the themes of allies and adversaries. A fresh American approach to the developing countries is essential if we are to treat the roots of international disorder.

The developing countries, sometimes grouped together as the Third World, are a vastly varied multitude of states, most of them beset by severe economic and political problems. What once united them—the memory of colonialism—is fading. The new emphasis is on the future, not the past.

The West in general and the United States in particular hold the key to that future. It is we who demonstrate by our own history how to combine freedom and development, political stability and economic progress. Two guidelines should govern our actions.

- We must show that friends of the United States benefit from our friendship, even in the face of Soviet-supported intervention.

- We must offer hope that the United States and its allies are not some form of closed club, hostile to the problems and frustrations attending development.

Our record on the issues of increasing concern to the future of the developing countries offers a sharp contrast to that of the East. We support economic development; the East does not. We assist the refugees; the East refuses relief. We offer the peaceful mediation of dispute; the East offers only arms of conflict. The developing countries are beginning to recognize where their best hopes lie, and it is in both the interests of humanity and our own national security that we promote such a trend.

In reviewing the causes of the Second World War and prospects for peace in the future, Winston Churchill concluded: "How absolute is the need of a broad

Question-and-Answer Session Following Address Before ASNE

At the conclusion of the Secretary's address before the American Society of Newspaper Editors (ASNE) on April 24, 1981, (see previous article), he answered the following questions from the audience.¹

Q. Since one month ago today, when you expressed in a congressional hearing dissatisfaction with the emerging crisis management arrangement, and especially since the Situation Room incident a week later, we have heard little about your role as vicar or general manager.

The role that you announced at the outset had been given to you by President Reagan. Could you speak a little bit about how you see your role now? Have you renegotiated it or redefined it in subsequent meetings with the President, and are you satisfied with it and with crisis management as it is working now with the formulation of American foreign policy?

A. First, let me assure you that I am very comfortable with my relationships with the President and with the White House. I have spoken almost daily to the President, either personally or telephonically, since the events you described. I am absolutely convinced

path of international action pursued by many states in common across the years, irrespective of the ebb and flow of national politics."

As we enter the final decades of the 20th century, it is the task of the United States to lead the pursuit of this broad path, beckoning toward a more peaceful and prosperous international order. Knowledge of the obstacles before us will protect us against false optimism. Knowledge of ourselves will protect us against despair. Our difficulties will not disappear overnight. Yet we should not dwell too much on the troubles of the moment. The free nations of the Atlantic and the Pacific represent the greatest concentration of talent and wealth in the world. We are a community of peoples devoted to human rights, democracy, and the rule of law.

Our prospects are bright. Only constancy of purpose is required to preserve successfully the liberty that is the treasure of our civilization.

that I am doing precisely what he brought me on board to do, and he has reaffirmed this to me, and I am very, very comfortable with it.

I would add again that the kinds of report cards that sometimes fascinate the contemporary observers are really going to receive their important value judgment in the context of performance. In that context, while I am not overly self-confident, I do feel we have made some constructive initiatives that time will tell whether or not they reap the harvest I anticipate.

Q. There have been reports that the Administration may lift the grain embargo against the Soviet Union. You, yourself, have said that such an action could send a deleterious signal to the Soviets.

Have you at this point received any assurances from the Russians that they will practice restraint around Poland? Or is this decision, as Senator Mathias has suggested, a reward to the Russians for the absence of bad behavior?

A. First, let me suggest to you that had it been a little bit before 11:00 this morning, I would have said there had been no decision made on this subject. I can no longer say that since I've just participated in a Cabinet meeting where a decision was made. And there will be an announcement with respect to this issue at 4:00 today from the White House, and I understand there has already been an uncharacteristic degree of leakage with that. [Laughter]

I will not attempt to characterize the motivations behind what the President's decision will be when it is announced, other than to suggest to you that this decision was based on a longstanding commitment of the President before his election. It was structured on a number of factors, including some that you touched upon in your question.

With respect to my own view on this, it has been clear from the outset, it has always been my policy when a decision is made, to fully support that decision by the President, and I do in this instance. And so when it is announced, you'll know what I am supporting.

Q. Can I read into that that you have not received any assurances from the Soviets that they will practice restraint around Poland?

¹Press release 122. ■

A. I would suggest to you that I would never make it a habit in a public forum to discuss whatever discussions may have been underway in diplomatic channels between ourselves and the Soviet Union. I think it's a counter-productive practice, and I intend to avoid it. I have in the past. So I'm sorry to flick your question away so unceremoniously.

Q. Four American women missionaries were murdered in El Salvador last December. Their families have become increasingly impatient about some report of what happened, and some of them are charging U.S. complicity in a cover-up of the crime. Can you tell us when we might expect some information about what happened to those women on a road that was entirely controlled by forces of the government we are supporting in El Salvador?

A. I think I would want to make the point, and make it very clearly and unequivocally here, that this government, the United States, has been actively working on this problem as diligently as I think human capabilities would permit.

We've had the Federal Bureau of Investigation in El Salvador, helping the Duarte government with respect to this investigation. There has been some progress. That cooperation between our Justice Department and the Federal Bureau of Investigation continues today.

Our charge there, Mr. Chapin, has been actively engaged in this matter on a daily basis and reports almost weekly or daily to us on this. I will just suggest to you that there has been progress. This is an anguishing problem. I wouldn't want anyone to believe for a moment that this Administration either favors, would harbor, or would even evidence a modicum of sympathy to excesses or extremes from either the right or the left in El Salvador.

Q. Why is it taking so long?

A. I think you might ask the same questions about the situation in Atlanta, equally dreadful or even more so. These are complex and difficult problems. And I know that you will give this the objectivity that has characterized your approach to these matters. [Laughter and applause]

Q. I hope I'll always be as fair as you've been when you've complained—
[Laughter and applause]

Q. You mentioned in your speech the effort to find common approaches to the Middle East. And you, in your trip and utterances before then, have spoken of the urgent importance of a consensus of strategic concerns in the Middle East area between Arabs and Jews.

Now this sale of aircraft and other things, AWACS [airborne warning and control systems], to Saudi Arabia seems to have polarized into a repeat of the 1978 battle here over another Saudi sale. Given this situation, did the policy formation process contribute to the struggle that we now seem to have in prospect in Washington, or was it inevitable? And, given the developments now, can you pull off this Saudi sale without severely damaging the basis for one end or the other of the U.S. alliances in the Middle East, either the Saudi end or the Israeli end? And what happens if you don't pull it off at all?

A. That is a very, very important question and one which reflects a great deal of thought. And, indeed, it would take another 30 minutes to answer it in the detail that it deserves.

But let me suggest that with respect to the earlier assurances given by the Carter Administration on the situation and the provision of arms to Saudi Arabia: That commitment and that assurance—it wasn't really a commitment—that assurance was given at a time when the strategic situation in the Middle East was fundamentally different than it is today. We've witnessed a number of very traumatic events in the intervening period: the collapse and fall of the Shah of Iran, the Soviet double intervention in Afghanistan, the increasing difficulties in southern Yemen emerging from the Horn of Africa, and a whole new set of security threats to the nations of the region.

So there are grounds for reassessing. That reassessment was made by the Carter Administration just prior to the inauguration. They had concluded with some nuances of difference on the aerial surveillance capability that they would proceed to seek this enhancement of Saudi capability.

They asked us at the time whether or not we would support them in their movement to the Hill. We asked them not to do so because we felt since we were going to have to carry this burden, we would like to make the decision, we would like to introduce it and bear the burden of seeing it through. I think that was the correct decision.

In the meantime, this issue has raised a great deal of concern in Jerusalem—understandable I must say. Some of it is a reflection of a lot of misinformation and exaggeration in terms of capability of the system. There has been no decision as to when we are going to proceed with this decision—taking it to the Hill, if you will. Senator [Howard] Baker just returned from his own assessment in the area, and I spent some hours with him this week, and he spoke to the President about it yesterday.

We are in the process now of looking at the technical arrangements and the modalities for the transfer of the system. And I would suggest that it would be wise and prudent not to pre-judge this situation and draw the kinds of conclusions your question asks for until this process has been completed and until we see precisely what we're dealing with and not deal with what are now still a number of phantoms. That's a joke. [Laughter]

Q. I'd like to follow up on that question regarding the AWACS decision. In the early 1970s, we were told that the arms sale program to Iran would stabilize the region, hold down oil prices, and provide a pillar of strength in the Persian Gulf. Now we're being told the same thing about the arms sales to Saudi Arabia. If it didn't work in Iran, why should we think it will work in Saudi Arabia?

A. I would suggest that the premises of your question also suggest a course of action in Iran that I do not believe the Reagan Administration would have pursued. And I leave my answer very brief to suggest to you that we would a similar situation that we saw in Iran occur in this Administration in Saudi Arabia.

Q. It may have occurred to you that some of your problems with the White House might be eased if you were to repeat the statement made by another famous political general. Do you remember what General Sherman said about the Presidency? If nominated, I will not run; if elected, I will not serve. Would you welcome an opportunity to say that now before us

A. Almost increasingly, with every passing hour. [Laughter] Let me suggest something to you because you asked a serious question as you always do. [Laughter] Would anyone in his right mind choose the course of Secretary of

ate as a path to the White House? I can't think so. And I can assure you in any case that was never a consideration. I'm proud to be the Secretary of State of the United States of America. [Applause] And I'm proud to serve President Reagan, and I will do so just so long as he wants me here and I feel I can make a constructive contribution. I'm not here for political objectives.

Q. It has been suggested that the normal balance between the Department of Defense and the Department of State has been disturbed in that the Defense Secretary has been openly making statements on foreign policy. Could you use a specific example: in the recent decision to provide AWACS planes to the Saudi Arabia aid package. Would you agree that such a disturbance has occurred? When you accepted your appointment, you said you alone would articulate foreign policy for the President.

A. I suppose I could fumble through a response and it won't change your mind one way or the other if you perceive there are any problems between Cap Weinberger and myself. Let me assure you, there are no problems.

I meet weekly with Cap for breakfast. We talk daily on the telephone. I give the utmost confidence in Cap's ability to do the job he's been brought here to do, and I am extremely comfortable with the way he's doing it. In fact, I stand back in awe and admiration.

When you get the questions of national security, of course, there are ways interface areas of complexity and difficulty. And I suppose with maturity we'll get a little better at sorting those out. I can assure you, Secretary Weinberger and I are in total agreement in everything he does and says. If I felt otherwise, I would tell him so, and I could expect him to be as frank with me. So I'm sorry, I can't help you with that answer.

Q. I made a quick note about something you said in your speech, and that was, I believe, that our allies should be made aware of the benefit of our friendship—of the friendship of the United States.

A. And I wonder—harking back to what the Canadians did in a very heroic effort to bring some of our American Embassy people out of Tehran, which caused some risk and jeopardy to their own Embassy there, and since then we have continued the years of haggling with the Canadians

over fishing rights treaties and other things—how you would explain to the Canadians the benefit of our friendship in view of their historic and heroic efforts in our behalf?

A. I just recently had the opportunity to do just that along with the President in our recent visit to Canada, a visit that I think was marked and characterized by the greatest cordiality and mutual respect and elegant dialogue from start to finish. And that's not always been the case in the recent past, as you will recall.

Because of the intimacy that we enjoy with our northern neighbors and the great interfaces across the entire spectrum within the relationships between states—commercial, economic, social, cultural, financial, energy of course—there would be, from time to time, very vexing differences of approach. And one of those is the northeast and also recently has been the western problem. The western problem's been largely solved, thanks to patience and careful and mutually patient activity on the part of both governments.

In the northeast we are still somewhat torn because of the inability of this Administration to have supported in the Congress arrangements which our Canadian neighbors might have reason to anticipate would go through in terms of treaties. We are working on that problem daily, and I can tell you progress is being made. And, while I can't speak for our Canadian partners—I wouldn't presume to do so—I would say that the dialogue and relationships between our two governments have never been better.

Q. Your speech gives the detailed statement of your foreign policy goals and attitudes. Apart from a reference to European nuclear arms control, you made no reference at all to general arms control negotiations with the Soviet Union—that is, an extension of SALT—which at one point was a centerpiece of foreign policy for several Democratic and Republican Administrations. Would you please explain the omission?

A. I suppose you could—in a speech of about 20 minutes of the character of this one which was more philosophic rather than operational in terms of framework—find a number of omissions that would disturb one advocate or another of a particular point of view.

So the only way to answer the question for you is to go directly to the ques-

tion you've asked, and that is the policies of the Reagan Administration with respect to arms control in general. You'll note I didn't talk about human rights or nonproliferation or a number of other things, equally important from my point of view, in my speech.

I would suggest this: that President Reagan has reiterated repeatedly his support for an equitable, balanced arms control agreement with the Soviet Union. I think he has also suggested that he not only seeks control and limitations of these arms but he is a strong advocate for reduction in the levels of strategic armament between East and West.

We are in a process today in this Administration of assessing the full range of possibilities in this area. We are doing so in the context of the broad approach that I did touch upon in my speech, and that is a recognition and a day-to-day assessment of corresponding international Soviet behavior throughout the world.

In recognition of the fact that we have had a SALT II agreement which fell on the rocks, not just in Afghanistan, but probably on the rocks of its own substantive inadequacy which would have not sustained it favorably in the U.S. Senate with or without an Afghanistan.

So we are assessing the former approach under SALT II. We are assessing other approaches that might be more hopeful and more realistic in the context of reductions. We are looking at possibly functional arms restraint approaches. And, at the proper moment, we will be prepared to enter into negotiations with the Soviet Union on limitations.

I hope I've answered your question. I'm sorry I belabored it, but I will accept the lumps that if it wasn't in the speech, it wasn't in the speech intended to include that subject.

Q. You contrasted the broad thrust of American policy with the Soviet Union in terms of peaceful resolution of disputes. Why have you asked for a repeal of the Clark amendment, and what are your intentions toward Jonas Savimbi [President, National Union for the Total Independence of Angola] in Angola?

A. We have, at the outset of this Administration, put together a number of what I call disabling legislative restraints on the conduct of American foreign policy by the President of the United States.

The Clark amendment fits into that category along with a number of other legislative disabling type legislative actions that were really, I think, in a broad historic sense, a consequence of Vietnam, Watergate, and a number of other wrenching experiences of the past decade.

We have asked for the elimination of these disabling legislations --and there are a number of them, the Clark amendment included --because we feel that they border on the unconstitutional if they don't cross that line. We feel that they are an *a priori* inhibition on presidential policy which is self-defeating in the extreme as those who share our values abroad and those who do not share our values assess our ability to deal with the day-to-day dynamics of international affairs.

With respect to the impact of a repeal of the Clark amendment on the southern African problem, it does not prejudice that someone has made a decision to pursue actions which would be in violation of the Clark amendment; not at all. It does respect the reality that an American President who goes into a contemporary effort to solve the anguishing problems of southern Africa with one arm tied behind him with respect to that issue is deprived of the kind of flexibility the American people would expect our President to have.

Q. As I understand the effect of the Clark amendment, it is simply to prohibit the export of American aid to Jonas Savimbi.

A. That's correct.

Q. And if you withdraw the amendment or repeal it, I'm asking how is that consistent with your statement that our purpose in dealing with nations is the peaceful resolution of disputes?

A. Very simply. It would be our hope that at some point in the future, effective American policy would bring about the withdrawal of Cuban proxy forces from Angola where they have no right to be and where they represent a fundamental violation of the good order I described in my speech.

And it would be my assessment as well that in our efforts to effect that, and to effect a reconciliation in Angola of the many diverse elements --one of which is the Savimbi movement --with the central government, that we are better served without this kind of a restrictive, disabling piece of legislation. It does not suggest for a moment that anyone is going to engage in the internal intervention in Angolan affairs.

Q. I would like to know which are, in your opinion, the governments of the Western Hemisphere more identified with the Soviet Union and serve the interests of the Moscow regime in this continent?

A. I think there can be little doubt, after so many years, that the Government of Cuba is largely under the sway of Soviet influence. It has been serving the purposes of the Soviet Union extensively in recent history. One would suggest that the still yet to be definitized outcome of events in Nicaragua would suggest a growing influence from the Soviet Union and Cuba in the Sandinista government. It's not necessarily in its final stages, and there are many elements in Nicaragua today who oppose vigorously further dependence on Cuba and the Soviet Union.

And I would hope that our policies would be designed to recognize the existence of those forces and to be a source of encouragement and strength for them in the pursuit of our own policies vis-a-vis Nicaragua. I won't go beyond that because I suppose I could get into a lot of debates on that.

Q. In the Soviet Union today there are a number of Jewish refuseniks, so-called, and other dissidents who remain behind bars in apparent direct violation of the Helsinki accords -- Anatoli Shcharanskiy and Yuri Orloff and Victor Brailovsky and Ida Nudell, the list goes on and on. I don't expect you to tell me directly --and I wouldn't want you to tell me directly --if anything specifically is underway. But is there a chance of future prisoner exchanges as have occurred in the past to get some of these people out?

A. Clearly, in the broad context of your questions, this is one of the main focuses of our work in Madrid, the CSCE [Conference on Security and Cooperation in Europe]. I must say that thus far we have been notoriously unsuccessful in budging the current level of Soviet intransigence in this area and a number of related areas.

I can assure you that it is a fundamental aspect of our policy to do all that we can to assist in the quest for freedom of these suppressed peoples and populations and individuals as well. Some, as you know, have recently just come out. We just had a father and son come out of the Soviet Union. We have offered them haven, as is historically our policy. But I do think we have not had the success that we had visualized in CSCE, although we've had some, and we must continue our efforts.

¹Press release 122A. ■

NATO and the Restoration of American Leadership

Secretary Haig

*Commencement address before the graduating class at Syracuse University, Syracuse, New York, on May 9, 1981.*¹

Graduation is a time for rejoicing. It could also be a time for introspection when we examine our directions in life, both as individuals and as a nation. This morning, with your indulgence, I would like to say a few words about America and where America is going, particularly our foreign policy. And I want to call your attention specifically to one of our most precious legacies—the Atlantic alliance.

Americans have been described as a people constantly in search of themselves. The vast number of schools and colleges, adult and home-education courses, tell a story of a relentless desire for self-improvement. We are not satisfied with the present. As President Reagan has described it so well, we are seekers of a better future.

All of us know that in recent years, we have spent a great deal of time and effort examining our society with a critical eye. Observers from abroad have described us as confused, lacking in confidence, and unsure of our purposes. Some of the most fundamental questions were asked: Did our democratic institutions still work? Were they worth defending? Could we offer anything to the world? Can we live the dream over?

I believe this period of a perhaps excessive American introspection has come to an end. We are more certain of ourselves today than we have been for a long time. A profound national consensus has emerged. Our democratic institutions work. They are worth defending. Our ideals and our liberty do offer a notable example to a world desperately searching for peace and prosperity. The dream lives.

This consensus, this reassertion of American self-confidence, is the very basis of the President's foreign policy. Our objectives are straightforward: We want a world hospitable to our society and ideals. And our objectives can be achieved if we restore American leadership.

Major Points in U.S. Approach

Let me give you a sense of our direction by discussing briefly four major points in our approach:

- First, our insistence on restraint and reciprocity in East-West relations;
- Second, our determination to strengthen our alliances, particularly the Atlantic alliance;
- Third, our intention to play a constructive role in the Third World; and
- Fourth, our firm resolve to strengthen our economy and our defenses.

Restraint of Soviet Union. An insistence on restraint and reciprocity in East-West relations is the central theme of our foreign policy. If we are seriously interested in a world where there can be peaceful change, where nations can settle disputes short of war, then we must act to restrain the Soviet Union. Soviet actions or the actions of Moscow's surrogates threaten Western strategic interests. Even more importantly, it is Soviet reliance on force and the threat of force to create and exploit disorder that undermines the prospect for world peace today.

Reinvigoration of Alliances. The next point must be to strengthen our alliances, especially the Atlantic alliance. The beginning of wisdom is to establish the consensus and confidence with our allies that has been missing in recent years. The key to this is genuine consultation, which has several elements. We must be good listeners; we must be frank with one another; we must work for the common good; and we should give each other the benefit of the doubt. Candor will serve the alliance well, but surely it will be more effective in quiet diplomacy than through the medium of public criticism.

Approach to Third World. The third point is our intention to play an active and constructive role in the Third World. It is important to do this for our own interests. Just as important, however, we should do our part for the well-being of the developing countries.

An American approach to the Third World clearly requires an acknowledgment of the problem presented by Soviet policy. But this acknowledgment must come on a foundation of understanding for the problems facing the developing countries. The West has a great deal to offer: economic and technical assistance, cooperation in the settlement of disputes, access to an international com-

mercial and financial system. We have also shown through the example of our own societies that freedom and economic development are compatible.

The approach from the East is different. Moscow offers a poor model of economic achievement, and the Soviets disclaim any obligation to give financial assistance to the developing countries. Instead, the Soviet Union and its surrogates are heavily involved in stoking conflict with arms and troops. The names and places have become familiar to us over the past decade: the Cubans fighting in Africa, the Vietnamese conquering Kampuchea. More recently, we have seen the Soviets themselves invade Afghanistan and the Libyans seize Chad. And in our own hemisphere, there is incontrovertible evidence that Soviet arms are threatening an established government in El Salvador.

We have no monopoly on wisdom in approaching this complex situation. Still, we must prevent the Soviets and their surrogates from destroying what the West and the developing countries can achieve together.

Strengthening U.S. Economy and Defenses. Finally, the fourth element in the President's approach is the restoration of the economic vitality and military strength of the United States. This is as crucial to foreign policy as it is to domestic purpose. Without a healthy American economy, we cannot strengthen our leadership abroad. Without an improved American military capability, we cannot restrain the Soviet Union.

Restraint of the Soviets, reinvigoration of our alliances, a new approach to the Third World, a healthier U.S. economy and a stronger military—these are the signals of our determination to restore our leadership in the world. It is going to be very difficult, and we cannot accomplish our objectives alone. In this age of interdependence, freedom and peace depend upon concerted action between the United States and its allies. Having just returned from a consultation with the NATO allies in Rome, I want to review briefly the prospects for a reinvigorated Atlantic alliance.

Prospects for NATO

Finding fault with the Atlantic alliance has become a good-sized industry, giving employment to thousands of critics on both sides of the ocean. When we examine the assets of the Atlantic allies, however, a more promising picture emerges. We have the talent and the wealth among us to maintain a favorable balance of power with the Soviet Union. We can work together to restrain Soviet interventionism abroad. But we can do these things only if we think seriously about the alliance itself. We must remember why it was founded, what holds it together, and why it is crucial to the future—especially your future. An entire generation has grown up with NATO as much a fact of life as the electric light. You who do not know a world without NATO will soon take up the burdens of my generation.

NATO today presents two paradoxes. It is a military alliance uniting nations whose way of life and principles do not exalt the military virtues. It is a highly successful deterrent to war, yet its very success makes it easy to take NATO—and peace—for granted.

The alliance survives these paradoxes because the Atlantic family of nations is inspired by a common faith in the capacity of all men for self-government. No hereditary aristocracy, no religious orthodoxy, no master race, no privileged class, no gang of terrorists has a right to rule a people by force. As free peoples, we obey the laws passed by governments we have freely chosen. Our military forces take orders from elected civilian authority. Our young people enjoy freedom of thought, able to question even the worth of their own societies. These deeply held principles lead us to oppose aggression, tyranny, and terrorism.

A clear contrast exists between NATO and the Soviet-dominated Warsaw Pact. NATO is a voluntary defensive alliance pledged to strengthen free institutions and designed to deter aggression. The Warsaw Pact's armed forces have been used principally to deprive their own peoples of the right of self-government.

A similar contrast between the values of NATO and the values of the Soviet Union may be seen on East-West exchanges. The Soviets are anxious to import Western credit, Western technology, Western consumer goods and machinery, and Western food to save their system from its economic failures. The most controlled Soviet export,

however, is human talent, those who wish to vote with their feet for opportunity in the West.

In fact, the Soviet system is showing signs of spiritual exhaustion. We are proud of our artists, scientists, and social critics; theirs are censored, exiled, sent on false pretenses to mental institutions, or condemned to forced labor. We are proud of the life of the mind to which Syracuse University is a living monument. The Soviets are afraid of the intellectual and spiritual life of their peoples.

The commitment of the allied countries to peace and freedom inspires not only our common response to the crisis in Poland but also our work in the Conference on Security and Cooperation (the Helsinki accords) in Europe on behalf of individual rights and contact between peoples. The Atlantic nations constitute an enduring natural community with many cultural, economic, and organizational links beside NATO itself. NATO lives because it is rooted in the ideals of this community. The alliance speaks to our deeply cherished beliefs.

Do we still need the Atlantic alliance? Secretary of State Dean Acheson explained the need for NATO to the American people in 1949 by saying that it was "the statement of the facts and lessons of history." Two world wars had shown that aggression aimed at the domination of Europe threatened the survival of the United States and inevitably involved us in war. Out of this bitter experience, we abandoned our historic policy of aloofness from European alliances. Our participation in NATO remains essential to the task of keeping the peace in Europe.

Allied strength and unity, not lack of Soviet ambition, have protected us. And allied weakness or disunity may tempt the Soviets. Indeed, we face today perhaps a more complicated challenge than was contemplated by the founders of NATO. The Soviet Union today is a power with a global military reach. Soviet forces are stronger than our own in some categories. And Soviet surrogates in Africa, Asia, and Central America, have been exploiting conflicts to the detriment of both the local peoples and Western strategic interests.

We should not exaggerate the strength of our adversary. Moscow faces an unenviable present and a gloomy future. A list of formidable problems confronts it, ranging from the hostility of China to the difficult Polish situation, from economic failures to ideological sterility. But these weaknesses should

not make us too comfortable. A state as powerful and ambitious as the Soviet Union may be more dangerous because its weaknesses run to the heart of its system. That is why the first task of American leadership and the Atlantic alliance is to establish new restraints on Soviet behavior.

Recent Progress

Let me conclude by reporting to you of the recent progress we have made toward strengthening the alliance. At a meeting of NATO's North Atlantic Council earlier this week in Rome, we reaffirmed alliance solidarity and our belief in the values of Western democracy. In formal sessions and a host of informal meetings, the NATO governments freely achieved a consensus in order to bolster the common defense. Our approach reflected a very realistic Western attitude toward the problems of arms modernization and arms control. In announcing that negotiations with the Soviet Union on limiting theater nuclear weapons could commence by the end of the year, we and our allies demonstrated that free peoples were not afraid to talk with an adversary. In agreeing, at the same time, that NATO would modernize its defenses, the alliance also showed that negotiations must be supported by a sound military posture.

This is only the beginning, of course but already a change for the better can be detected in the spirit of our cooperation. Clearly our allies welcome a more robust American leadership, informed a more sensitive appreciation of their problems.

Today is also a beginning for you. You have heard me patiently—perhaps not so patiently—talk about ideals and identity, leadership and alliance, danger and opportunity. Your future is in your own hands. But the intangibles of Western civilization, the inner strength, the real intellectual and spiritual treasures of free men are also in your hands. Cherish those things and cherish the instrument of their protection, the Atlantic alliance. Perhaps Benjamin Disraeli captured the moment of your graduation best when he wrote that "the youth of the nation are the trustees of posterity." It is my privilege today to wish you the very best as you commence your trusteeship.

¹Press release 142. ■

Foreign Policy and the American Spirit

Secretary Haig

*Commencement address before the graduating class at Hillsdale College, Hillsdale, Michigan, on May 16, 1981.*¹

A Spanish philosopher once wrote that the true mission of higher education was to teach vital ideas. Perhaps the most vital idea you can learn from your college years is that self-respect is fundamental to the individual. I would add that self-respect is also fundamental to the nation.

At times, over the past several years, it must have seemed to you that our country had forgotten this idea. The American people experienced profound self-examination and even self-doubt. Somehow the great motivating goals of the past had lost their power. We searched, seemingly in vain, for an objective to guide the future. Our confidence was shaken; our values were questioned; our institutions were attacked.

A loss of momentum and confidence at home was bound to affect our standing in the world. Our self-doubt translated itself to others who depended on us. Doubt of the present easily became doubt for the future.

I believe this era in our national life is now drawn to a close. We have rediscovered ourselves as Americans. We are confident again, our values are sound, and our institutions are worth defending.

America's new confidence is founded on an old tradition: respect for the irreplaceable genius of the individual. One of the marks of this genius is man's ability to glimpse a remote future and to be inspired by it. As the President has put it: Americans have begun to dream again of a better future. Americans have begun to believe again that this future, though it may seem, can be reached.

The resurgence of the American spirit has led to a remarkable consensus in our national life. Never have I seen such a firm and consistent consensus among the people, the Congress, and the executive. The issue is not whether we could strengthen America but how quickly we can do so. The issue is not whether we should defend our interests abroad but how vigorously we can do so.

In my view, the renewal of the American self-respect, pride, and confi-

dence is the most important development in the world today. With this ingredient we can act to restore American leadership. With the restoration of American leadership, the achievement of a more peaceful and prosperous world becomes less remote.

The President has a clear sense of our objectives in foreign policy and a coherent program to restore American leadership. There should be no mystery about American purposes abroad. We want a world hospitable to our society and to our ideals. We seek a world where there can be peaceful change, where nations can settle disputes short of war. We shall work to restore the prospect of a world free from threats of force or the use of force.

Let me discuss very briefly the main lines of action in our foreign policy.

First, we shall insist on greater restraint and reciprocity in East-West relations. If we are seriously interested in a world where there can be peaceful change, where nations can settle disputes short of war, then we must act to restrain the Soviet Union and its surrogates. The improvement of our military capabilities, despite the cost, underlines our resolve in dealing with Moscow.

Our **second** line of action is to reinvigorate our alliances and friendships. A basic step is the restoration of a sense of confidence and trust in our leadership of the Western world. Irritants are being removed. We are seeking a larger consensus among our allies on common actions. And friends exposed to dangers believe once more that the United States will help them. On my trip to the Middle East and during the recent NATO conference in Rome, the change was evident. Our allies and friends are deeply appreciative of a more robust American leadership but also one more sensitive to their interests.

Third, we are seeking a more just and responsible relationship with the Third World. The developing states are beginning to see the difference between the offers of the East and the offers of the West. The Soviets bring weapons, a pervasive presence, and, eventually, a client-state relationship. The West brings economic development, science, technology, and humanitarian assistance. We will encourage the movement toward association with the West. It is

in our interest to do so, and it offers the best hope for the developing states themselves.

Fourth, and finally, the President has advocated a revolutionary program to cure America's economic ills. The combination of spending and tax cuts, the regulatory reforms, are essential elements of fiscal responsibility. We have seen, very clearly, that an ailing American economy ultimately does great harm to our foreign policy.

The framework for action that I have outlined today draws upon an American consensus convinced of the worth of our society and the rightness of our cause. It is neither a boast nor a call to arms. Moderation and a willingness to negotiate will always be an essential part of American statecraft. But there must be restraint by others as well. Our allies - and our adversaries - must know that we are reliable. We shall not be passive when our interests are threatened.

Clearly, the restoration of American leadership in the world will not be easy. As Justice Learned Hand once put it: We shall have to be content with short steps; we shall be obliged to give and take; and in the end, we shall have fabricated an imperfect instrument. But as we take these steps, we go forward made confident by the spirit of liberty -- the spirit of America. We strive to make of our country, in Hand's words, a signal, a beacon, a standard to which the best hopes of mankind will ever turn.

Your generation now begins to assume this arduous task. It is your privilege to be able to do so in an atmosphere of fresh pride and confidence. Perhaps Benjamin Disraeli captured today's moment best when he said that the youth of the nation are the trustees of posterity. As you become the trustees of America's future, I ask only that you act with a sense of honor and a brave heart.

¹Press release 148 of May 18, 1981. ■

Secretary Haig Visits the Middle East and Europe

Secretary Haig departed Washington, D.C., on April 3, 1981, to visit Egypt (April 4-5), Israel (April 5-6), Jordan (April 6-7), Saudi Arabia (April 7-8), Italy (April 8), Spain (April 8-9), the United Kingdom (April 9-11), France (April 11), the Federal Republic of Germany (April 11), and returned to Washington on April 11.

Following are remarks he made on various occasions during that trip.¹

ARRIVAL REMARKS CAIRO, APR. 4, 1981²

I and my party are delighted to be here in Cairo. It is appropriate that President Reagan would have asked me to initiate my foreign travel to the Middle East. It is equally significant that our first stop would be here in Egypt, for Egypt is a nation with a special destiny. In ancient times, its contributions to civilization have been legendary.

Today Egypt is engaged in a unique experiment that combines faith and science toward the objective of human development. Under your illustrious leader, progress has already been remarkable. It has been his objective to insure development, stability, and security for the entire region. I want you to know that President Reagan shares that vision for this area. He is personally dedicated to the proposition that a strong Egypt is absolutely indispensable to peace and stability in this region and globally. And it is unfortunate this morning that my stop here in Cairo is clouded once again by growing tensions for peace and stability in Europe.

President Sadat is a worldwide leader, a man whose own vision has enabled us—through his historic visit to Jerusalem, through his participation in the Camp David accords—to already bring peace between Egypt and Israel—what a few short years ago seemed an illusory dream. And so I and my party are here today to drink of the wisdom of you and of President Sadat, to learn how best we Americans can participate in a partnership which seeks to enhance the security of this region which will enable us to carry forward with the peace process with Israel within the confines of the Camp David accords; and finally, most importantly, to broaden and strengthen those bonds of friendship between the

people of America and the people of Egypt.

REMARKS, CAIRO, APR. 5, 1981³

President Sadat

Let me seize this opportunity to express my gratitude to President Reagan who sent me our dear friend, Secretary Haig, to the area here in this precise moment.

First of all, I wanted him to know how we lived with all our sentiment, the anxiety for the incident that took place in Washington, and thank God President Reagan stayed in good shape and is performing his duties, but I wanted my friend to convey to our dear American people how we lived the anxiety with them with all our feelings.

This is a happy occasion—a very happy occasion—also for the second time to meet with my dear friend, Secretary Haig. After he was appointed Secretary of State, I'm not exaggerating when I say the proper man in the proper position and in the proper moment is not my idea only, but in February I was addressing the European Parliament and I felt the same thing toward Secretary Haig, and I was very happy and proud because Haig is a friend, to hear this from the Europeans. It is time that the United States resumes its role as the first superpower that is responsible for peace all over the world. Secretary Haig has been known among all of us as a man of vision, and his appointment has filled us with joy. We have followed the very strenuous hours when he was doing hearings in the Congress and the Senate, and it filled us with happiness and joy to see a man in the State Department with a vision and decision like my friend, Secretary Haig.

Today we had a very fruitful and constructive discussion. We have spent together 2 hours, and we have spent also with our delegation the necessary moments to let each other know the position of the other. And the peace process, as I have often said, we could have never achieved anything without the United States acting as a full partner, that's what I told my friend, Secretary Haig.

I am happy to tell you that I found him fully acquainted with all the details. We must not forget that he has already his share in this peace process since 1974. I had him fully acquainted with all the details, and I was very happy also to survey the situation with him in the area and in the various parts of the world. And as I told you, it has been a very fruitful and positive discussion and exchange of views.

On the bilateral side, I need not tell you that we enjoy a marvelous relation between the two countries—the United States and Egypt—and I seize this opportunity also to ask Secretary Haig at the distinguished delegation with him to convey our gratitude for the gallant American people, the President, and the Senate and the Congress for the understanding and the help that we have received from them. For us, we feel indebted to them, and all I can say is this: like I told Secretary Haig and his distinguished delegation, that they can count on us as true friends. We shall always be with them, either in the dark hour or the bright one. Secretary Haig is a man we admire, and I told him we shall always be very happy to receive him here in Egypt whenever it is convenient to him. And let me ask him to convey to President Reagan all our very best wishes and congratulations for his safety and convey to the gallant American people our admiration and our true friendship.

Secretary Haig

On behalf of President Reagan, the American delegation now visiting your country, and, of course, myself in a very personal as well as official way, let me express our gratitude for these extremely fruitful discussions we've had with your government officials, and most importantly, the lengthy discussion that I had with you personally this morning.

It clearly underlines the fundamental convergence of Egyptian and American policies with respect first to the peace process, where this Administration—I know I speak for President Reagan—will continue to participate as full partners; for the quality and the great value of the strategic appraisal which you provided to me this morning, which I can confirm closely coincides with President Reagan's own world view; and thirdly,

thank you. We certainly recognize the visionary statesman of our time, the man who made peace in the Middle East possible, the man who epitomized statesmanship and its interrelationship with a binding friendship. There is a strong interrelationship between the two.

And to thank you again, in a personal sense, for your counsel to me. After all we came here to drink of your wisdom, to take counsel, and to find out about the three areas I've just touched on: the peace process, the strategic situation in the area and globally, and that important and fundamental area, Egyptian-American relationship on the bilateral side. In every area of our discussion, the outcome has been highly successful, and I know we are very pleased.

Q. What did you accomplish in these meetings with regard to some of the outstanding issues—the presence of Americans in the multinational force, the state of Ras Banas base, the strategic relationship between the United States and Egypt over the Soviet expansionism?

President Sadat: We have discussed this really—every item that you mentioned—thoroughly. And I can tell you that we have reached agreement on certain points, and we have left to ourselves certain points for preparation but as a whole, as I told you, both of us are optimistic for the future.

Q. Have you discussed the Palestinian question and the possibility of the resumption of the autonomy talks, and what other items concerning the Middle East Peace process do you have in mind?

Secretary Haig: As I said, we came here to learn—to learn first-hand the views of the parties with respect to the peace process. I think my discussions with President Sadat clarified for me concerns here in Egypt, with respect to the process, and I think it carried forward in the context of convergence of views between the U.S. position today and President Sadat's position. All of this suggests to me a reason for some optimism that this process will continue, and it will continue in a constructive way; I think as one looks over his shoulder at the past history of the situation, one can only remark that the achievements already accomplished have been remarkable and historic. And that momentum must continue, and we are dedicated to do so both in the context of the autonomy talks to the period ahead,

in the context of the peacekeeping arrangements in the Sinai which will permit the complete withdrawal of Israeli forces from the Sinai by the April 1982 deadline. I think our discussions here provided bases for optimism as we look at the challenges of the future.

Q. Following your discussions, will Egypt accept armed American military units in the multinational force?

President Sadat: Let me tell you this. We shall be going to the United Nations—maybe you remember when we went to the Security Council for the redeployment of the U.N. forces according to the peace process—to the peace treaty between us and Israel—the Soviet Union threatened to use the veto. We shall be going to the United Nations. After that, what you have already asked will be raised, and it will depend upon what will come out as a position from the side of the Soviet Union.

Q. There has been a report from Saudi Arabia—a newspaper report—that another Arab country might restore diplomatic relations with Egypt. Could you comment on that?

President Sadat: We didn't discuss this because my position on this is known, and Secretary Haig has already declared his position in the hearings before the Congress and the Senate. For that reason, there was no need to raise it because it is not a matter to be discussed.

Q. We have a report that Soviet President Brezhnev is going to the Warsaw summit in Prague. Do you see this as a development that signifies the worsening of the Polish situation, or has that eased since you left the country?

Secretary Haig: I think the situation remains more tense than it has been, and we've been watching Soviet military steps with growing concern. Clearly, this mini-summit—as you refer to it that way—may be an important occasion with respect to future Soviet action in respect to the Polish situation. I would merely want to reiterate what we have stated and restated—that any Soviet interventionism in Poland or any internal repression would have far-reaching consequences in East-West relations, both in scope and in time.

Q. Do you agree with the proposition that the instability in the area needs to put more pressure on han-

dling the Palestinian question as very important in order to keep stability?

Secretary Haig: We've talked about addressing a strategic consensus in the area of the Middle East and in a global sense as well. Some have interpreted that as a lessening of American interest in the peace process itself in the resolution of a longstanding historic problem. Nothing could be further from the truth.

We continue to maintain the firm objective of continuing the momentum of the peace process as a full partner, as I mentioned, but we see also a fundamental interrelationship between the sense of security and a convergence of strategic thinking here in this area as a fundamental catalyst to making the peace process more successful and to achieving the momentum we seek. So these are not mutually contradictory; they are mutually reinforcing objectives.

Q. [Inaudible] or to put more emphasis on security before—

Secretary Haig: Not at all. We don't put more emphasis on either. We put priority on both, and these are twin objectives, intimately interrelated in which progress in one tends to assist progress in the other. They are not in competition, they are not mutually exclusive, and it isn't a question of priority.

**ARRIVAL STATEMENTS,
BEN GURION AIRPORT,
APR. 5, 1981⁴**

Foreign Minister Shamir

It is a pleasure to welcome you on your first visit to Israel as Secretary of State. We are convinced that your important mission will strengthen the forces of peace in our region. The bonds between our two peoples are not only bonds of mutual interests, of a common strategic outlook, and of the rejection of totalitarian ideologies and aggression, they are founded on a deep commitment to shared values of freedom, democracy, and social justice. Our common devotion to these ideals provides the most solid guarantee that our partnership in the quest for peace and security for this region will continue and bear fruit. On behalf of all of us in Israel, we wish President Reagan and the other Americans who were wounded with him a speedy recovery and a long healthy life. We wish you and your colleagues a very pleasant and rewarding stay in Israel.

Secretary Haig

It is a wonderful opportunity to see you again so shortly after our constructive discussions in Washington just a short time ago. President Reagan has asked me to express his personal greetings to the people of Israel and to tell you how much he admires your many achievements and your dedication to freedom and to democracy.

It gives me great pleasure to report that the President is well on the way to full recovery. And if his physical recovery is as rapid as the recovery of his sense of humor, I am confident that we'll be all the better served.

For me a visit to Israel is always a privilege. I have long admired your courage, your independence, and, indeed, your idealism. On this occasion, my wife will discover for the first time the ancient and modern wonders that make Israel so unique.

The purpose of my trip here and elsewhere in the region is to discuss with our friends how we can meet the threat posed by the Soviet Union and its surrogates in the entire area, but we are equally interested in an exchange of views on how to advance the peace process. I can tell you already that I found President Sadat and other Egyptian leaders dedicated to strengthening peace between Egypt and Israel—a dedication shared by the Government and the people of Israel, I am confident. The Camp David accords, testimony to the courage and wisdom of Prime Minister Begin, provide a solid basis for the goal we share together—peace and security for Israel and for its neighbors. As our dialogue begins with Prime Minister Begin, with you, with the other leaders of Israel, I want to affirm that our commitment to Israel's security and to its well-being is central to American policy in the Middle East. President Reagan and I recognize that Israel has an important role to play in our common effort to safeguard our strategic interests in this region. We are looking forward to hearing your views, confident that these discussions will add yet another chapter to that long—over 30-year—history of Israeli-American friendship—a friendship which is reinforced by the strategic importance of this nation to the vital interests of America, to peace and stability in this area, and to global peace and stability as well.

STATEMENTS, JERUSALEM, APR. 6, 1981⁵

Prime Minister Begin

I wish to express our deep gratitude to the Secretary of State and his colleagues for the visit. Today, too, we had a very fruitful discussion about national and international problems and bilateral issues between the United States and Israel, which the Secretary of State, yesterday, in his beautiful speech, called and rightly so, allies. So today, after finalizing our discussions, I can say that on very serious points, we reached understanding, and these discussions I believe wholeheartedly will bear fruit in the future, and there will be closer cooperation between the United States and Israel which indeed, as the Secretary of State said, are allies. We share common ideals, we have a community of interests, we shall stand by each other for great causes of mankind.

Secretary Haig

I just want to underline your own comments that this all too brief 24-hour stay here in Jerusalem, in Israel, has been highly productive. It's enabled us to learn, and that's the purpose of this visit, and to learn in the vitally important areas of the peace process, of such importance to Israel and its neighbors to extend further our mutual understanding and convergence of outlook in the area of broad strategic threats to the Middle East region, to include traditional military threats from unfriendly superpowers, to include assessments of proxy activity, and to include some very important discussions on the overall issue of international terrorism. Beyond that, we had a very fruitful dialogue on a number of bilateral issues—economic, security-related issues—between the United States and Israel.

Q. Did the subject of the supply of AWACS [airborne warning and control system] planes to Saudi Arabia come up in your discussions, and did you come to any agreement?

Prime Minister Begin: Yes, the question came up. We expressed our opinion. Yes, of course, we deem it to be a very serious threat to Israel, and we said so with candor to the Secretary of State.

Q. Could you please tell us or give us some examples of what you re-

ferred to when you talked about close cooperation between the United States and Israel?

Prime Minister Begin: I think both terms are very clear. I think cooperation is a clear English word, and closer means closer than in the past.

Q. Some examples?

Prime Minister Begin: I suppose life itself will prove the examples, and both of us will be patient, because we know each other so well from the United States.

Q. Is the AWACS deal firm, and what will the United States do to compensate Israel?

Secretary Haig: I think we've had the benefit of the Government of Israel view, the Prime Minister's own view on this subject. We will return to Washington armed with that information. I would prefer not to engage in any public discussions on this matter at this time until we complete our trip. We have already seen enough press speculation on the subject to include the reports of decisions made in Washington a week ago.

Q. You've spoken here about American commitment to Israel's security and well-being. You talked also about the hopes for some sort of strategic alliance between the states in the region against Soviet penetration. Number one, how can you square the circle of concern for Israel's security with Israel's worries about supplies of American military equipment, specifically AWACS to the Saudis—how did you manage to explain this contradiction?

Secretary Haig: I think it's important to remember, as we talk of our broad strategic objectives in this area, that development of a consensus with respect to the growing threat of Soviet imperialism, and as we view the equally important priority of proceeding with the Middle East peace process, that we understand clearly what we are talking about.

These are not mutually competing or mutually exclusive objectives. It does not mean that we have established a set of priorities between the one and the other. It means that they are mutually reinforcing and that in progress with one you can contribute to the progress with

other. In that respect, I think all of nations of this region—of the Middle East, Arabs as well as Israelis—are under a growing threat of increased risk-taking by the Soviet leadership, either directly as we've seen in Afghanistan, or indirectly as we see through the increased employment of proxies, Cubans, elements of the PLO [Palestine Liberation Organization], Libya—all of these activities represent fundamental threats to all of the peacemaking, freedom-oriented nations of the region. And I think that is a reality which, of course, its acceptance and its understanding and coordination with respect to it is intimately related also to the peace process itself. No one is naive about it, but they are mutually reinforced.

Q. Did you bring up the settlements in the West Bank?

Secretary Haig: I want to emphasize that the policy of the Reagan Administration is not to indulge in public criticism of longstanding friends and allies. And that where we have differences, those differences will be taken up directly in the intimacy of diplomatic interchange.

Q. You spoke about the peace process. Are there any new ideas to renew the autonomy talks, and if yes, when?

Secretary Haig: I think we've been through the process of a fact-finding trip. I have not completed that fact-finding, and upon completion of this trip, we will assess the prospects. I want to emphasize that we feel very strongly that this process must move promptly, and my trip and my visit here today and my visit to Egypt yesterday and the day before, were all associated with our efforts to keep the momentum going on the peace process.

Q. You've had both visits here and to Egypt. One of the items on the agenda, of course, was this multinational force for policing of the Sinai. After these discussions, do you see any basic problem in moving forward to that force? Is there an explicit acceptance of the same kind of force, including Americans, in both these capitals?

Prime Minister Begin: In the Peace Treaty between Egypt and Israel, a U.N. force is being mentioned, as part of the security arrangements in the Sinai. But the formation of such a U.N. force depends on the decision of the Security Council. And this is the reason

why all those who negotiated the Peace Treaty between Egypt and Israel—namely Egypt, Israel, and the United States—took into consideration the possibility that such a U.N. force formation will become impossible because of the Soviet Union in the Security Council casting a veto vote. And, therefore, there is a letter on behalf of the United States of President Carter, addressed jointly to President Sadat and to myself, promising a multinational force. On this, the discussions will go on. We hope that such a multinational force will, in time, be formed. This is now the subject of discussions among the three parties—the United States, Egypt, and Israel.

Secretary Haig: I think the Prime Minister has answered the question. Our discussions are continuing, and this visit has provided additional information to the United States, which will enable us, hopefully, to bring it to a successful conclusion. And I am reasonably optimistic that that will be the outcome.

Q. How do you evaluate the supply of rockets by German firms to countries like Libya?

Secretary Haig: I suppose you've caught me unaware. I wasn't aware that there were such rockets, unless you're talking about some of the earlier speculation on contracts. I don't consider myself an expert on the subject, so I'll avoid answering it.

Prime Minister Begin: I would like to add that any supply to a country like Libya—one of the most irresponsible in our region—especially by Germany, of deadly weapons, is from any human point of view, most repulsive. Because the German people must never forget what was done under the National-Socialist regime to our people. And if they should provide enemies with deadly weapons which may be turned against Israel, it would be a crime against humanity.

Q. Does Israel want American participation in the Sinai peacekeeping force? And what is the Israeli Government reaction to the Reagan Administration sounding the alarm bells about a Soviet threat to the Middle East?

Prime Minister Begin: To the first question, the answer is positive. To the second question, it is that I believe it is

not an artificial alarm sounded by the Government of the United States—by the President and his advisers. There is such a threat, in all the years, we could have seen that many countries, during the last few years—I suppose between six and seven, I cannot on the spot make the real count—were taken over either by proxy by the Soviet Union or as in Afghanistan, directly through Soviet invasion. So it is not an artificial alarm. It is one of the most serious issues concerning our era, our time, and the free world is shrinking and is in permanent danger. Parts of it already were taken over by totalitarianism, others are in peril. And, therefore, all free men should stand together to defend liberty.

Q. On the issues that have been of central concern—the resumption of the autonomy talks, the supply of the American advanced weaponry to Saudi Arabia, the question of expanding autonomy talks, the matters of south Lebanon and of Lebanon itself—how many of these issues have you reached any specific agreement on?

Secretary Haig: I think that with respect to the overall approach to the peace process, we are in general agreement. There may be some differences with respect to timing, which hopefully will be clarified in the period ahead. With respect to the situation in Lebanon, I think there are few differences that I'm aware of. We view the brutality of the Syrian action against the Christian enclave as a very, very serious turn of events, which is unacceptable by any measure of appropriate international standards of conduct, and we would hope that there would be an immediate return to a wholly valid cease-fire, not only in that critical enclave area, but in Beirut, where additional shellings have occurred, and that this will be done promptly. The consequences of a failure to a return to a cease-fire, of course, are most, most serious.

Q. Has the United States of America acted, or can the United States act, in such a way as to call a halt to the bloodshed?

Secretary Haig: We've taken a number of measures, and some unprecedented measures, in the last 48 hours dealing bilaterally with nations that can apply influence to the situation, through the United Nations, through the Secretary General, Kurt Waldheim, whose emissary will be in Beirut tomorrow.

And I am very hopeful, though I am yet unable to express optimism, that there will be a return to restraint and law and order and sanity.

Q. Is Israel to be compensated in any way in terms of military hardware, or anything like that, for the supply of the AWACS to Saudi Arabia?

Secretary Haig: I think there's been a great deal written on this subject. I do not like to use the term "compensation." I like to focus on the U.S. objective to insure that Israel maintains its current qualitative edge and the long-term adherence of the United States to that objective. As you know, there have been a number of measures under discussion publicly. But I do not like to use the term "compensation." It has an overtone which does not characterize U.S. objectives with respect to it.

Q. There will be an increase, I take it, whether compensating it or not, perhaps that is what the Prime Minister was referring to?

Prime Minister Begin: I suppose that the last word belongs to the Secretary of State. Yet, because you need a certain expression, I would like to say that I share completely and, therefore, I think, deliberately, to answer this question as well. I share completely the view of the Secretary of State, that the word "compensation" is completely out of order. I don't think "compensation" is possible, but in the Middle East, there is going on an arms race—many countries, the Soviet Union, and also Western countries sent massive armaments, sophisticated weapons to the Middle East, the Arab countries. We live in peace with Egypt. We believe the Peace Treaty will hold on—will be lasting. This is the assurance given also to the Secretary of State by President Sadat. You have it, of course, through me. But other countries are in a state of war with Israel, and Israel is in permanent danger, and therefore, Israel should be strengthened. And I do hope it will be strengthened. But no problem, and no term of "compensation" is at all usable.

DEPARTURE REMARKS, AMMAN, APR. 7, 1981⁶

First, I regret that my very full schedule here and the press of time have prevented a full press conference with you. I do want to, in departing Jordan,

emphasize that the talks I had with His Majesty King Hussein, His Highness Crown Prince Hassan, and the distinguished Foreign Minister have been far-ranging and have been extremely helpful. They've been frank in the Western sense of that term.

They have involved regional matters, bilateral matters, and global matters as well. And I think on the broad strategic and regional matters the American side has been very impressed that there is an essential convergence of view between the leadership here in Jordan and our own views in Washington.

The continuing devotion of King Hussein and the Jordanian Government to the achievement of a just and lasting peace in the area is in full harmony with the objectives of my government. There are different ideas about how best to reach these noble goals. Indeed, one of my principal aims during this visit was to exchange views with His Majesty on these very, very important subjects.

I leave Jordan with a continuing deep admiration for His Majesty, the government, and the people of this wonderful country. We Americans have long enjoyed the close and friendly relationship with Jordan. The King himself is one of our oldest and most trusted friends in this area of the world. And I look forward to a new period of a strengthening, if you will, of the bilateral relationships between Jordan and the United States and to strengthen the bonds which have served both of our nations so well in this region for such an extended period. Again, I thank you for your hospitality and your courtesy.

DEPARTURE STATEMENT, RIYADH, APR. 8, 1981⁷

I would like to make a formal departure statement summarizing the impressions and results of this very wonderful visit here in Saudi Arabia.

His Majesty King Khalid has been most gracious in receiving me, and I am very grateful for his kindness and for the kindness of his officials here—the Foreign Office, the Foreign Minister, the meeting we've had with other distinguished officials of the Government of Saudi Arabia. This visit has made me deeply appreciative of the Saudi Arabian warm hospitality from the very moment we arrived to the moment of departure. Your dedication to building a better world and the wisdom of your leaders are qualities for which your country is most famous.

President Reagan sent me here to discuss our mutual concerns about the threats to security of the region and to exchange views on ways to advance the cause of peace in the Middle East. Our dialogues have yielded fresh insights on both of these issues, and the conversations were most cordial, productive, and in true friendship, most frank in the spirit of the longstanding and close ties between the United States and Saudi Arabia. The views expressed to me here will be of great benefit to President Reagan as he considers our policy toward the Middle East.

We've also benefited from the Saudi perspective on other matters including the welfare of the gulf area and international economic situation. A clearer picture has emerged of the ways whereby we might achieve our common goals of both peace and prosperity.

Above all, I believe that the foundation has been laid during this trip for strengthening of U.S.-Saudi relations. And this in turn will contribute significantly to our mutual security and that the entire region. In conclusion, Your Royal Highness, I would like to thank you personally again for the wonderful and constructive character of our visit here.

Q. Do you still believe in the Camp David agreement after your visitation with the Saudis?

A. I think we've had the benefit here as we assess the future of the peace process itself, to consider the views of our Saudi friends. As you know, the process has been underway, and we are going to continue with the process and with a view toward being sure that we have the counsel of our friends in the area, and that includes, of course, very importantly the Saudi views. So this has been a very, very helpful exchange for us, as we sought sharpen up and enlighten our own approaches to this historic and anguishing problem.

Q. I understand you're very troubled about the situation in Lebanon. Could you tell us if you raised that here, and if your Saudi counterparts have suggested any mutual action or actions?

A. We've had extensive discussion on the situation in Lebanon and, I think a rather clear convergence of views on this subject with our Saudi hosts. And think this morning we have some basis for increased optimism—a sign of fort

oming position from Syria which is an encouragement to us all. We know we will have to watch carefully and do our best to assist along with the other nations in the region which have a vital concern in this, and I would include concerting of our efforts with the Saudi government. I think the situation looks somewhat better this morning thanks to modified or new position which appears to be coming from Damascus. And we're very pleased with that.

Q. What is this new position of Damascus?

A. I think I would prefer not to complicate a process which offers great promise until it develops somewhat further.

Q. How are you going to handle that seems to be a contradiction that as developed on this trip—the Reagan Administration's perception of the Soviet Union as the primary threat to the Middle East and the Persian Gulf and what we've heard both in Jordan and in Saudi Arabia, countries that see Israel as the primary threat to the stability of the area?

A. Again, I want to emphasize that these are not contradictions; precisely the opposite. They are interrelated—mutually interrelated—problems as we have emphasized throughout each of our stops on this trip. We are not adopting any particular priority, in other words, to place the Soviet regional threats ahead of the urgency of progress in the peace process; not at all. What we have emphasized is that these are interrelated because clearly a failure to achieve progress in the peace process offers the Soviet Union troubled waters in which to fish. And, therefore, we seek progress in both, and progress in one contributes to progress in our ability to deal with the other.

Q. Does that mean you think you have achieved a strategic consensus?

A. I think we had no intention of unveiling, if you will, or crystalizing a complete consensus. This is our first visit to the area; these were our first discussions. I must say that I am extremely gratified to find that an essential agreement in the broad strategic areas of concern to the region exists here in Riyadh with our own view. That does not mean that sovereign nations do not have differences of opinion as how best to proceed and deal with these matters. But I think the basic assessment is very, very close between the two nations.

DEPARTURE STATEMENT, ROME, APR. 8, 1981*

First, I want to emphasize what a great pleasure and delight it is to meet again with my old friend, Foreign Minister Colombo who, as you know, was the first Foreign Minister to visit the United States after the Reagan Administration came into office. I had an opportunity to give him a report on the excellent state of President Reagan's health, and we also had an opportunity to continue the very cordial and intimate discussions that we started in Washington some weeks ago.

I briefed him on our recent visit to the Middle East during which we focused on three objectives. The first was the establishment of a warm relationship with the leaders of the region in the four countries we visited—Egypt, Israel, Jordan, and Saudi Arabia. I noted that this objective was successfully accomplished and even exceeded our highest expectations. I noted that we also discussed in great detail the problem of external threats to the region from the Soviet Union and its surrogates. We achieved a substantial consensus on the importance of the peace process in the Middle East and the peaceful ultimate resolution of long-standing Arab-Israeli differences. In that regard I emphasized that these two objectives—concern about external aggression on the one hand and the need for progress in the peace process on the other hand—were not mutually exclusive; were not in competition with one another but were, instead, mutually reinforcing. Middle East peace—a high priority for U.S. policy—can best be achieved in a climate of overall security.

In the assessment I gave your Foreign Minister, we also discussed a number of other matters. We discussed the situation in Poland, of course, and other danger spots worldwide as well as the major threats to Western societies. And I want to emphasize that I expressed the full support of the American Government and President Reagan for the Italian Government's firmly held position of defiance to the blight of international terrorism. And I assured the Foreign Minister that the United States and Italy are united in our determination to eliminate this international blight. And I noted that—fortunately for all of us—Italy's institutions have well stood the test of a recent upsurge of international terrorism here and internationally as well.

NEWS CONFERENCE, MADRID, APR. 9, 1981*

Foreign Minister Perez Llorca and the Government of Spain have been most hospitable during my brief stop in Madrid. The audience so graciously granted to me by the King and the meetings with Prime Minister Calvo Sotelo and the Foreign Minister were extremely useful. They covered a broad range of issues of interests to both of our countries. We covered the results of my trip to the Middle East, we discussed events and affairs in the African Continent, bilateral relationships between Spain and the United States, and East-West relationships, especially Poland. All in all, I think we had a most constructive and valuable series of discussions. It gave me great pleasure to meet the Minister of Defense Oliart, and I was also extremely pleased to have met the Secretary General of the Spanish Socialist Party, Mr. Felipe Gonzalez. We had a lengthy and extensive discussion earlier this morning.

The promise of Spain's future in world affairs is equal to its luminous past. The United States welcomes Spain's increased international role and its every contribution to the solution of pressing problems that face all Western democracies. Spain has been an exemplary host to the Conference on Security and Cooperation in Europe, and I had breakfast this morning with the U.S. Senior Representative to that conference, Mr. Max Kampelman, which was also invaluable. Now I want to conclude my brief opening remarks with an important comment.

For over 5 years both Republican and Democratic Administrations in Washington have admired the growth of Spanish democracy. When the Cortes was seized illegally on February 23 and 24, the Spanish reaction to it confirmed the vitality of your own democratic institutions here in Spain. The United States and I, myself, are determined to continue our unflinching support for democracy in Spain as characterized by America's bipartisan policy in the past. It continues at present, and it will carry on unflinchingly in the future.

Q. During the course of your conversations with the Spanish authorities, have you discussed the possibility of stationing nuclear arms or allied arms on Spanish territory?

A. It has long been, as you know, American policy not to discuss such questions, but your question has no relevance to our discussions today.

Q. What is the present state on the negotiations on the bilateral treaty, and what is going to happen by September if nothing has been agreed to?

A. We had very useful and very constructive discussions on the requirement to develop a new agreement between the United States and Spain and to insure that this new agreement would take cognizance of the changing conditions in most countries and especially the newly democratically established regime here in Spain. We—both sides—agreed to the urgency of launching immediately discussions and negotiations between the two parties with the view toward arriving at a new agreement at the earliest possible date, and these discussions will commence almost immediately.

Q. Given the kind of tensions in Europe, how important in strategic terms would you appraise the eventual entry of Spain into NATO, and how important are the joint U.S.-Spanish base facilities?

A. With respect to the question of Spanish entry or Spanish association with both the economic and security fora in Western Europe today, I have stated repeatedly in the recent past and during my tenure here in Europe as Supreme Commander of Allied Forces that this is a question to be decided by the people of Spain. I have also suggested that when such a decision is made to proceed or not to, that the Spanish Government will have the full support of the U.S. Government on the position they take. Now, it goes without saying, and I would be hypocritical today were I to suggest that my past position on this subject has not been in favor of greater integration of Spain into economic, political, and security fora now existing in Western Europe.

As to the second question, it goes without saying, the American bases, which are separate and distinct from the first question and which have been the consequence of bilateral agreement between the two governments, remain the utmost importance not only to the United States but I think to Western collective security as a whole, and in the same respect it makes a major contribution to the security of Spain as well.

Q. With regard to the agreement which you indicated is to be immediately negotiated between the Governments of the United States and

Spain, are you contemplating this in the context or the nature of an interim or bridge type of an agreement that will prepare the way for later accession to NATO on the part of Spain, or are you considering it in terms of a treaty to cover a period of years similar to those covered under previous extensions of the agreement?

A. It wouldn't be my intention to get ahead of the discussions and negotiations which will take place, but clearly the bilateral relationship between Spain and the United States will be addressed on its own merits in the light of the changing interests of both sides and, especially as I said in my answer to the earlier question, of taking full cognizance of the new democratic establishment and government here in Spain. To be more responsive to your question, that involves an entirely new treaty for an as yet unspecified period of time.

Q. First, allow me to address a few comments in representation of my colleagues and friends, the Cuban exiles, in this community who have asked me to extend to you again our best wishes for the prompt recovery of President Reagan. With respect to my specific question, I would like to know whether the Reagan Administration and you, in the context of your statements regarding increased relations with your true friends and allies in the American continent, whether you are aware who are your true friends and who are your simulated friends?

A. I think it goes without saying that the traditional friends of the United States are, in general, those who share our common values and aspirations, who respect and seek to enlarge and broaden the democratic process and the fundamental values for which our own nation, which we share in common here with the people in Spain, and one need not go beyond any other qualifications at this juncture.

Q. Can you tell us whether or not there was any discussion today or would you envisage any discussion in connection with the bases in Spain as to their use for either logistical or other support in the Middle East, as is being discussed with other NATO countries in connection with a rapid deployment force?

A. I think in fairness to our host, I should be very specific that no such discussion took place today with respect to the future utilization of those bases

which we now hold and would hope to continue to hold under a new agreement with the Government of Spain and I think such discussions would be premature at this time.

Q. Do you expect them to take place?

A. I think clearly the kinds of negotiations which we would conduct in the period ahead would encompass the potential utilization of the facilities which would be provided by the Government of Spain, and I am confident that both the Government of Spain would want to know this, and I am equally confident that we would like to know to what use these facilities can be made without prejudging what the answer would be.

Q. I would like you to tell me what you would answer to a Spanish general who had a coup in mind and bearing in mind what your own interest and their interest might be?

A. I'm afraid I don't know any such characters, but I should repeat a joke if you would like to hear it—but I'll save it for my next visit.

Q. Would you give us your private view on the support lent by the Socialist Party of Spain to the Sandinistas in Nicaragua and your comments regarding a meeting that was held the day before your arrival here in Madrid, a meeting that was clearly against NATO?

A. With respect to the first part of your question, I would prefer not to give a value judgment on the activities of one or another political party here in Europe, but I would like to emphasize that our estimate of the current situation in Nicaragua—in Managua—is that the essential direction of the government is now in the hands of that extreme left—the Sandinistas—who are receiving both support and direction in large degree from Communist Cuba, and that this estimate notwithstanding, is also true that there are a number of elements of more moderate persuasion both in the government and in the body politic of Nicaragua—these include an entrepreneurial class, they include elements of the church, labor movements, and some of the agrarian elements. So the final chapter has not been written with respect to the future orientation of Nicaragua.

For that reason, I think the policies of all democratic parties in the Western world should be to pursue actions which

would result in a pluralist outcome in Nicaragua rather than to enforce a situation which is already largely, but not exclusively, entrenched. I may add, very recently—about a week ago—the U.S. Government made a determination that the involvement of the Government of Nicaragua in the exportation of arms and assistance to the rebel forces in El Salvador was a violation of U.S. statute which has required the formal termination of the levels of U.S. assistance to that government. At the same time, we have emphasized to the leadership in Managua that if the recent restraint demonstrated by that government with respect to El Salvador is broadened and continued into the future that we will reassess this decision and that as a manifestation of our good faith with respect to that decision, we have not insisted that, in accordance with the law—that is, we made an exception to that law—by not demanding repayments of those resources already provided under recent levels of assistance to Nicaragua. We have also indicated a willingness to continue to extend food assistance under U.S. regulation PL 480.

Q. In the case of the too rapid eventual access of Spain into NATO, would this mean that the Rota Base would be used to base the new U.S. Trident submarine and that Zaragosa might be used to base the B-1 bombers in support of any possible eventuality in Israel?

A. No. I've made it a habit of avoiding discussion of contingencies which have not yet been addressed or which we have not yet been faced with. I found it to be a very sterile practice pursued by some less-than-prudent public officials. So I am afraid I am going to have to tell you I don't have the answer to that question, and that doesn't mean that I'm even thinking about one.

Q. Could you let us in on the views you have expressed to the Spanish authorities on East-West relations and more specifically, on the situation in Poland?

A. I don't think I make it a habit of revealing the contents of diplomatic exchanges of the kind that were held this morning, but it is certainly no secret that the United States, and I believe your government as well, has been watching the situation in Poland with great concern and interest. We have been somewhat relieved by the recent turn of events, to include the statements

of Chairman Brezhnev, but we remain concerned by the level of military preparedness and readiness demonstrated by Soviet forces and those of the Warsaw Pact, and I think we both remain dedicated to the proposition that the situation must be very, very carefully monitored in the days and hours ahead, and it will so be.

Q. As you know, your remark on the night of February 23 that what was happening here was an internal matter, has been widely disseminated and commented upon. I am just wondering if you, in light of what's been said since then, regret in any way that the Spanish military there might be a misapprehension despite the spectacular presence of yourself here today and the visit and so forth, that there is lukewarmness toward democracy in Spain, particularly in light of the policies of the Reagan Administration toward Latin America?

A. First, with respect to your question, I suppose it will continue to persist among those whose appetites are insatiable with respect to it, so I think maybe it would be helpful for me to explain precisely where that delectable quotable quote came from.

On the morning in Washington of the event, I had just been closeted for about 3 hours with the Foreign Minister of France, and as I walked out, one of my assistants said: "Before you go before the press, you better know there's been some kind of a terrorist act in the Cortes in Spain. We don't know what it is or what the situation is at all, so be careful."

And as I met the press shortly as we were leaving, one asked me what about it, and I said this is an internal matter, and I think I mumbled, we have to find the facts, but that was never reported.

Subsequently, of course, both through misunderstanding in some instances and mischief in others, it got an entirely different portrayal here in Spain. Clearly, I regret that. I regret it first because it was a fundamental distortion of reality, and I always regret when that happens. And, secondly, I regret it because it in no way—in no way—represents American policy either under the Democratic Administration that preceded us or the Republican Administration under President Reagan. And I would suggest as I did before, anyone who persists in maintaining that position is either not very bright or terribly mischievous. And, incidentally, as soon as the situation was clarified, the

U.S. Government sent communications to the Government of Spain and President Reagan, a communication to his Majesty the King, with respect to our continuing support to the democratic process here in Spain. Somehow, those things never get reported.

REMARKS.

LONDON, APR. 10, 1981¹⁰

Q. I wonder if you would care to respond to a question on talking about the possible European plan on the involvement of the PLO in negotiations. Is that something that your government could countenance?

A. I think it is premature. We are now engaged in a peace process which has been underway, and we hope to keep that momentum moving and will in the period ahead. So it's too early to answer a question of the kind you just asked. I thought you were going to ask what I was doing here—I am prepared to address that.

Q. Is there any change of emphasis after what you have heard on the Middle East while you were there?

A. I must emphasize to you that we had three purposes before our trip: the first was to establish a relationship with the leaders of the area, to let them know that when we talk about consultation and President Reagan's Administration, we mean that we take their views into account in the formulation of our own policies and before those policies are formulated, so we, of course, learned a great deal from such a visit and exchange; secondly, we were in the business of trying to develop a consensus of concern about external threats to the area, the situation in Afghanistan, the tense situation here in Europe, in Eastern Europe, in Poland—all, I think, have sharpened sensitivities worldwide to the implications of Soviet imperialism; and thirdly, to emphasize that the peace process itself is high on our agenda as it has always been and that talking about a strategic consensus is not placing our emphasis on the peace process in a lower priority; precisely the opposite. We feel progress with one contributes to progress with the other, and if they are mutually interrelated then they are parallel tracked, and I think that in that context our trip was highly successful and I feel very, very comfortable that the process has begun—good relationships, a hope for a continuation of momentum in the peace process, and a developing consensus of concern.

Q. Do you think that there is any difference of emphasis, though, between your government's position and the European position of the U.K. position? Is there any difference of emphasis there? We're not suggesting a row—

A. No, we've had a number of exchanges on this subject, and it may be premature to make that statement but thus far, no. And I think we are very anxious to get on with the peace process, and it remains to be seen whether we are going to be fortunate or not or the parties are to make the progress which we all seek both here in Europe and back in the United States.

REMARKS, PARIS, APR. 11, 1981¹¹

I'll just make a few brief comments to describe my activities here in Paris this morning. They involved discussions with your Foreign Minister, Jean Francois-Poncet, and discussions just now with President Giscard. They involved first a debriefing of my recent trip to the Middle East and visit to Spain and yesterday London. We touched upon the situation, of course, in Poland, Afghanistan, and we had more detailed discussions about the very serious situation at the moment in Lebanon. As always these discussions were frank, cordial, and very, very constructive.

Q. What is your reaction to the recent Israeli military intervention in Lebanon?

A. Our position has consistently and regularly been that we are opposed to any use of force by any of the parties concerned, and we would actively and strenuously support a cease-fire and a peaceful process.

Q. Have you made these feelings known to the Israeli Government?

A. I don't make it a habit of stating publicly the character of our discussions, but you can be sure that they are consistent with our public position.

Q. Will there be a common accord by the United States and France for the return of peace in Lebanon?

A. I think we have this morning conducted a number of detailed discussions between the foreign office here and my delegation and with respect to actions to be taken in the future on

Lebanon. We clearly see a role for the United Nations in the situation, and perhaps it would be necessary if the parties themselves cannot deal with it effectively to consider a peacekeeping force of some kind. We do feel that the matter is urgent and needs our intense attention in the period ahead, and we are involved in a number of coordinated diplomatic activities.

Q. Were there any areas in which American policy and French policy are at odds?

A. I am sure there are because we are two sovereign nations, and it would be historically unprecedented for two sovereign nations to coincide in every inuendo and nuance of the conduct of foreign affairs. But I am very, very pleased with the overall convergence of French and American policy with respect to the major issues—especially East-West and the situation in Afghanistan, the situation in Poland, and the need to deal urgently with the problem in Lebanon.

DEPARTURE REMARKS, BONN, APR. 11, 1981¹²

I will just make a few remarks and I would preface them with a quote from my old German-speaking mentor, Dr. Kissinger, who said: "If you knew everything I knew, you'd agree with everything I am about to say."

We've had very, very good discussions here in Bonn with the Foreign Minister and his colleagues and with the Chancellor. These discussions involved a review in the spirit of the new consultative attitude of the Reagan Administration, of the impressions we gained on our recent trip to the Middle East—the capitals of Egypt, Israel, Jordan, Saudi Arabia—additional comments and impressions as a result of our visit to Madrid, Spain; the discussions held yesterday and today in London and Paris, and Rome the night before. Our discussions ranged from the trip itself to an analysis of the current situation in Afghanistan and Poland, East-West relations in general.

We discussed the issue of the tactical nuclear force modernization and the parallel aspect of the second track which involves the early discussions for arms control in Geneva or whatever appropriate location is decided on as has always been the case—and especially so following the recent visit of the Foreign

Minister to Washington. Our discussions have been intimate, detailed, and frank in the spirit of a Western sense of frank. I am very, very pleased to have had this opportunity, and I am grateful to the Chancellor for giving us so much of his time on a Saturday and to my friend, Mr. Genscher, who has been equally generous.

Q. As a result of your swing through the Middle East, do you believe it will be helpful or unhelpful for the West Germans to sell tanks and other military equipment to Saudi Arabia?

A. I wouldn't presume to intervene in an issue of internal policy deliberations here in West Germany. I think it would be wrong and inappropriate, clearly. The United States is dealing with a similar problem with respect to F-15 enhancement and AWACS aircraft, and our decision is to proceed with that, with the modalities yet to be determined.

Q. There seems to be great concern about a remark that Defense Secretary Weinberger made last week that he felt that if the situation in Poland continued to be threatening, it would mean that there could be no discussions between the United States and the Soviet Union on theater nuclear forces. Do you have a different attitude, and did an occasion arise today for you to explain that attitude to Mr. Genscher and the Chancellor?

A. I think that what Mr. Weinberger said here is consistent with the policy that all of our Western nations and the United States have taken, and that is: to express profound concern about the consequences of direct Soviet interventionism, or internal suppression, that would have profound consequences for a considerable period of time for the conduct of East-West relations, including arms control and such things as assistance to the needs of the Polish people as well. And we want this to be determined and resolved by a peaceful process determined by the people of Poland.

Q. What is the current situation? Have you compared notes, and is it still as tense as it has been—militarily—around Poland?

A. I guess the answer to that question is that we were all somewhat relieved by the recent statement of Mr. Brezhnev which reflected greater moderation. We continue to watch the military situation carefully. In the light of that statement, I would say that there

some easing of a sense of concern that we felt for a period of time here, starting last week.

Q. Once more back to the statement of Mr. Weinberger. As I remember, he didn't mention any invasion; he said "pressure" would be enough not to come together to a meeting. Would you agree?

A. I have to be careful on that, because I haven't talked to Mr. Weinberger about what he said. Until I do I wouldn't get into the nuances of your question.

Q. Would you say pressure is enough or—

A. You are trying to put me in a position I think you think you have him in. I would like to be sure of what Mr. Weinberger said. We are talking about internal repressions or external intervention based on Soviet decisions and management.

Q. What do you think of the projected visit of Mr. Brezhnev to Bonn?

A. I understand such a thing is under consideration. This is a decision for the leadership here in Bonn to make. Clearly, there has been nothing in the American demeanor and President Reagan's demeanor which suggests that we would not expect to continue a dialogue with the Soviet Union. And we expect our partners to do the same.

Q. You have said that you want to have a chance to consult with the allies while our policy takes form. What did they ask you to do about the SALT talks, and what have you been able to tell them?

A. Frankly they have asked us to do nothing about the SALT talks; and I think that's because we have kept them abreast of the situation in Washington, which involves a thorough review of the overall SALT situation. I am confident that our allies will patiently await the completion of that review. It has not been completed.

Q. What is your estimate?

A. I think it is too early to make an estimate.

Q. You indicated that the dialogue could take place between Mr. Brezhnev and the leadership of West Germany. Do you favor a dialogue between the President of the United States and Mr. Brezhnev?

Interview for Great Decisions

Secretary Haig was interviewed by Ken Sparks on March 16, 1981, for Great Decisions 1981.¹

Q. What are the principal goals of this Administration in foreign policy over the next 4 years? And what would you say are the principal differences in Mr. Reagan's foreign policy from that of his predecessors?

A. Without trying to draw too many sharp distinctions, I think the dominating concern of this Administration is the recognition that the decade we have now entered is at once simultaneously the most dangerous and perhaps the most promising that free societies have faced, certainly since the Second World War. It is our belief that

A. At the right time, of course. But I think we have made it very clear—and the President has made it very clear himself—that he would anticipate indulging in summitry, but that it should be well prepared and that the consequences of such a summit meeting would anticipate a successful outcome. That means the preparation is thorough and detailed. And I don't foresee such a meeting in the near future.

Q. You spoke about a certain easing of the concern about Poland. Does this mean that American observations indicated the military forces brought up toward the Polish borders east and west for maneuvers are now being returned to their barracks?

A. When I say that, that value judgment involves an assessment of the recent statement of Mr. Brezhnev as well as our assessment of the military situation which still reflects a high state of readiness but which is somewhat improved.

¹Press releases pertaining to this trip, but which are not printed here, are No. 99 of Apr. 16, 1981, 100 of Apr. 16, 101 of Apr. 16, 103 of Apr. 22, and 109 of Apr. 24.

²Press releases 87 of Apr. 6 and 96 of Apr. 16.

³Press release 97 of Apr. 16.

⁴Press release 98 of Apr. 16.

⁵Press release 102 of Apr. 22.

⁶Press release 104 of Apr. 16.

⁷Press release 105 of Apr. 23.

⁸Press release 106 of Apr. 23.

⁹Press release 108 of Apr. 10.

¹⁰Press release 110 of Apr. 24.

¹¹Press release 111 of Apr. 24.

¹²Press release 112 of Apr. 28. ■

this is going to require a somewhat different approach to our foreign affairs problems. It means we're going to have to recoil from the post-Vietnam syndrome—as it's been referred to—and, once again, have our weight felt in the international community.

We hope to do this in a very measured and modified way, recognizing that the post-World War II unique superiority that we Americans enjoyed is no longer ours. The basic themes will be as I stated in my recent testimony before the Foreign Relations Committee: a consistency in policy; not to veer day-to-day based on the pressures of momentary headlines, but a consistent set of themes which we will follow; reliability, so that traditionally friendly nations, those which share our values, can apply those values, although in distinctly different and unique ways in the context of their own self-determination; and, finally, most importantly of all, I think, is balance—to recognize that conduct of foreign affairs represents the careful, measured, sophisticated integration of political, economic, and security-related aspects of our conduct abroad. That must be part of an integrated mosaic.

Q. You have concentrated most of your experience in recent years on European affairs. How does it feel to find yourself faced at the beginning of your new job with the crisis in El Salvador?

A. It's not new to me. I guess I left the trolley in the post-Cuban missile crisis situation when I worked for Jack Kennedy and for Cy Vance and was the Defense Department representative on the interdepartmental framework that dealt with, at that time strangely enough, Cuban subversion in Central America and in the hemisphere.

So it's ironic and rather frustrating that here, once again, we're faced with the export of Cuban subversion, armaments, and interventionism in an imperialist way in this hemisphere.

Q. There are reports that the land distribution program in El Salvador is having a great deal of success now. To what extent do the socioeconomic issues in that country enter into our foreign policy?

A. Profoundly, of course, and we seek to see a broadening of the political situation in El Salvador, the evolution to a more pluralistic structure. And you're right, there has been some success with the Duarte reforms in the first phase of the so-called land reform where the large estates have been broken up. But, as has been the case, in our experience there are also many growing pains with this kind of profound change, and production levels are down. And we must always be careful not to try to impose some external theology of fundamental changes in a society which may not be ready for those changes. We saw that in Iran; it brought about the collapse of the Shah. I think it is vitally important that we not become too pedantic in our reform efforts while we continue sensitively to urge them and to provide the means to assist their realization.

Q. In 1962 President Kennedy brought the matter of the Cuban missile crisis before the Organization of American States (OAS) and thus he gained a great deal of support for his blockade of Cuba. Does this Administration intend to bring up the situation in El Salvador before the OAS?

A. Clearly, I've been over to the recent OAS meeting here in Washington and briefed a number of the foreign ministers who participated on the concern that we had for the situation in El Salvador. We're considering now whether or not it might be fruitful to formally introduce this issue into the OAS organization itself. There are some pluses and minuses to that, and we need to make a very careful assessment.

Q. When does this Administration intend to get down to serious talks with the Soviet Union, then? What issues do you think will likely be given priority in such talks?

A. I think President Reagan has made it very clear that he feels that the recent Soviet activity in the Third World and in this hemisphere—if one wants to tick off examples of the kind of activity I'm talking about, of course, the two interventions in Afghanistan, the second being a massive, overt invasion of that country; the activities in Africa, starting with Angola, Ethiopia, then over to southern Yemen, northern Yemen; the activities of Soviet proxies such as Libya, which today is invading Chad; and we find the familiar pattern of first proxy forces and the accompaniment of Soviet advisers with those forces.

These kinds of activities—the ac-

tivities we see in El Salvador, the activity we see in Kampuchea, formerly Cambodia—are all unacceptable patterns of international behavior if the Soviets anticipate enjoying the benefits of improving East-West relations. I include in that transfer of technology, credits, trade, agricultural support. Perhaps most importantly of all, for a Soviet regime which has been increasingly engaged in imperialist activities abroad, international legitimacy. This is a question of importance to Soviet leaders, and I think it's vitally important that we relinquish that legitimacy only in the context of our assessment of their behavior.

Q. On the subject of the summit meetings, do you see them as useful simply to sign and conclude agreements that have already been reached through diplomatic channels? Or are they useful, as President Brezhnev indicated, to clear away misunderstandings and to pave the way for future agreements?

A. They serve both purposes, and I think the rigid or theological position with respect to summitry can be self-defeating. On the other hand, it's clear that summitry should be used most sparingly. It's clear that summitry must be well prepared in advance. If it is not, it could frequently result in the kind of summitry we've witnessed in the past in recent history where euphoria and expectations precede the event, followed by a rather disappointed and depressed outcome.

I think that summitry demands a most careful preparation. It must be designed to achieve a purpose, and that purpose must be clearly visualized prior to the meeting of our heads of state.

Q. Do you think that the grain embargo is going to be lifted against the Soviets, whether or not they get out of Afghanistan?

A. I don't necessarily put a series of specific conditions for the lifting of the embargo. I think we all know that this Administration, and President Reagan especially would never have launched such a grain embargo in exclusion of other pressures against the Soviet Union in the wake of Afghanistan. He's not for it, and I'm not for it.

On the other hand, we're there now, and a precipitous lifting of that embargo could have grave consequences of Western unity as we prepare such crucial issues as coordinating our contingency measures on the tense situation in Poland. It could be viewed as a business-as-usual approach to a situation which needs further clarification. And

I'm talking about ongoing Soviet activity abroad which is illegal, interventionist, imperialist, and poses a great threat to international stability and peace.

Q. But on the subject of the embargo again, do you think the Soviets will buy our wheat if the embargo is lifted?

A. I think, clearly, Soviet trade must—I think we made some statements on that—they need our wheat just as they need other resources in the agricultural sector. They need wheat from other providing nations as well. Their own crop has not been very successful, and, as a matter of fact, their agriculture in general has been in shambles, despite the fact that they have allocated larger and larger segments of their population to agriculture. So this is another one of the systematic failures of the Soviet Marxist-Leninist system.

Q. What kind of outcome would be best from the U.S. point of view of the situation in Poland? That is, would we rather see peace and tranquillity among the workers in the government once again, or is the continuation of the unstable situation an indication of the failure of the Communist system and is that, therefore, better for us do you think?

A. First and foremost, we would seek to have, whatever the outcome, the consequence of the wishes and the will of the people free of coercion or intervention from external powers. Secondly, we welcome greater freedom and the achievements that have already been realized as a result of these pressures. And, thirdly, of course, we would hope that the process would be peaceful.

Q. It's been reported, too, that both the United States and the Soviet Union are continuing to observe the provisions of the SALT II Treaty, even though the treaty has not been ratified. Do you favor that? And, if it is in our best interests to have the Soviets continue observing the provisions of SALT II, would it not, then, be better to have it ratified and, therefore, bind them to the provisions of it?

A. No. I think our suggestions that the Soviets in this interim period could find themselves through restraint and moderation in their strategic efforts, and we have suggested we would be equally guided by such restraint, does not represent an endorsement of SALT II, hardly at all.

As a matter of fact, I seriously doubt that SALT II would weather a test on the Hill; and, indeed, it was withdrawn by the earlier Administration because it would not survive such a test.

Clearly, we are not happy in this Administration with SALT II, and there are several reasons for it. The first is a broader one, a question of linkage, as to whether or not it serves any useful purpose to enter into functional relationships with the Soviet Union while it's engaged in this unacceptable international behavior in the developing world.

And the second is the technical flaws in the treaty itself, and there are many. They involve concern that there are not truly reductions in strategic armaments. It involves imbalances between large-field, land-based ballistic capabilities between the two sides. It involves concerns about transfer of technology and the implications of the so-called protocol in the agreements.

All of these suggest to me that we need a new treaty negotiated by this Administration; and that in that process, we will also rectify some of the strategic imbalances which have been developing and which will be at their apex, if you will, at their most serious imbalance period in the middle of this decade in 1985 to 1986.

Q. As a general proposition, do you see arms control agreements as a good way to manage our strategic problems with the Soviets?

A. Well, of course. President Reagan and I have always favored a verifiable, balanced arms control agreement. On the other hand, arms control for arms control sake can be very deluding if we believe, for example, that these functional areas can ever be viewed as something overriding and can be entered into without consideration of ongoing Soviet activity globally. That's self-defeating, self-deluding, and could lead to the international tensions which we would hope to eliminate as a result of arms control.

Q. In the Middle East, will the Camp David accords continue to govern our policy there?

A. One frequently tends to complain about a lack of progress in Arab-Israeli disputes, but if one looks back, as I am able to do from my experiences in the National Security Council working with Dr. Kissinger in 1969, it follows that progress through shuttle diplomacy, some of the stops and starts of the recent and past Administrations, and the

ultimate achievements of Camp David viewed against U.N. Resolutions 242 and 338, one must marvel at the progress that has been made.

That does not suggest that the remaining obstacles to a comprehensive settlement are any less intractable; they are not. We intend to proceed with the peace process. We intend to do so in the context of some other ongoing efforts, and that is to address the strategic regional issues of great concern to Arabs and Jews and the free world at large, and that's again Soviet interventionism and exploitation through proxies or directly of the development and settlements in that area.

I hope we're not going to be dominated by my preoccupation with Arab-Israeli disputes, with oil diplomacy, while they're going to view the area as a regional whole; I see these as mutually reinforcing efforts—that is, Arab-Israeli peace settlements—and a consensus for regional defenses against Soviet inroads.

Q. President Reagan has made statements advocating a fairly strong feeling of support for the Israelis, both in the West Bank issue, the Palestinian issue, and yet we have gone ahead and made the arms sales to Saudi Arabia, something that the Israelis oppose. How do we balance, if I may phrase it this way, what appears to be our conflicting interests in the Middle East?

A. This is not a simple task, of course, and sometimes we must deal with what I call narrow contradictions in order to achieve a broader consensus of an improved overall climate.

It's been my experience that perhaps the most difficult problem and the greatest obstacle to progress in the peace effort is the creation of insecurities. When one side or the other is racked with insecurities, it becomes more intractable at the negotiating table, whether it be Arabs or Jews.

And I think it's very important that we recognize that there is a new situation in the Middle East: the collapse of the Shah of Iran that had been a stabilizing force and is now a destabilizing force; the Iraq-Iran conflict; the Soviet interventionism in Afghanistan. All of these factors have raised insecurity among the moderate Arab states traditionally friendly to the United States and our objectives. It's very important that our Saudi friends know that we are with them in their security challenge, and we intend to be.

Q. You mentioned the Shah, who, of course, prior to the Khomeini

takeover of Iran, was our staunchest ally in the Persian Gulf. Now that the hostages are safely home once again, are we likely to resume some sort of relationship with Iran and try to blunt the Soviet influence there?

A. I think it's far too early to say. This will depend in large measure on the subsequent performance of the government, or whatever government ultimately prevails in Iran. I think the important thing to remember, as President Reagan says, we're not going to be dominated by a spirit of revenge, and our basic objective is a friendly, moderate, pro-Western Iran. It's that long-term strategic objective that we must always keep in mind as we deal with the vicissitudes or inadequacies of the day-to-day performance of the regime there.

Q. Human rights was the major emphasis of the Carter Administration's foreign policy. Statements by some members of this Administration, yourself included, indicate that the emphasis will change under President Reagan. How will the human rights factor be considered in our foreign policy decisions from now on?

A. This has been the subject of a lot of controversy and, I think, misinformation. No one has ever suggested that human rights is not a fundamentally important aspect of all that we do in the conduct of our affairs abroad. It is an essential and universal aspect of that conduct.

On the other hand, we have felt, and I think with justification, that when you break out this objective in a functional way and create special authorities to measure the achievements of human rights outside the mainstream of the conduct of our affairs where this issue is not weighed and integrated with the other functional objectives that we seek to achieve, that distortions can creep in.

In the last Administration we found ourselves in a ludicrous position of bludgeoning friends and traditional allies in admittedly less than acceptable authoritarian regimes to the degree which in several instances we successfully contributed to the collapse of that regime and its replacement by a totalitarian alternative where human rights is no longer by ideological conviction an issue that they are concerned with.

So we have to deal with this issue with greater sensitivity. And I've also stated that in some respects we will find terrorism replaces our concerns about human rights violations in an open society, because terrorism is perhaps the greatest single violator of human rights

that has ever been seen today. And I would suggest that it needs far more attention than it's been getting.

Q. Beginning with the time that you were in the White House with President Nixon and Secretary Kissinger, we have seen a drastic change in the status of China from that of an enemy to almost an applicant for a quasi-ally status. To what extent in the developing relations with China should we take into account the effect of our relations upon Moscow, do you think?

A. I have stated that one of the great challenges of this period facing Americans in foreign policy will be, on the one hand, to avoid poking sticks in the polar bear's cage while continuing with the realization of the strategic imperative to maintain improving relationships with the People's Republic of China nurtured by a very carefully orchestrated set of conflicting objectives that we are going to have to manage.

I'm confident that it is very do-able and, in some respects, that issue will be solved by the respective behavior and conduct of the two regimes involved.

Q. You have spent your whole life, your whole adult life, working on foreign policy, both in war and in peace. And yet many Americans remain disillusioned about what they have seen as the costly effects of helping our neighbors and our allies and containing our enemies. What advice would you have for Americans who are concerned about what they should do about foreign policy?

A. First, I think they've got to avoid being captured by contemporary sloganeering, whether it suggests excess hyper-American activity abroad or whether it suggests, as has been the case in the recent past, that we withdraw from there. The simple facts are that we Americans have an obligation to make sure that those values that you and I cherish are broadened and strengthened in the international community.

And if we overlook illegal interventions, whether it be in Africa or Afghanistan or in our own front yard in this hemisphere, we're leaving a legacy of increased risk-taking which could confront us as it did in the Second World War with the ultimate challenge to our vital interests. We must take these on, we must participate in the world community, which shares our values.

Interview for NBC Television

Secretary Haig was interviewed for NBC television by Marvin Kalb on April 14, 1981.¹

Q. What were your hopes when you took over this job? What did you want to accomplish?

A. I think, like many Americans, I spent a considerable period of time before the inauguration worrying about the drift of American foreign policy, the lack of consistency and reliability in our dealings with friends and potential foes, and a lack of balance, if you will, in the conduct of our foreign policy, sometimes giving greater emphasis to theology and letting the more realistic aspects of the challenges facing us abroad fall into second place and second consideration.

Q. You're talking about the Carter Administration?

A. I'm mainly talking about post-Vietnam America, post-Watergate America, and I think the American people choose what they want for leadership and, if they're not happy with it, then they change it. I think they chose Mr. Carter for perceived style and found it wanting with the experience of it.

Q. And they chose Mr. Reagan for what purpose?

A. I think Americans everywhere have a thirst to reinvigorate America's world mission, its world role and responsibilities, to recognize that the United States has been in a very defensive mode for a considerable period, since Vietnam, and that the losses to the vital interests of America have been grievous.

One looks at the Third World—in Africa, recently in his own hemisphere, Southeast Asia, the Middle East; one can only be gravely concerned about the implications of either America's unwillingness or inability to deal with the increasing risk-taking on the part of the Soviet Union and its proxies. I think this is the heart of the matter that disturbed America.

Q. When you say "risk-taking on the part of the Soviet Union and its proxies," give me some examples of what you have in mind.

A. I think if one would go back to the pattern that was launched in Angola, where at that time the executive branch—President Ford—was

anxious with a modest investment to challenge the use of Cuban forces to install a proxy government there.

At that time the legislature in a post-Vietnam, post-Watergate demeanor did not sustain the executive leadership the President tried to put forth. Subsequently we saw in Ethiopia, we saw in southern Yemen, in northern Yemen, we saw an institution of a puppet regime in Afghanistan almost 2 years ago and only to learn that within a year it did not meet the criteria of total subjugation to the Soviet Union, and a direct, blatant intervention occurred.

We saw the overrunning of Cambodia, or Kampuchea, by proxy forces of the Soviet Union from Hanoi. And here recently, in the last months of the Carter Administration and the early weeks of this Administration, we saw the activity in El Salvador which could have reestablished the gang in this hemisphere, an additional Cuban beachhead having already realized considerable success in the Nicaraguan model. All of these things I think disturb Americans. They certainly disturb me as an individual, and I know they disturb the President.

Q. What do you both want to accomplish, though? Do you want to stop the Russians? How do you do that?

A. I don't assume that the Soviet leadership is seeking a conflict, but I do assume—and I think past history has confirmed—that where there are vacuums, where there is vacillation on the part of the United States and its allies in standing up for their vital interests, that these vacuums are going to be filled in ways that do not meet our vital interests and which, indeed, put our interests in jeopardy.

What we are seeking to do is, first, to recognize this fact and to espouse and develop policies which are prepared to challenge these illegal interventionisms—not necessarily with force but with a great panorama of demographic assets available to the United States and to our allies.

In political and economic terms the West enjoys vastly superior assets to those of the Soviet Union in political and economic and moral terms. I think it's awfully important that we do a better job of bringing them together under a common concept which meets the vital

¹Press release 89 of Apr. 5, 1981. ■

interests of not only the United States but those who share our values throughout the world.

Q. How do you think you're doing so far?

A. I think it's much too early to make a judgment call on that. You know, foreign policy isn't a business of packstering or packaging or rhetoric; it's a consequence of day in and day out performance which contributes to an overall assessment and a sense of credibility and confidence in those with whom you deal.

I noted some expected that if I could travel abroad, I had an agenda of rhetoric that you get pluses and minuses on. This is an irrelevant aspect of the conduct of foreign policy. Foreign policy is going to be built and developed in an evolutionary way by day-to-day professional dealing and management with our whole panorama of assets to be sure that our vital interests are protected and expanded.

Q. Concretely in El Salvador, for example, do you feel that you've done well? One doesn't hear as much these days about El Salvador as we did a couple of months ago.

A. I think it's a little early to say whether we've done well. But history never tells you what would have happened had you proceeded on a different course than what you did.

I would suggest, had we not moved the way we did on El Salvador in the early days of this Administration to bring pressure on Nicaragua, that was involved in a massive shipment of arms into El Salvador to provide economic and military assistance to a hard-pressed regime in El Salvador—with a ratio, incidentally, of three to one in favor of economic decisions—that we might be witnessing today a creation of another Nicaragua in El Salvador.

As it is, we find a situation where the rebels are now on the defensive, where the armament shipments from Nicaragua have been dramatically reduced—not terminated, but reduced—and we're looking at a whole different range of problems. And that is the ability, once again, to manage away excesses of the right or the left in an evolution toward what we hope to be a more pluralistic structure in El Salvador.

Q. I don't want to put you in a position of claiming that you are per-

sonally, or the Administration is, responsible for a success there, but doesn't it add up to that? Don't you feel that as a result of the action that you have taken, that you have accomplished what you just described?

A. No, I think that's a little too sharply drawn and gives very little credit to the courageous people of El Salvador who are, themselves, both the victims and the cutting edge of whatever successes were achieved.

But I think successful foreign policy anticipates problems, and it takes actions which prevent less than happy outcomes. I think the pressures that we have applied in Central America have achieved something. I think we've seen a change in the demeanor of many of the other threatened countries of the region—Panama, Mexico to some degree.

Q. Do you mean a stiffening of their spines?

A. A recognition that the hemisphere is once again threatened by excessive interventionism from Cuba and a more robust posture against that interventionism. We see the same in Colombia, we see it in the larger countries to the south in Latin America, and I think all of this augurs well for the future if we can continue to maintain our policies and to support those policies that are necessary here at home, especially in the Congress.

Q. What are some of the problems that you've come upon in the last several months in terms of your ability to implement policy?

A. I think we have a rather happy situation, so I'm not going to put out the crying towel. We have a unique convergence in America today of a popular move which is willing to bear the sacrifices of correcting our defense deficiencies and tightening its belt to be sure our domestic economy is put back on a sound track.

We have a Senate which is also responsive to that same outlook, and we have a House which is equally supportive in general. And, of course, we have an executive branch which not only has been in the forefront of espousing such policies but is thus far realizing a usual degree of effectiveness in getting the support for it.

That could be short lived, and the stakes which would be made could derail that. But I think it's a very happy set of circumstances the way the American

people, the legislature, and the executive branch are all of one mood. There are many dissenters, of course. You read about them every day.

Q. Let's talk about perception for just a moment. There is a perception—and it will be no surprise to you—in this town that you, yourself, have undergone some kind of major change in the last month—3 or 4 weeks at any rate—from being a man seen as on top of everything, firmly in control, to being what one official here once described as a wounded lion. Do you feel yourself a wounded lion?

A. I suppose if you look back over history, successful Secretaries of State have seldom been winners on the popularity hit parade. And I didn't come here to run a popularity contest, nor do I think my effectiveness is going to be judged on such things.

I'm here to do the work for the President of the United States and the American people to reinvigorate and to turn around what had been failing foreign policy. And the report card on that is going to be a measure of my effectiveness in doing so. So I neither feel as a different fellow, a wounded eagle, or a lion. I'm a fellow who has a lot of work to do, who intends to get on to the substance of that work as I have been doing. And I'll let the popularity polls take care of themselves.

Q. Do you feel in any sense subdued?

A. Not at all. I don't suggest for a moment that one in public life that finds himself at the vortex of public controversy enjoys it. I don't enjoy it any more than you would or any other American citizen, but I've seen enough government to know that it is essentially an irrelevant aspect of the work that has to be done and the final measure of whether or not I succeed in that work.

Q. People who know you very well say that your natural predisposition is to be very tough, very aggressive, and very energetic in pursuit of your aims. Is it possible that that may run in conflict with the team-player approach that we hear is desired out of the White House?

A. No, not at all. My discussions with the President—and they have been regular and intimate, as recent as this morning—suggest to me that he's com-

fortable that I am doing what he hired me on to do; and that, after all, is the real measure of whether or not I fit into the team or have a style that may be abrasive to one fellow or another. Again, results are the current measure of effectiveness.

Q. You're in for the duration. Your sense is that that is what you want to do.

A. Of course. I didn't turn my life upside down to come down here. I only intended to make a brief try at it.

Q. On issues of straight substance now, at the very beginning of the Administration in relations with the Soviet Union, we heard a lot of things about the Russians cheating, lying, stealing, et cetera, and we don't hear that kind of a line now. It is not what one would call a very good relationship, but it isn't, at the same time, brutally antagonistic. What do you want out of that relationship? What would you like to see develop?

A. I think in the first instance, in order not to succumb to the leading aspects of your question, let me suggest that in the early weeks of this Administration, it was necessary and desirable for our Administration team, if you will, starting with the President, to make very clear what its world view was. And I think that has been very decisively and sometimes rather precisely outlined.

That doesn't have to be repeated on a day-to-day basis, and the very act of doing so can be counterproductive. With respect to the Soviet Union, we clearly view the Soviet Union as the major threat to vital American interests; not the only one but the major threat. And any suggestion to the contrary seems to me to be overlooking recent events around the world, indeed, events since the Second World War.

So the fact of setting that record straight is, obviously, a desirable aspect of our foreign policy. Does that mean that we want to adopt a mode of total brittleness, confrontation, and isolation of the Soviet Union? Not at all. We want them to be on notice that when they abide by the accepted rules of international law, they will find a willing and welcome partner here in the United States, and they will enjoy the benefits of trade and credit and technology transfer and perhaps some reduction in levels of armament that both sides feel compelled to maintain today.

But we're a far cry from having achieved that millenium, if you will, and that's going to be the task in the weeks and months ahead, and it's going to require dialogue between ourselves and the Soviet Union. Above all, it's going to require American policies which are willing to stand up to these challenges as they develop day-to-day, as we have had to do in El Salvador.

Q. There has been a great deal of talk about the possibility of Soviet intervention in Poland. It hasn't happened yet; maybe it won't happen. Why do you think it hasn't happened just yet?

A. I think basically because the Soviet leadership knows that the price of such an intervention would be almost incalculable from their point of view. In the final analysis, however, they're going to do what they think is necessary for their vital interests. This is what makes nations tick.

I think the activities of the allied nations in early December may have had an impact on what was clearly a decision to desist after building up substantial force capabilities to intervene.

Q. They were on the edge of intervention; then it stopped.

A. I think that was the judgment of most of the more respected analysts at the time. Now, I'm not sure we reached that in the recent crisis. I felt and, indeed, the President, Vice President, and our Cabinet team concluded that they were still in a political phase on Friday night when I left Washington. It frankly never got too much higher than the level of concern that we had at that time; in subsequent days, there has been some retrenchment in our concern, both on political and military assessments.

Q. What are the actual constraints that operate right now on the Soviet Union as far as Poland is concerned?

A. I think there are a host of constraints. One is that we in the West have done very well in staying together—unified and coordinated—in our approach to the problem. There's hardly been a communication, a public statement, a signal that has not been coordinated among the allies and those of us who share common concerns about this problem.

Secondly, I think the Soviets themselves recognize that the problems in Poland today are horrendous in political and economic terms; and that if they move into this situation, they will be

assuming burdens of almost incalculable magnitude, and to include the possibility of active resistance by the Polish people. And so it cannot be in their interests to do this unless at some point their judgment is that the risks of not doing so are outweighed by these very serious risks of doing so.

Q. There are some students of the subject who say, as you well know, that perhaps the Russians have waited too long.

A. I suppose, again, such an analysis could be made. On the other hand, I think it's awfully important that those of us with official responsibility never succumb to the theological syndrome that Soviet intervention is inevitable in Poland. Such a conclusion, or even such a public statement of such a conclusion, could increase dramatically the brutality, and the decisionmaking process might be moved forward, even the thesis were correct.

I don't happen to share that, and I think we've got to work as actively and diligently as we can to help the Polish people, with others, overcome their economic contradictions and to make it clear to the Soviets that either external intervention or internal repression—which is equally onerous and dangerous—are not acceptable if they wish to enjoy a standing in the international community that even compares with past history.

Q. Why is it in the interests of the United States to send aid to Poland? After all, Poland is in the Eastern orbit, it's a satellite country, it's well-known it's now undergoing a phenomenal kind of peaceful revolution; it is a member of the Communist Party, a member of the Warsaw Pact. Why is it in our interests to help them?

A. First, I think we have adopted a policy which is built only on our vital interests to keep the political process and the moderating process alive internally in Poland; this is going to require a modicum of ability to feed their people to keep their economy functioning—and that means economic and foodstuff support.

We also should be, I believe as we must, influenced by the humanitarian aspects of this issue. American foreign policy has always given a high measure of cognizance to the humanitarian objectives which we Americans espouse and support.

So from both an interest point of view and a humanitarian point of view, I think clearly we have this obligation. We would expect that we would not be alone, that those who share our values would also contribute and, even perhaps more importantly, those in whose orbit Poland has been historically—the Soviet Union—must also bear a heavy measure of the economic burden of the internal situation in Poland today.

Q. Is it possible that the Russians may, in time, adapt to the new realities in Poland?

A. I don't think one can discount that, and one must work diligently to bring that outcome about. I think it's far too early yet to tell.

Q. You're aware that you're becoming the darling of a lot of liberals in Washington?

A. I suppose life is replete with contradictions.

Q. Seriously, there are people who say that Secretary Haig and this Administration does represent the flexibility that is required in the execution of an intelligent foreign policy. Do you feel that you may be an odd-man out in this sense? Much harder statements are coming out from other people.

A. I don't know that I have to be self-conscious about my inability to make vigorous statements, either in the recent past or in the more distant past. I do believe that what I have been saying is absolutely consistent with the views of the President of the United States. That, after all, is what I'm here to do as his Secretary of State.

No, I don't see these subtle contradictions that you're speaking of, and I don't necessarily believe that the liberal is the flexible mentality. And I don't even like to handle "liberal" or "conservative." It's lost its meaning in a contemporary sense in many ways.

Q. How would you describe yourself?

A. A liberal in the sense that I'm an optimist, that I believe essentially in the perfectibility of man, although probably with a greater degree of patience than some liberals might.

On the other hand, I also believe that international affairs, *per se*, are structured on the vital interests of nations. Those interests are inevitably going to clash with our own, and we must deal with those clashes on the basis of strength, reliability, consistency and coherence in policy. And we haven't been too good at that. I suppose historic critiques of democratic systems have pointed out that is one of our vulnerabilities, and we have to be constantly conscious of it.

Q. Your top staff—some of these people still not confirmed. A couple of weeks ago up on the Hill you expressed your own unhappiness that this process is so slow. It still is slow and you still don't have your people together and confirmed. What can you do about it? What are you going to do about it?

A. We have been working the problem together with the White House staff, which has an equal stake in this although they have a number of more constituencies to manage in that sense, and with the Foreign Relations Committee on the Hill. And I'm optimistic that this problem, to the degree that it is a problem, will be resolved very rapidly.

Q. It hasn't happened that rapidly yet. What about Senator Helms? Is he the problem?

A. That's a question that Senator Helms would have to answer. My relationships with Senator Helms have been absolutely unique and unusually cordial from the very day I came in; in fact, from the time that I went through the all-too-brief confirmation process. So I'm not aware that he's created any unnecessary obstacles for me and, if he were to have, then I would be very confident in sitting down with him and discussing them to resolve the problem.

Q. Why is it, then, that there are so many of your assistant secretaries who aren't confirmed? Where do you—

A. I think your focus is here in the Department of State, and I think you'd find similar situations in other executive branches.

Q. No. I appreciate that. Just from the point of view of the Department.

A. I think it's been a problem of new systems, new conflict of interest, and probably a degree of intense concern about the philosophic compatibility of appointments. I'd like to see that myself, but I'm very, very comfortable with that, providing it doesn't drag out and prevent the effectiveness the taxpayers must expect from our executive branch.

Q. Has it prevented that effectiveness yet?

A. No. Not yet. Not yet.

¹Press release 121 of Apr. 23, 1981. ■

Interview for ABC Television

Secretary Haig was interviewed for ABC television by Barrie Dunsmore on April 17, 1981.¹

Q. Evidently, the United States has now, more or less, decided to provide a large arms package to Saudi Arabia, and this has set up a buzz saw of opposition from Israel and its supporters on Capitol Hill. Is there some possibility that that will be delayed now because of this opposition?

A. I noticed some press speculation with respect to the timing. The clear point I want to make is, there has not been a decision with respect to timing. There are a number of important technical considerations that have to be resolved that will influence ultimate timing, and that decision hasn't been made by the President yet.

Q. But a decision has been made, at least in principle, to provide Saudi Arabia with this equipment?

A. Yes, that's correct, and as you know, this is an issue that has been under discussion between the United States and Saudi Arabian officials for almost 2 years. It was largely concluded at the time this Administration came into office. We have continued on with those discussions.

Q. The columnist William Safire yesterday suggested that you and Defense Secretary Weinberger actually misled the President by saying a secret deal had been arranged by the Carter Administration that you were obliged to carry through on. Is that the case?

A. I don't know of any secret deals of any kind, and I don't make it a habit of commenting on speculative articles of that kind. I think the case has been clearly presented to the Congress as it has evolved, and they are abreast of the current situation. Our public disclosures have been consistent with the facts as they have developed.

Q. What would be the impact of a defeat on Capitol Hill of that arms package for Saudi Arabia, in terms of our relations with Saudi Arabia and the Middle East generally?

A. I think, clearly, when the decision has been made to proceed with the notification in accordance with established procedures on the Hill, if there were to be a setback, it would clearly

represent a grievous setback in American relationships with Saudi Arabia. There is no other way of parsing it out--it's just that simple!

On the other hand, I don't think we will proceed under the assumption that we're going to lose.

Q. What would the impact of such a defeat on U.S. relations be with Israel?

A. It's clear--and our Israeli friends have made it evident--that they are not happy with this package, or at least certain aspects of it, especially the aerial surveillance aspect. I think this in itself suggests that we have a certain amount of technical work to do to be sure that, to the degree possible, legitimate concerns by the Government of Israel are at least alleviated.

Q. Also in the Middle East, there is a report today that the Israelis were prepared to make major strikes against the Syrian forces in Lebanon, and that while you were in Jerusalem, you managed to dissuade them from taking such action. Could you enlighten us at all on that report?

A. I wouldn't make it a policy to attribute decisions taken in Israel to my actions one way or another. I think it has been clear that the consistent policy is to work as actively as we can to prevent the resort to force by any of the parties involved in this tragic situation.

Q. On that trip, we were told by a senior official in your party that we were on the verge of a major outbreak of hostilities in Lebanon. That led some of us to conclude that the Israelis had hinted that they were about to go in, and you couldn't stop the fighting in south Lebanon.

A. No. I think the basic reality of the situation in Lebanon is that, to the degree that the Christian militias are threatened by Syrian military activity, as they become increasingly in jeopardy, there are strong motivations in Israel to take counteraction to preserve that element of the Lebanese society. I think that is a clear fact understood by all sides, and it suggests restraint by all parties.

Q. We have been marched up and down the hill on the possibility of an intervention in Poland for several months now. Is there some kind of a danger in this kind of approach? And

do you think the Soviets are really listening to us when we warn against intervention?

A. I think the Soviets will make decisions on what they calculate to be their own vital interests, as is always the case with sovereign nations. I think we have made our position crystal clear with respect to that. I think the determinations made by the Soviet leadership, of course, include considerations of the impact that that will have on East-West relations at large, and relations specifically with the United States.

All of these factors, I am sure, are included in Soviet calculations. I would not necessarily attribute Soviet motivations or Soviet decisions exclusively to American rhetoric.

Q. Where do we stand now on the subject of the likelihood of an intervention with the formation of a new farmers' union now? In your mind, does that make chances less or greater that the Soviets may feel compelled to move in?

A. I would rather not offer a value judgment at this juncture. I think we have seen some lessening of the tensions, both in political and military terms in the past week, and I think we are gratified that this at least continues a peaceful political process in the reforms that are taking place within the Polish society and among the Polish people. We would hope that these improvements would continue without external or internal repression.

Q. There was some confusion in some peoples' minds about the prospects for talks at a reasonably high level between the United States and the Soviet Union, with different people suggesting that what the Soviets may or may not do in Poland having a bearing on such talks. What are the prospects of high-level talks, such as between yourself and Foreign Minister Gromyko in the next few weeks or months?

A. These things are largely to be decided in the period ahead. President Reagan has made it clear that he intends to continue a dialogue with the Soviet Union. That is both to our advantage and to theirs. However, he has also made it clear that linkage is a prevailing concept in his Administration, and that is that these talks--the pace, the scope, and the level of them--will be determined by corresponding Soviet international behavior in the broadest sense of that term--that's the American policy.

Internal Situation in Zimbabwe

LETTER TO THE CONGRESS,
APR. 3, 1981¹

In accordance with the provisions of Section 720 of the International Security and Development Cooperation Act of 1980, I am submitting the following report on the internal situation in Zimbabwe.

There is considerable evidence to indicate that the transition to majority rule in Zimbabwe, which was consummated at Lancaster House and came into effect on April 18, 1980, is now gathering momentum both economically and politically.

Economically, Zimbabwe has made considerable progress in the 11 months since independence. Real growth for 1980 is estimated to have been 8-10 percent. Inflation averaged between 12 percent and 15 percent for the year. With the announcement of a high pre-planting price and a good rainy season, Zimbabwe is expecting a million-ton maize surplus this harvest. The mining sector remains solidly prosperous despite some uncertainty about a possibly increased government role.

In the July 1980 budget and the February 1981 economic policy statement, "Growth with Equity," the government has committed itself to the maintenance of a mixed economy aimed at satisfying black aspirations and assuring white confidence by attracting foreign investment and aid to generate continued economic growth.

Zimbabwe's economic success is partly associated with the fact that more than 90 percent of the country's white population, about 200,000 people, have chosen to stay in Zimbabwe. We estimate that about 20,000 whites have left, 15,000 of them have gone to South Africa. Nevertheless, white emigration has led to some dislocations in areas of the economy dependent upon mechanical and technical expertise, e.g. railroad maintenance and telecommunications. The country's 5,000 white commercial farmers have almost all stayed in Zimbabwe.

Politically, the dire predictions which were heard at the time of independence have not come to pass. Black-white political conflict has been inconsequential. The expected Ndebele-Shona political conflict has materialized; however, despite two bloody clashes in Bulawayo, the tension has been contained by the existing political and military structures and senior leaders on both sides have responded to the problems which have arisen with a view toward the long-term best interests of the country. On the whole, the political scene has been marked by increasing stability and the enhancement of the authority of Prime Minister Robert Mugabe.

The process of military integration of ZIPRA [Zimbabwe People's Revolutionary Army] and ZANLA [Zimbabwe African National Liberation Army] continues to move forward slowly despite the collapse of three

to do my job as long as I can make a constructive contribution. I have no reason to believe that that is not the case.

Q. If you had anything to do over, over the past couple of months, were there any things that you said or did which if you could take back, you would take them back?

A. Not necessarily, no. I think this is a lively town in Washington, and again, I think the American people at large will measure my effectiveness and, indeed, measure the effectiveness of this Administration by how well it is perceived to meet their vital interests in the domestic and international conduct of our business. I'm optimistic about that.

Q. What is your estimate of the extent of penetration by Soviet intelligence services, the KGB or otherwise, into this country?

A. I think we would be naive if we did not understand that this is a very key aspect of Soviet international conduct. It's a fundamental aspect of their philosophic roots. It involves efforts to penetrate, with influence and otherwise, the body politic across a very broad spectrum of nations with which they do business. It would be naive to expect otherwise.

The degree to which they have been successful in doing that is not a matter of grave concern to me. However, I think it is a matter to which we have to be constantly alert.

Q. Is this Administration doing anything in particular—taking any particular steps—to address this problem?

A. I would prefer to let the Attorney General, who is fundamentally responsible for the internal security of the United States, and the Director of Central Intelligence, who is primarily but not exclusively responsible for our external security arrangements, to answer that question.

Q. But you are not overly concerned about the problem? You're concerned, but not overly concerned?

A. No. I would hope I am constructively alert to the problem, and I would be a supporter for policies by those who are responsible for formulating those policies in this Administration to prudent measures which would improve our posture.

¹Press release 114. ■

Q. Do you sense any basic difference between the United States and allies on this subject, and particularly on the subject of talks to reduce nuclear weapons in Europe?

A. No. I think the United States and our Western European partners are of one mind. We had visiting Washington yesterday, for a lengthy discussion with President Reagan—very detailed discussions—the Secretary General of NATO who was representing the collective view of the alliance. In these discussions, as in earlier discussions—with Mrs. Thatcher when she visited Washington and other foreign ministers of our NATO countries—we affirmed the American commitment to be guided by the decisions and consensus arrived at in December of 1979, to proceed on two tracks; one being the modernization of our long-range theater capabilities in Western Europe and the other the initiation of discussions with the Soviet Union, with a view toward bringing reductions in the long-range theater nuclear threat. We intend to proceed and honor these two tracks and meet our commitments and obligations.

Q. I know this is not your favorite subject, but I think it is no longer a popular game that Washington sometimes plays about who is up and who is down, because it does affect the conduct of U.S. foreign policy. How seriously do you think you have been hurt by the recent differences you have had with the senior White House staff?

A. I read a great deal about that in the press. I think my relationships with the senior White House staff are very, very good at the moment. I think, in the final analysis, my effectiveness is going to be a direct measure of how I perform my substantive responsibilities for President Reagan. In that context, I feel I am executing those responsibilities in conformance with the President's policy. That, after all, is what I was hired to do; and I intend to continue in precisely that vein.

Q. One of the questions which I am frequently asked, and I do not have the answer to it, so I'll ask you: are you going to remain Secretary of State?

A. I didn't make the fundamental changes in my own life that were necessary to come to Washington with a view toward having it an interim period in my life. I intend to stay and continue

U.S.-Canada Consultations on Garrison Diversion Unit

of the eleven integrated battalions in last month's difficulties. Most observers now believe that Zimbabwe will for at least the near term have a larger army than was initially anticipated, due to the fact that most of the remaining 25,000 guerrillas will probably be incorporated into the new national army.

As noted in detail in the 1981 "Country Reports on Human Rights Practices," independent Zimbabwe on the whole has a good record in living up to the guarantees on civil liberties contained in the Lancaster House accords, in particular those contained in Annex C. Zimbabwe continues to be a functioning, multi-party, parliamentary democracy in which the rights of the population as set forth in the constitution are respected.

The basic rights called for in the agreement such as the right to life, personal liberty, freedom from torture and inhuman treatment, freedom from deprivation of property, privacy and freedom of conscience, expression, and assembly are in effect. Thus, for example, at the time of this report, there are no persons under detention in Zimbabwe because of their political views. In order to end South African control of the press, the government purchased controlling interest from the Argus Groups and invested it in a national press board which appears so far to operate independently. The electronic media are sometimes criticized for being overly enthusiastic about government policies.

The House of Assembly and the Senate which were set up pursuant to the Lancaster House agreement have proven to be active political bodies in which substantive and frank debate is the order of the day. Regularly scheduled elections continue to be held, most recently at the local level. Nevertheless, disturbances led to the postponement of local government elections in Bulawayo following clashes between partisans of competing political parties.

The court system recognized in the Lancaster House agreement functions as set forth in the agreement. Thus, for example, ZANU-PF [Zimbabwe African National Union-Patriotic Front] Secretary General Edgar Tekere, who was charged with the murder of a white farmer, was freed by the court under a law passed by the former regime to protect government officials. While many Zimbabweans may have lamented Tekere's release, it was widely noted that, as promised, Prime Minister Mugabe's government did not interject itself in any way into the judicial process. The public service and the police also operate as set forth in the Lancaster House agreement.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Charles H. Percy, chairman of the Senate Foreign Relations Committee, and Clement J. Zablocki, chairman of the House Foreign Affairs Committee (text from Weekly Compilation of Presidential Documents of Apr. 6, 1981.) ■

On April 23, 1981, representatives of the United States and Canada met in Washington to begin a formal process of consultations on the Garrison Diversion Unit, a multipurpose water resource project in the State of North Dakota.

The U.S. representatives reiterated previous assurances to Canada that the United States would honor its obligations under the Boundary Waters Treaty of 1909 not to pollute waters flowing across the boundary to the injury of health or property in Canada and its commitment that no construction potentially affecting waters flowing into Canada would be undertaken until it is clear that this obligation would be met. U.S. representatives reviewed the history of the Garrison Diversion Unit, provided information on its current status, and indicated they were resolved to address the technical issues in a manner that responds to Canada's concerns.

North Dakota officials described possible phased development of the project which would provide for construction of features having no impact upon waters flowing into Canada and would subject other features to experimental tests, conducted in consultation with Canada, to identify those features that could be constructed to the satisfaction of both North Dakota and Manitoba.

The U.S. representatives indicated they intend to continue to study various alternatives for project development.

Canadian representatives stated that Canada remains opposed to the Garrison Diversion project as currently designed and authorized because it contains features which, if built, would lead to serious harm to Canadian waters, in contravention of the treaty. They explained their central concern that the transfer of water from the Missouri River basin into the Hudson Bay basin would introduce into Canadian waters foreign fish species, parasites, and diseases (biota), which would do serious and irreversible damage to the multimillion-dollar commercial and native subsistence fishery on Lake Winnipeg. They reiterated their position that, in the absence of agreed technological means of preventing the transfer of biota, the Garrison project should be modified to eliminate any transfer of water.

Both sides expressed satisfaction with the meeting as a useful step in advancing mutual understanding of the Garrison project. There was agreement to continue the process of consultation including technical discussions, over the coming months.

The delegations were headed by Raymond C. Ewing, Deputy Assistant Secretary for European Affairs, Department of State, and Edward G. Lee, Assistant Under Secretary for U.S. Affairs, Department of External Affairs.

Press release 113 of Apr. 23, 1981. ■

Maritime Boundary Treaty and Fishery Agreement

MESSAGE TO THE SENATE,
APR. 21, 1981¹

On March 6, 1981, I asked the Chairman of the Committee on Foreign Relations to uncouple two pending treaties, signed March 29, 1979, relating to East Coast fishery and maritime boundary matters. I made this request after members of the Senate leaders advised me the treaties could not be ratified as they were.

My goal, as I am sure is yours, is to resolve the fishery problem and at the same time fortify our strong and close relationship with Canada.

Our two nations have built a friendship based on good will and mutual respect, recognizing that we both have independent national interests to pursue. I believe that proposed course of action will ensure the settlement of the maritime boundary by an impartial and binding procedure, and that it will allow a future fisheries relationship with Canada to be based on better known facts and circumstances.

Therefore, I recommend that the Senate give advice and consent to ratification of the Treaty Between the Government of the United States of America and the Government of Canada to Submit to Binding Dispute Settlement the Delimitation of the Maritime Boundary in the Gulf of Maine Area, signed at Washington, March 29, 1979, subject to technical amendments including an amendment which would allow it to be brought in force without the entry into force of the accompanying fishery agreement. And, I re-

International Organizations

The maps in this section present some of the major international organizations. In the 20th century the world's governments have created many international bodies to carry out functions that are beyond the power or authority of any single government. Some of these organizations are universal in that they are open to all countries irrespective of geographic location or political or economic order. Others are particular organizations in that membership is based on geographical, political, economic, historical, or other special considerations.

The organization that comprises virtually all countries is the United Nations. Founded in

1945 at the end of World War II, the United Nations was intended to pool the strength and resources of the entire community of nations not only to settle international disputes but to promote economic and social progress. The U.N. system includes specialized and related agencies and other international organizations carrying out responsibilities in diverse technical fields.

Most countries also belong to one or more particular associations serving regional or other special interests. These include defense arrangements that have no official connection with the United Nations as well as economic groupings that have U.N. standing or cooperate in U.N. activities. In membership most of these bodies reflect the world's division into three groups of nations—the industrial democracies (countries with a developed market economy and

accountable governments), the Soviet bloc (countries with a centrally planned economy allied with the U.S.S.R.), and the Third World (consisting of the many and varied developing countries located mostly in southern parts of the globe).

Much of this material eventually will be assembled, reprinted, and offered for sale by the Superintendent of Documents. The material is written and compiled in the Bureau of Public Affairs by Harry F. Young; maps and graphics are prepared with the assistance of the Office of the Geographer, Bureau of Intelligence and Research.

THE EDITORS

Members of the League of Nations and the United Nations

The United Nations is the direct successor to the League of Nations (1920-45). Created by the peace treaties ending World War I, the League, like the United Nations, was designed to promote international peace and progress. But the League, even at its height, only had slightly more than one-third as many members as the United Nations has today.

As a union of sovereign states, the League could not include the many countries that were still under colonial rule. And it never had the adherence of all the major powers. The United States chose not to join. In 1934, when the

U.S.S.R. finally became a member, Germany, Japan, and Brazil had already withdrawn. India, although not fully self-governing, was an original member of the League because it had taken part in the peace conference as a separate unit of the British Empire. Iraq, although still dependent on the United Kingdom in foreign affairs, was admitted to the League in 1932.

As World War II drew to a close in 1945, the Charter of the United Nations was signed by 51 allied nations, among them, two constituent republics of the U.S.S.R. — the Ukraine and Byelorussia. By 1965 the number had

doubled, and by the end of 1980, it had tripled to the current total of 154. Approximately half the members are former colonies which achieved their independence after World War II.

Countries absent from both the League and the United Nations are Andorra, Liechtenstein, San Marino, and the Vatican. Switzerland joined the League but not the United Nations.

- Member of League and United Nations
- Member of United Nations only



Growth of U.N. Membership

Americas		Europe		Asia/Oceania		Africa		
1945 Original Members	Argentina Bolivia Brazil Canada Chile Colombia Costa Rica Cuba Dominican Republic Ecuador El Salvador	Belgium Byelorussia Czechoslovakia Denmark France Greece Luxembourg Netherlands	Norway Poland Turkey Ukraine U.S.S.R. United Kingdom Yugoslavia	Lebanon New Zealand Philippines Saudi Arabia Syria	Egypt Ethiopia	Liberia South Africa		
1945 to 1965	Jamaica Trinidad and Tobago	Albania Austria Bulgaria Finland Hungary Iceland Ireland	Italy Malta Portugal Romania Spain Sweden	Afghanistan Burma Cyprus Indonesia Israel Japan Jordan Kampuchea Kuwait Laos	Malaysia Maldives Mongolia Nepal Pakistan Singapore Sri Lanka Thailand Yemen (Sanaa)	Algeria Benin Burundi Cameroon Central African Republic Chad Congo Gabon Gambia Ghana Guinea Ivory Coast Kenya Libya Madagascar Malawi	Mali Mauritania Morocco Niger Nigeria Rwanda Senegal Sierra Leone Somalia Sudan Tanzania Togo Tunisia Uganda Upper Volta Zaire Zambia	
1965 to 1980	Bahamas Barbados Dominica Grenada Guyana	German Democratic Republic Republic of	Germany, Federal Republic of	Bahrain Bangladesh Bhutan Fiji Oman Papua New Guinea	Qatar Solomon Islands United Arab Emirates Vietnam Western Samoa Yemen (Aden)	Angola Botswana Cape Verde Comoros Djibouti Equatorial Guinea Guinea-Bissau Lesotho	Mauritius Mozambique Sao Tome and Principe Seychelles Swaziland Zimbabwe	

Organization of American States

The Organization of American States (OAS) is the world's oldest regional association. Since the first international congress of American states held in Washington in 1889, the Western Hemisphere republics have maintained a system of cooperation in cultural, social, economic, and political fields. The treaty creating the OAS in 1948 intensified this cooperation and reaffirmed the mutual defense commitment undertaken in the Inter-American Treaty of Reciprocal Assistance (Rio treaty) signed in 1947.

Members: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba (no longer takes part in OAS affairs), Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Lucia, Suriname, Trinidad and Tobago, Uruguay, United States, and Venezuela



The countries of Middle and South America and the Caribbean have a common identity apart from the inter-American system; in world affairs they are known as the Latin American bloc. Prominent are the common economic arrangements. In 1975, Latin American and Caribbean nations formed a loose caucus known as the Latin American economic system (SELA) to promote regional economic interests and present unified positions in international economic forums. They also have organized several efforts for regional and subregional economic integration.

The *Central American Common Market* (CACM) was founded in 1960 to establish a free-trade zone.

Members: Costa Rica, El Salvador, Guatemala, Nicaragua

The *Latin American Integration Association* (ALADI) was founded in 1980 to replace the Latin American Free Trade Association (LAFTA) established in 1961 by countries not in CACM. ALADI will continue to promote economic integration and development but with less emphasis on tariff concessions and free trade.

Members: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela

The *Andean Group* was formed in 1969 by medium-sized LAFTA countries who hoped to integrate their economies more rapidly than was possible for LAFTA as a whole. Chile withdrew in 1976 because of differences over foreign investment policy.

Members: Bolivia, Colombia, Ecuador, Peru, Venezuela

The *Caribbean Community and Common Market* (CARICOM) was established in 1973 by 12 English-speaking Caribbean countries to promote broad cooperation in many fields.

Members: Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher-Nevis-Anguilla, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago



Organization for Economic Cooperation and Development

The Organization for Economic Cooperation and Development (OECD) is the only international organization comprising all industrial democracies. OECD countries have one-fifth of the world's population. They account for more than 80% of the world's trade. Founded in 1960 to replace the Organization for European Economic Cooperation, organ of the Marshall plan for European recovery, the OECD extended international economic consultation beyond Europe to North America and the Pacific. The OECD provides for joint analysis of economic trends and for efforts to harmonize international

economic practices and improve assistance to the developing countries. OECD headquarters are in Paris.

Members: Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States



The chief result, in Europe itself, of the movement for Western European unity is the European Communities (EC). Founded in 1967, the EC unites the three economic combines set up in the 1950s — the European Coal and Steel Community, the European Economic Community (or Common Market), and the European Atomic Energy Community. EC members together account for about 35% of world trade. Though present functions are mostly economic, the final aim is political federation. The EC has the authority to conclude binding agreements with other countries and international organizations.

Original members: Belgium, France, Federal Republic of Germany, Italy, Luxembourg, and the Netherlands
Later adherents: Denmark, Ireland, the United Kingdom (1973), and Greece (1981)



Top right: Council of Europe. The largest association of Western European states is the Council of Europe, founded in 1949 to foster the common heritage and promote human rights and social progress.
Members: Austria, Belgium, Cyprus, Denmark, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Sweden, Switzerland, Turkey, United Kingdom



Top left: European Free Trade Association. In 1960, seven countries unable to accept the Common Market's ultimate goal of political union founded the EFTA for the purpose of reducing and eventually eliminating tariffs on one another's industrial products. Two of the original members, the United Kingdom and Denmark, have since joined the Common Market.
Members: Austria, Iceland, Norway, Portugal, Sweden, Switzerland
Former members: Denmark, United Kingdom
Associate member: Finland

Left: Nordic Council. The Scandinavian countries founded the Nordic Council in 1952 as a means of working toward harmonious laws and cooperative efforts in cultural fields.
Members: Denmark, Finland, Iceland, Norway, Sweden

NATO and the Warsaw Pact

The North Atlantic Treaty Organization (NATO) was founded in 1949 to provide an integrated military force for the defense of Western Europe and North America. From the beginning, the organization was designed to promote wide cooperation in political, economic, social, and scientific fields as well as military security. Members: Belgium, Canada, Denmark, France, Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, United Kingdom, United States.

The Warsaw Pact on Friendship, Cooperation and Mutual Assistance comprises the U.S.S.R. and its Eastern European allies. Signed in 1955, it provides a common defense system and machinery for coordinating foreign policy. Members: Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, U.S.S.R.

-  NATO members
-  Warsaw Pact



The Council for Mutual Economic Assistance (COMECON or CMEA) comprises countries of the Soviet bloc. Although founded in 1949 as Eastern Europe's counterpart to the Marshall plan of economic recovery in Western Europe, it has been open to non-European countries since Mongolia's accession in 1962. COMECON promotes coordinated planning and trade specialization by its members. Although its ultimate goal is full economic integration, it has no supranational authority and, unlike the EC, does not function as a unit in trade with countries outside the region. The U.S.S.R., the dominant





member, accounts for about 67% of COMECON production.

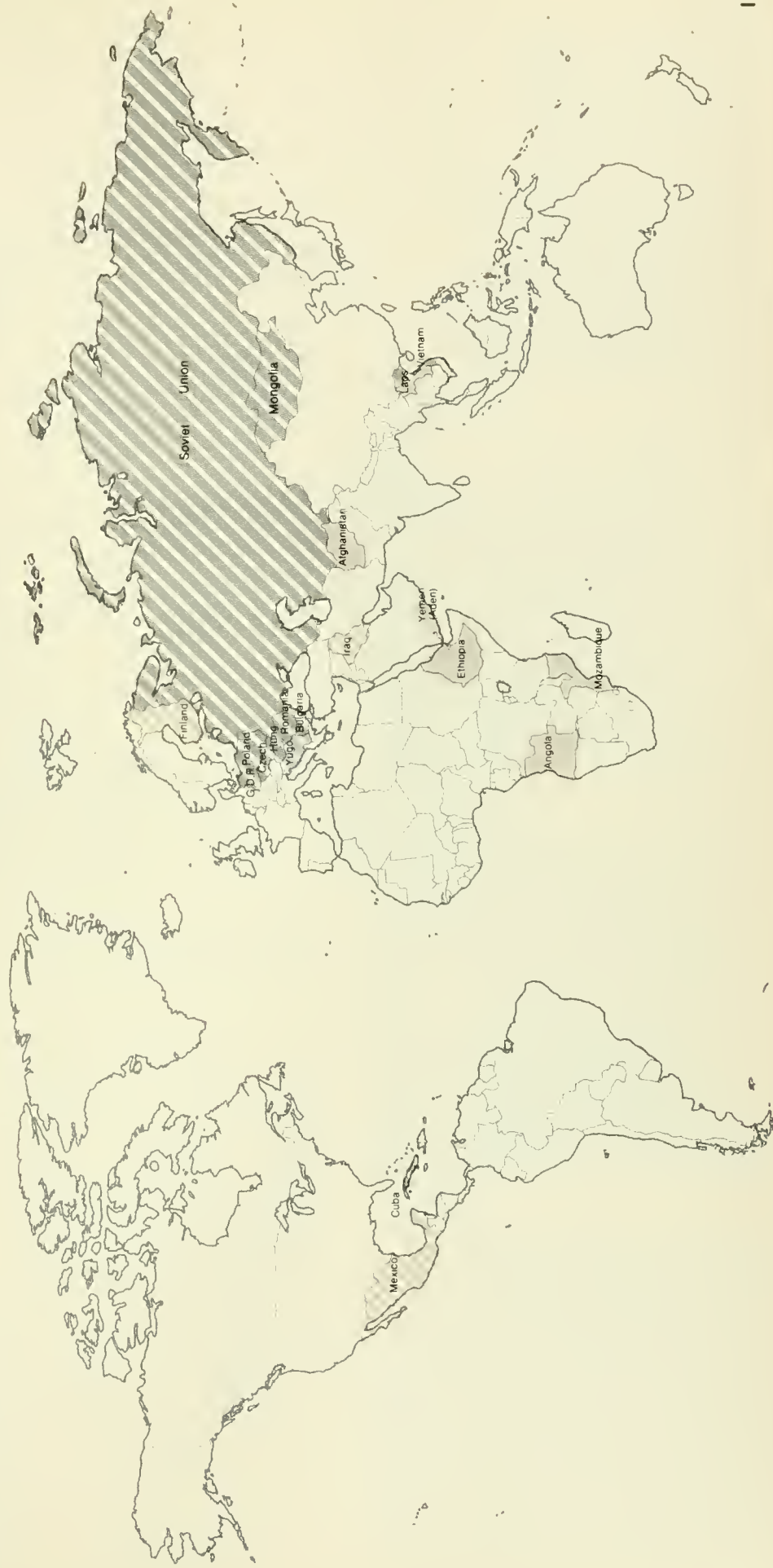
Members: Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, U.S.S.R., Vietnam

Associate member: Yugoslavia

Countries with Cooperation Agreements: Finland, Iraq, Mexico

Observers: Afghanistan, Angola, Ethiopia, Laos, Mozambique, Yemen (Aden)

-  COMECON members
-  Associate member
-  Countries with Cooperation Agreements
-  Observers



Nonaligned Movement

The Nonaligned Movement is a formal association of Third World states designed to promote the political and economic interests of developing and dependent nations. It supports efforts to remove colonial rule and stands behind the U.N. General Assembly's 1974 Declaration on the New International Economic Order, calling for transfer of economic resources to the Third World. The term "nonaligned" referred originally to the position of neutrality between East and West adopted by many new and developing countries in the 1950s. The present organization dates from the 1961 Belgrade conference sponsored by

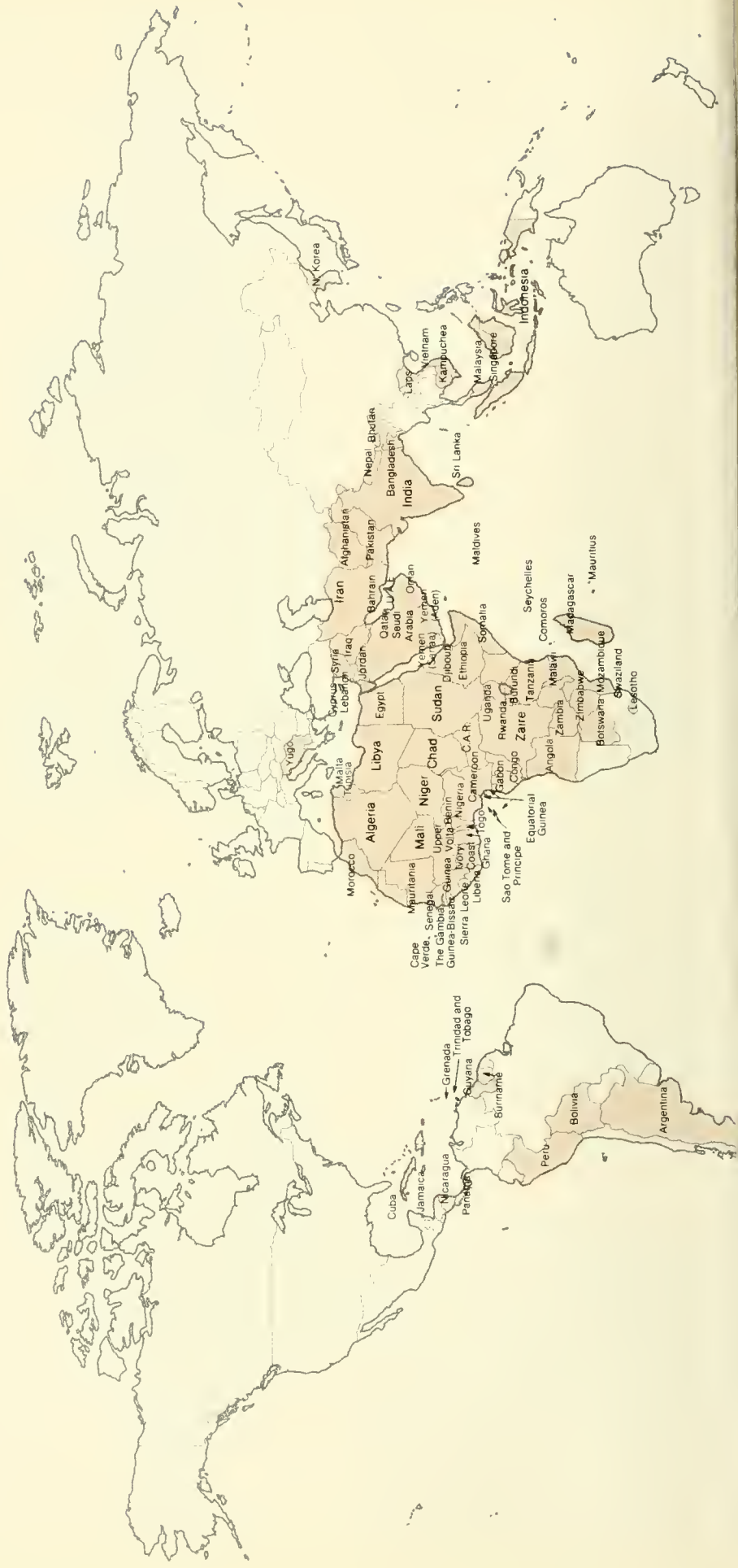
Yugoslavia, Egypt, and India. The movement's membership is not open to all developing countries.

Although North Korea was granted membership in 1975, South Korea and the Philippines were rejected on the grounds of their close alignment with the United States. Two members, Cuba and Vietnam, belong to the COMECON. The Nonaligned Movement's chairman for 1979-81 is Cuban leader Fidel Castro.

Members: Afghanistan, Algeria, Angola, Argentina, Bahrain, Bangladesh, Benin, Bhutan, Bolivia, Botswana,

Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cuba, Cyprus, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kampuchea, Laos, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Morocco, Mozambique, Nepal, Nicaragua, Niger, Nigeria, North Korea, Oman, Pakistan, Panama, Peru, Palestine Liberation Organization, Qatar, Rwanda, Sao Tome and Principe, Saudi

Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Somalia, Sri Lanka, Sudan, Suriname, South West African People's Organization, Swaziland, Syria, Tanzania, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Upper Volta, Vietnam, Yemen (Aden), Yemen (Sanaa), Yugoslavia, Zaire, Zambia, Zimbabwe

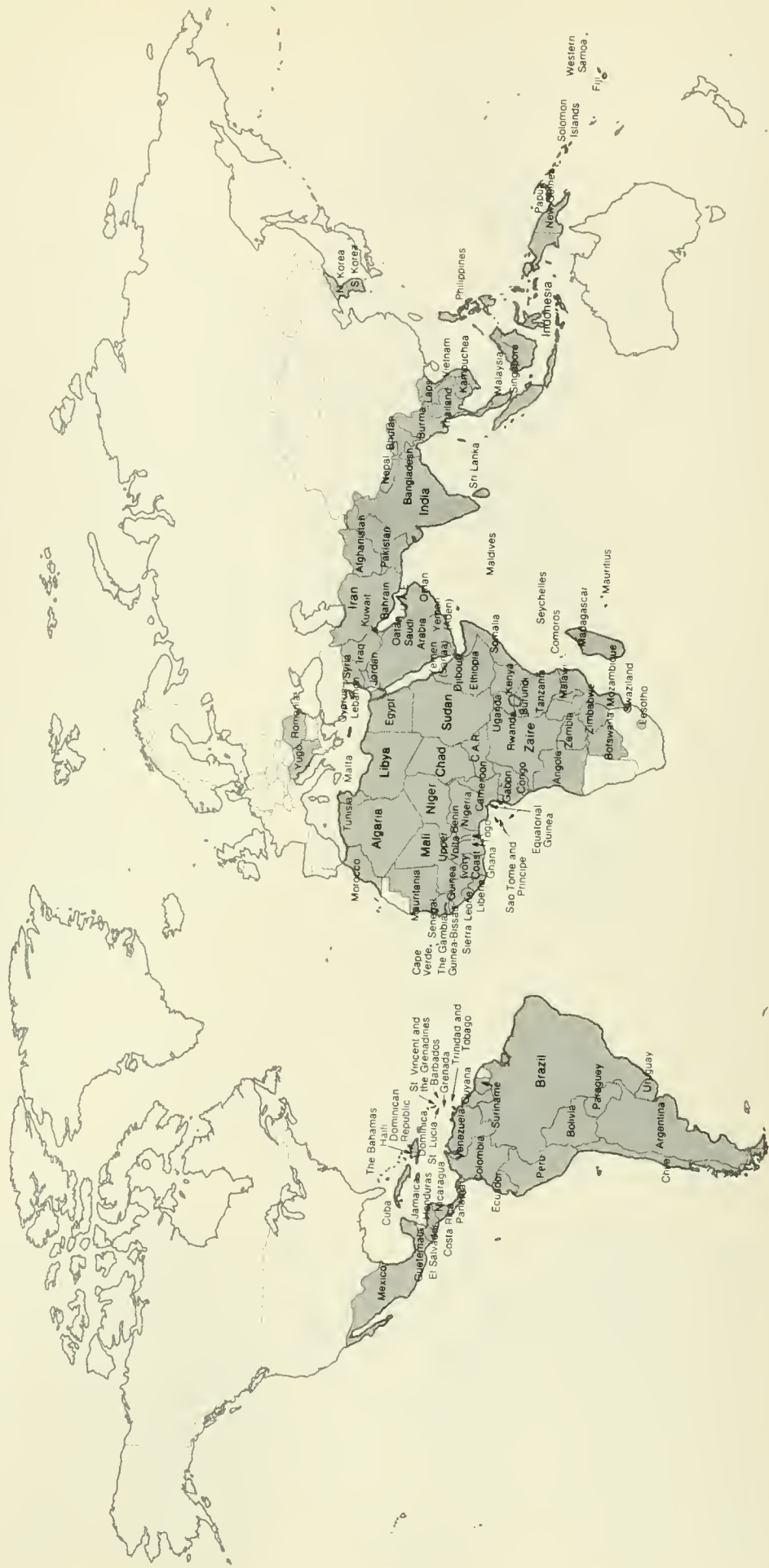


The Group of 77 (G-77) is the Third World's economic advocate. More loosely organized than the Nonaligned Movement, the group had more than 120 members in 1980, comprising virtually all developing countries. The term originated with the 77 nations supporting a common program at the first meetings of the U.N. Conference on Trade and Development (UNCTAD) in 1964. Meeting as the G-77, developing countries prepare common positions for international economic negotiations. Like the Nonaligned Movement, the G-77 urges changes in the world economic system to promote faster growth in the Third World.

Members: Afghanistan, Algeria, Angola, Argentina, Bahamas, Bahrain, Bangladesh, Barbados, Benin, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Chile, Colombia, Comoros, Congo, Costa Rica, Cuba, Cyprus, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kampuchea, Kenya, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libya,

Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Nepal, Nicaragua, Niger, Nigeria, North Korea, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Romania, Rwanda, St. Lucia, St. Vincent and the Grenadines, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Solomon Islands, Somalia, South Korea, Sri Lanka, Sudan, Suriname, Swaziland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Tanzania, Upper Volta, Uruguay,

Venezuela, Vietnam, Western Samoa, Yemen (Aden), Yemen (Sanaa), Yugoslavia, Zaire, Zambia, Zimbabwe



League of Arab States

The League of Arab States, or Arab League, was founded in 1945 to promote wide cooperation among countries of Arab language or culture. Membership now consists of 21 sovereign states and the Palestine Liberation Organization.

Members: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine Liberation Organization, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen (Aden), Yemen (Sanaa)




Arab countries also have established several common economic institutions:

- The Council of Arab Economic Unity (1964) to promote an Arab common market and joint commercial ventures;
- Arab Monetary Fund (1976) to promote the plans for economic unity;
- Arab Fund for Economic and Social Development (1968) to promote development in Arab countries; and
- Arab Bank for Economic Development in Africa (1973) to promote Arab investment in African development projects.



The Organization of African Unity (OAU) was founded in 1963 to promote self-government, respect for territorial boundaries, and social progress throughout the African Continent. It comprises all independent countries in Africa except the white-ruled Republic of South Africa. Support for black nationalist movements in southern parts of the continent is entrusted to a committee of six front-line states (Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe). Nine OAU members also belong to the League of Arab States.

Members: Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Upper Volta, Zaire, Zambia, Zimbabwe

-  Arab League members
-  Front-line countries
-  OAU members



Association of South East Asian Nations

Founded in 1967, the Association of South East Asian Nations (ASEAN) provides a framework for economic and political cooperation among Southeast Asia's non-Communist states.

Members: Indonesia, Malaysia, Philippines, Singapore, Thailand



The Commonwealth is a voluntary association, created over many years, of independent countries that were once part of the British Empire. Before World War II, the British Commonwealth of Nations, as it was then known, comprised the United Kingdom and the self-governing dominions overseas, countries populated chiefly by Europeans. Most of the present members are newly independent developing countries who give the association a rich variety of races, languages, and religions. The Commonwealth promotes economic and cultural cooperation among its members and exerts a worldwide influence in

favor of self-government, racial equality, and measures promoting Third World development.

The 44-member Commonwealth also includes dependencies (mostly small islands) and associated states.

Members: Australia, Bahamas, Bangladesh, Barbados, Botswana, Canada, Cyprus, Dominica, Fiji, Gambia, Ghana, Grenada, Guyana, India, Jamaica, Kenya, Kiribati, Lesotho, Malawi, Malaysia, Malta, Mauritius, Nauru, New Zealand, Nigeria, Papua New Guinea, St. Lucia, St. Vincent and the Grenadines, Seychelles, Sierra Leone,

Singapore, Solomon Islands, Sri Lanka, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, United Kingdom, Vanuatu, Western Samoa, Zambia, Zimbabwe



Organization of Petroleum Exporting Countries

The Organization of Petroleum Exporting Countries (OPEC) is a commodity producers' organization founded in 1960 to promote common policies toward foreign oil companies and increase revenues from this commodity. It comprises 13 countries accounting for about 50% of the world's crude oil production. Arab members form the Organization of Arab Petroleum Exporting Countries (OAPEC).

Original Members: Iraq, Iran, Kuwait, Libya, Saudi Arabia, and Venezuela

Later adherents: Algeria (1969), Ecuador (1973), Gabon (1975), Indonesia (1962), Nigeria (1971), Qatar (1961), and the United Arab Emirates (1967, through Abu Dhabi's membership).



Foreign Policy Priorities in Asia

by *Walter J. Stoessel, Jr.*

Address before the Los Angeles World Affairs Council in California on April 24, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.

It is my distinct pleasure to be here with you on the west coast of our nation. I must confess that the pressures of work in Washington these past 2 months make it all the more pleasant to be here as a result of your kind invitation. And the important tasks which this Administration has begun to address require your full participation and understanding in order that we have consensus and support.

The Los Angeles World Affairs Council justifiably ranks at the top of the councils around our great country. I speak with full personal conviction when I say that your role is essential in contributing to public understanding of the most pressing and complex international issues of our day. It is up to you and the other councils to provide the framework for interaction between our foreign policy officials and the informed American citizens without whose support our policies can neither prevail nor be effective. Let me express the Department of State's appreciation for those efforts along with my personal gratitude for your kindness in inviting me here today.

I want to share with you some thoughts about the main foreign policy priorities of President Reagan and his Administration. We are planning ahead. Our reviews of policy priority issues have been intensive and productive. Obviously, there is much yet to be done, but clear trends of our policy are

quest that the Senate return to me without further action the Agreement Between the Government of the United States of America and the Government of Canada on East Coast Fishery Resources, signed at Washington, March 29, 1979.

I believe that the course of action outlined above is in the best interest of the United States and will contribute to the close and cooperative relationship with Canada that we seek.

RONALD REAGAN

already discernible. And we have begun to apply them.

I would like in particular today to place special emphasis on our foreign relations priorities in Asia, where our interests and commitments are long standing and where this Administration will place special and continuing emphasis.

Basic Elements

First, let me mention four basic elements of our overall foreign policy approach—four anchors for us as we look at the turbulent world scene.

First, we have recognized that, beyond simply asserting our role as leaders of the free world, we must act as leaders. Responsible American leadership is of the utmost importance in achieving our aim of a just and stable world order. We must be strong, balanced, consistent, and reliable in our policies and our actions, and we must proceed with prudence and sensitivity with regard to the interests of our allies and friends consulting fully with them as we work together for the more secure and prosperous world we all desire.

Second, we have seen and acted on the need to improve our own defenses. We must strengthen our military position in order to compensate for the tremendous buildup of Soviet military power which has been going on for the past two decades. We must keep in mind the saying that "defense may not be everything, but without it there is nothing."

Third, we are concerned in a very basic way by the worldwide pattern of Soviet adventurism. We seek a greater degree of moderation and restraint as well as commitment to abide by international law in Soviet behavior, but only the evident strength of our nation and of our friends and allies will serve the quest for stability with the Soviet Union.

Fourth, and of utmost importance, is the essential task of restoring viability, productivity, and balance in our domestic economy. This has been a primary objective of President Reagan's policies and much has been accomplished

in a remarkably short time. We also recognize the significance and importance of our actions in the international economic context, and we believe that our forthright attack on problems at home fits our longer international effort to contribute to building a more prosperous, stable, and equitable world order. Without this effort to set our economic house in order, none of the above stated priorities will be possible to carry out.

In our emphasis on the above elements of our policy, we will take care that our policies throughout the world are conducted with consistency and clarity. It is also essential that our efforts be focused within a framework which permits actions and policies in one region to be mutually reinforcing in another region.

U.S. Interests in Asia

Turning now to Asia in particular, our interests are diverse and long standing. They encompass security and economic commitments on the one hand and friendship and cultural affinity with the peoples of the region on the other. Our security arrangements are spelled out in bilateral treaties with Japan, South Korea, and the Philippines; our trilateral treaty with Australia and New Zealand (ANZUS); and the Manila pact, under which we have a commitment to the security of Thailand. In a broad sense, then, we are committed to peace and stability throughout the region.

In recent years, we have recognized that our Asian security policy is related to our larger task of coping with the strategic challenge posed by our principal adversary, the Soviet Union, and by the aggressive actions of nations which receive its backing and act as its proxies, such as Vietnam. The challenge is global in character, and what we do in Asia will be consistent with our efforts elsewhere.

On the economic and commercial front, the indicators point to a solid relationship. Total U.S. trade with East Asia equals our trade with all of Western Europe.

Let me discuss the key relationships we have in the region and the key question: What are the Reagan Administration's policy priorities?

¹Text from Weekly Compilation of Presidential Documents of Apr. 27, 1981. ■

Japan

Our relationship with Japan is not only the cornerstone of our policy in Asia but one of the most close and vital relationships in our global alliance structure. As the relationship has matured, we have forged a productive partnership to deal with many of the most serious challenges of our times.

As part of our security agreement with Tokyo, we maintain a credible deterrent force in East Asia. The Japanese have undertaken an increasingly larger contribution to the costs of maintaining these forces. Together, we have worked out guidelines for joint defense planning and continue to consult extensively on defense issues.

Our economic ties are no less important. Bilateral trade between our two nations exceeded \$51.5 billion in 1980. Japan is our largest market after Canada and our best customer for agricultural products, as more acreage in the United States is devoted to producing food for Japan than within Japan itself.

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No relationship, no matter how solid, is without some rough spots. Our large bilateral trade deficit and the auto import question are two economic issues which both countries will need to resolve. On the trade deficit, I might note that a positive trend has emerged, which will contribute to a more balanced relationship. So far in 1981, our exports to Japan have risen dramatically—46% since 1978—while our imports rose by only 8% during the same period.

Our two nations are firmly linked as equal partners in a full spectrum of regional and global interests. We have welcomed the emergence of a more active Japanese foreign policy and Japanese initiatives in dealing with many different issues of global concern. In addition to its involvement in Asian and Pacific questions, Japan has demonstrated its willingness to play an active and constructive role in the Middle East, Africa, and Latin America. Japan has made a commitment to provide greater

amounts of economic assistance to developing countries, accepting the responsibilities of the world's second largest economic power.

We welcome and encourage a major Japanese role in world affairs. We will look to Japan to exercise leadership in dealing with the complex challenges confronting the international community. In this regard, we welcome the visit to our country in early May of Prime Minister Suzuki as a unique opportunity to take stock of our mutual interests and to devise common strategies.

China

Our relations with China are governed by the terms of the joint communique of January 1, 1979, establishing diplomatic relations between our two countries. These ties, now over 2 years old, are firmly grounded on both sides in enlightened self-interest and mutual respect. They represent a return to an historic pattern of friendship and productive

dialogue between the American and Chinese people.

We recognize that the 1 billion people of China play a very important role in the maintenance of global peace and stability. Our many interests intersect many points along the way. Our policies toward Soviet expansion and hegemonism run on parallel tracks. In Southwest Asia, particularly, we stand together in demanding Soviet withdrawal from Afghanistan and a halt to Soviet southward expansion. We each place emphasis on bolstering the security of Pakistan and other neighboring states, while seeking to improve our respective relations with India.

In our relationship with China, we will strengthen the institutional framework within which economic, cultural, scientific, and technological programs between our two peoples can reach their fullest potential. We are making great progress in this regard. As many as 100

Chinese delegations visit the United States each month. More than 70,000 Americans visited China last year. Our two-way trade reached \$4.9 billion last year, doubling that in the previous year.

Equally important, our two governments have established a pattern of frequent and extremely useful consultation between our highest leaders and diplomats. We will continue the serious dialogue on international security matters which now takes place in an atmosphere of friendship and candor.

Regarding Taiwan, this Administration intends to implement faithfully the Taiwan Relations Act, the law passed by Congress which sets the parameters for our nonofficial ties on the basis of a longstanding and warm friendship with the people of Taiwan. Our conduct of this relationship with Taiwan will be responsible, respectful, realistic, and consistent with our international obligations.

Korea

This Administration's approach to our relations with South Korea offers a solid demonstration of our intention to be a reliable friend and ally there, as elsewhere in Asia. In this regard, we have moved quickly to affirm our security commitment to the Republic of Korea and to lay to rest any notion that this Administration will contemplate withdrawing U.S. forces from South Korea in the foreseeable future. Our solid support for South Korea is essential to the efforts to reduce tensions on the Korean Peninsula. President Reagan personally delivered the U.S. commitment to Korean President Chun, during the latter's visit to Washington earlier this year. President Chun's visit, just as the upcoming visit of Prime Minister Suzuki of Japan, points up our emphasis on key security relationships.

South Korea has also become a major economic partner of the United States. It was our ninth largest trading partner last year and our third largest market of agricultural products. Our trade with Korea is remarkably in

Global Economic Interdependence

by Deane R. Hinton

Address before the Center for International Business in Dallas on April 8, 1981. Mr. Hinton is Assistant Secretary for Economic and Business Affairs.

Probably the most important single postwar economic phenomenon has been the growth in global interdependence. Economic power—once concentrated in the United States almost to the point of dominance—is today widely diffused and widely shared. During the 1970s, the share of U.S. GNP devoted to international trade rose dramatically. Our exports and imports were about 11% of GNP in 1970 and over 22% of GNP in 1979. Before World War II they were less than 5%. Similarly the importance of trade—especially trade in oil—has rapidly increased in other OECD [Organization for Economic Cooperation and Development] countries and in the developing world.

As we all know, increasing international trade enhances economic prosperity through greater specialization and economies of scale. International competition spurs efficiency and retards inflation. Interdependence also makes cooperation essential. In an interdependent world the domestic economic policies of one country can create important benefits or pose major difficulties for its trading partners. Moreover, many economic problems, such as energy, food security, population pressure, and financial stability, are truly global in character. Only in cooperation with others can they be effectively tackled.

Let me illustrate my theme of interdependence by sketching out some of the impacts on the world economy of the substantial increase in oil prices in 1979. I will then concentrate on the five major economic challenges which we now face—stagflation, energy security, financial stability, structural adjustment, and population growth. In each of these problems the fact of interdependence is key.

Interdependence Illustrated

The more than doubling of OPEC [Organization of Petroleum Exporting Countries] oil prices in less than 15 months markedly shifted the real terms of trade between oil producers and the

rest of the world. In effect, a massive new excise tax, the incidence of which depended on patterns of consumption of imported oil, was levied on the world.

The primary impact on oil importers was twofold. First, a sharp increase in energy prices that ran through the system from crude oil to alternate fuels to textiles made from feedstocks, etc. In short, a major additional inflationary shock was administered to the world economy. Second, the tax impact was a significant depressant on growth as real aggregate demand decreased in importing countries.

The oil shock was even more devastating to the poorer countries where the ability to adjust is so much less. Oil-importing developing countries suffered growth retardation and direct inflation. They suffered again when their imports of industrial and investment goods from us and other developed countries increased in price and when demand for their exports to the richer countries dropped off as growth slowed in their principal markets. Developing nations were left facing higher import prices with lower export earnings and little room for adjustment. This was bad enough, but their problems did not end there.

As the economic situation worsened in the developed countries, declining industries clamored for protection. Already facing quota restraints throughout the developed world on labor-intensive imports such as shoes and textiles, wealthier, less developed countries (LDCs) like Brazil, Mexico, India, and Korea, saw a new wave of protectionism in Europe and North America begin to extend to other industries—steel, electronics, and perhaps autos as well.

At the same time, the poorer LDCs—those with fewer possibilities of earning their way by exporting—discovered that Western governments and legislatures—trying to reduce inflation by cutting budget deficits—often saw foreign aid as a prime target. If governments did not focus on foreign aid, legislatures, including the U.S. Congress, certainly did. Thus, at a time when the developing countries most need help to increase their agricultural output and to develop alternative energy resources and thereby reduce their burgeoning import bills, the growth of

balance, and our growing economic relationships strongly undergird our important security cooperation.

ASEAN

Finally, let me mention our relations with the countries comprising the Association of South East Asian Nations (ASEAN). The ASEAN group includes the countries of Thailand, Indonesia, Malaysia, Singapore, and the Philippines. Born out of economic self-interest 13 years ago, ASEAN has successfully branched out into key political areas. It has played a major role in dealing with the danger of Vietnamese hegemony in the region, including Vietnam's aggression against and occupation of Kampuchea. Our ASEAN friends know, as we know, that it is only through the Soviet Union's supply of weapons and assistance that Vietnam is able to sustain these aggressive actions. The United States firmly supports the U.N. General Assembly resolution sponsored by ASEAN which condemns Vietnamese aggression and calls for withdrawal of Vietnamese troops from Kampuchea and for an international conference under auspices of the U.N. Secretary General. Secretary Haig's planned attendance at the ASEAN conference in Manila this June will afford us a timely opportunity to consult with our Asian friends on common objectives.

Conclusion

I would like to close my remarks by expressing conviction that in the first 100 days of this Administration we have laid the solid foundations for regaining the confidence of our friends and the respect of our adversaries. This has been achieved during a series of official visits to Washington by key leaders, the recent trip to the Middle East by the Secretary, and the ongoing consultations with our European allies. We are reassuming the responsibilities of leadership. None of us minimizes the problems and the amount of work involved in attaining this objective. But we do not shrink from the challenges ahead, and I submit that, in Asia as elsewhere, the Reagan Administration has made a good start on the long road that lies ahead. ■

foreign assistance has slowed. Less aid means reduced opportunities for the developing countries to earn their way. In turn our exports—increasingly important for our economic health since today one out of six U.S. jobs is export related—face slowing demand in what recently has been our fastest growing export market, the developing country market. Moreover, these examples are only some of the perverse effects flowing from the oil shock on the stability of the world trade and financial system.

What policy conclusions should we draw from these developments? As I see it, the oil shock heightens the criticality of dealing with five major world-level economic challenges, each of which would have existed anyway but generally in less acute form. In each case the challenge is rooted in interdependence. In each case I believe the key to rational responses is closer international cooperation. These five challenges are:

First, to fight the new phenomenon of stagflation, the industrial countries need to employ a combination of demand-restraint and supply-side measures to improve productivity, bring down inflation, and restore growth. The markets for foreign exchange and traded goods transmit economic effects from one economy to another. Compatibility among national economic policies—achieved through close cooperation—is thus essential.

Second, the constraints on world economic growth imposed by rising oil prices and limited supplies of energy must be loosened. To do this will require national and cooperative international policies to increase energy availability and reduce energy demand.

Third, increased interdependence has generated an enormous expansion in the volume of international financial transactions. While the private markets thus far have been able to handle the bulk of this financing, governments must work to strengthen the Bretton Woods institutions which mobilize resources and help maintain confidence. Otherwise the so-called recycling problem could imperil the functioning of an increasingly fragile world financial system.

Fourth, difficult structural adjustments are necessary because of changing international patterns of specialization. Protectionist policies, if widely adopted, would severely damage the open trading system that contributed so importantly to historically

unparalleled growth in the 1950s and 1960s. Structural adjustment and adherence to free-market principles—in cooperation with partners who also adjust and keep their markets open—should facilitate increased prosperity in the future.

Fifth, world population is growing at about 1.7% per annum, but it is growing unevenly. While the developed countries have near-zero growth, the developing regions show rates of 2–3%, and thus anticipate a doubling of their populations in the next 25–35 years. It is no coincidence that El Salvador, the country with the highest population density in Latin America, is beset by revolutionary conflict. If potential population explosions are not contained, we and our children will live in a world of countless El Salvadors.

Fighting Stagflation

It has been said that if you examine disaster reports, economic or otherwise, there are almost always two factors at work—bad judgment and bad luck. Regardless of how the current economic situation developed, the new Administration took office facing, as President Reagan put it, “the worst economic mess since the Great Depression.” Our recent economic experience has been a dreary concatenation of sluggish growth, high unemployment, persistent inflation, unstable financial markets with widely fluctuating interest rates, acute distress in several key industries, and declining productivity.

The Administration is attempting to reinvigorate the economy with a far-reaching program of monetary and fiscal restraint and policies intended to release the inherent vigor of the private sector. The President's program would stimulate growth by cutting government spending and using tax cuts to induce private sector saving and productive investment. Reducing the role of government in capital markets and the burden of government regulation should further improve the possibilities for private investment. While other governments may apply a different mix of policies, depending on the structure of their economies and the tools available, the objectives we all share are more savings and real investment, a better balance between growth and inflation, and a revival of productivity growth.

As we go forward, we and our partners need to keep in mind both the positive and negative effects of in-

terdependence. Early in the last decade, the simultaneous and sustained growth of the developed economies created severe supply bottlenecks, leading to some skyrocketing commodity prices. After a cooling-off period, in 1977–78 the United States got out in front in economic expansion thereby providing growth stimulus and an excellent export market for our trading partners. Our trade deficit surged to almost \$29 billion (f.o.b. basis) in 1978. Then as expansion picked up in Europe, we earned a large bilateral surplus, which helps to offset our continuing deficits with Japan.

Currently, a number of our European friends—whose exchange rates are under some pressure from a relatively strong dollar—are nervous about the high level of U.S. interest rates. They could offset this by hiking their own rates, but in many cases, with their economies already suffering from high unemployment, they are reluctant to move monetary policy in a depressive direction.

As we have noted, interdependence does not just work one way—from the United States to others. Nor does this dynamic interplay among economies mean that countries should follow identical economic strategies. What it does mean is that our respective economic policymakers should remain in close consultation. The process of continuous exchanges of view by telephone across the Atlantic and Pacific and to Ottawa between central bank, treasury, and finance ministry officials; in Paris at the Organization for Economic Cooperation and Development; at the International Monetary Fund; and at the regularly scheduled summits of the industrialized democracies (President Reagan will attend the Ottawa summit in July), helps coordinate the economic policies of the major countries and assures that key policymakers are aware of the likely consequences of their actions on their partners.

Energy Security

As I noted earlier, OPEC price policy can have a devastating effect on world economic balance. Even worse, our undue physical dependence on oil from the Middle East poses dangers for peace and Western political freedom of action. We, the Europeans, and the Japanese are not invulnerable to political blackmail. Recently we have seen how political disruption, revolution, and war in the Persian Gulf can threaten Western energy supplies. Clearly inter-

national systems of adjustment and emergency preparedness need to be strengthened and improved. Viewing these vulnerabilities, Secretary Haig told the Senate Foreign Relations Committee that the industrial democracies "have not yet built an effective program for dealing with the energy crisis."

For the United States, protection against unforeseen crude oil shortfalls must begin with an effective strategic petroleum reserve (SPR). We anticipate that the SPR would be used in response to a major oil supply interruption and in the framework of a coordinated international response.

But the SPR is not an all-purpose instrument. It is not a price stabilization mechanism or a buffer stock to be used to intervene in markets. Distribution problems caused by small-scale, regional, or short-lived supply interruptions should be solved by the market using private stocks, demand restraint, and fuel switching.

Building an effective SPR is important, but energy security is a global problem. U.S. demand restraint, stock drawdown, and fuel switching during a crisis will not moderate oil price increases or relieve physical scarcity unless other consuming nations take similar action. The West already has in place the emergency oil allocation system of the International Energy Agency (IEA) designed to counter a catastrophic shortfall—over 7% of combined IEA oil imports.

But what should we do to meet smaller and more likely crude shortfalls, say on the order of 2-4% that, as occurred during the Iranian revolution, also have the potential to lead to sharp price hikes? One answer may lie in the collective IEA response to the oil supply disruption caused by the Iran-Iraq conflict. In that case, IEA members agreed to informal cooperative measures to draw down stocks, restrain demand, and share available supplies. We can build on this and earlier experiences to fashion contingency measures for less than catastrophic crude supply interruptions. Such measures can help to stabilize and calm oil markets and prevent unjustified (and long-lasting) crude oil price increases.

IEA members are reviewing stock management and consultation policies to see whether improvements can be made. For example, it might be advantageous if all IEA nations increased private stock levels beyond the current required minimum of 90 days of imports. Yet, the use of public and private stocks is a

limited weapon against supply disruptions of long duration. Coordinated efforts to restrain demand are also indispensable. IEA members should examine the possible use of domestic policy measures such as disruption fees or taxes and other market-based restraint measures which could contribute to a cooperative effort.

We have, however, too long concentrated on demand-side responses to disruptions. The supply side offers promising opportunities as well. Surge capacity for petroleum and natural gas and expanded storage for such fuels as natural gas would improve energy security. Long-term efforts to develop new sources of conventional and nonconventional energy at home and abroad are essential.

Here the record is good and improving. U.S. energy production is up; coal output quite substantially. Price decontrol will stimulate marginal oil and gas development and justify more use of secondary and tertiary recovery techniques. Accelerated leasing of Federal lands will also provide scope for significant production increases. Investment in synthetic-fuel technologies is increasing and some exciting concepts are being explored. We need to accelerate the development of nuclear energy by streamlining licensing procedures, by creating a climate of political support for nuclear energy, and by fostering appropriate marginal cost pricing for electricity. We also need to reduce rapidly all supply-side constraints—for example, port and rail congestion—on coal utilization.

Even a cursory review of efforts to enhance conventional energy supplies cannot ignore the international investment environment. The sad fact is that some of the most promising conventional energy sources are not being developed as they should be.

Elsewhere, as in our neighbor to the north, discriminatory investment policies, which favor domestic over foreign companies, risk reducing substantially the optimal development of energy capacity. We need to remind others that foreign companies do not foster economic dependency. Rather, capital willing to bear the risks of exploration and development, regardless of its national origin, must be harnessed for the well-being of all concerned. Unfortunately, in many developing countries political considerations stressing local control of resource development have precluded investment by foreign companies which have the necessary ex-

pertise and capital. We need to examine ways to overcome such political barriers, perhaps by fostering the mutually advantageous cooperation of oil companies, national governments, private banks, and multilateral lending institutions. In Washington we are examining whether proposals such as increasing the already large World Bank energy development program make sense.

We need also to recognize the impediment to energy resource development, especially in developing countries, which results from incompatibilities between fiscal regimes here and abroad. Creative ideas to reconcile differences in granting tax credits must be developed.

We have a long road ahead. The risks of another oil shock are real. Together with industry and our Western partners, however, we can design an international energy policy that is resilient and effective and build the framework of energy security that is needed to insure sustained economic growth at home and abroad.

Financial Stability

The 1979-80 oil price increase as in 1973-74 presented the world with an enormous balance-of-payments problem. But this time the starting situation—judged in terms of the overall LDC debt position and developed-country bank asset-liability ratios—is not nearly so good. The total OECD current-account balance swung from a 1978 surplus of \$9 billion to a 1980 deficit of about \$74 billion. The LDC current account shifted from a \$30.5-billion deficit to a \$62-billion deficit in 1980. OPEC's current account switched from a \$5 billion surplus in 1978 to a \$120 billion surplus in 1980. Balance-of-payments adjustments required by this second oil shock are likely to be slower than in the 1970s, especially for developing countries whose growth and development goals are increasingly jeopardized.

The major industrial countries should be able to cope without excessive difficulty. The largest deficits in 1980 were in Germany and Japan, \$13 and \$17 billion respectively. These countries will be able to finance their deficits, but the side effects could be serious—slower growth along with intensified export competition to reduce the deficits. These circumstances exacerbate protectionist tendencies everywhere.

The financing problems of the non-oil developing countries are more difficult. Their collective current-account deficit roughly doubled from 1978 to

1980, and it is unlikely that the recycling which occurred after the first oil shock in 1974 can be repeated as easily. Restrictive monetary policies and the resulting higher interest rates in developed countries have reduced the growth and increased the cost of international liquidity on which borrowers depend. Furthermore, private banks are increasingly wary of the risks inherent in lending to developing countries. The result is a decline in the share of current-account deficits financed by private long-term flows, more recourse to short-term borrowing, and slower reserve accumulation. These methods of financing cannot be relied upon in the long run, however, and some developing countries already confront serious problems.

LDCs, facing increased competition for loanable funds from developed countries, will have to pay higher interest rate spreads adding to their debt service burdens—already large in many cases. As the outlook worsens, private banks will insist that borrowing nations undertake difficult adjustment measures in order to return their current-account deficits to sustainable levels.

The International Monetary Fund (IMF), because it requires that a country develop and implement an economic adjustment program as a condition to granting access to its extensive resources, has a major role to play in facilitating adjustment. The IMF has been adapting its own policies to cope with the more difficult global financial situation. In the past, countries have been reluctant to ask for IMF assistance until their difficulties were almost beyond help. The Fund has recently increased the potential size of its loans to respond to larger financing needs and lengthened its terms to meeting countries' political requirements for more gradual adjustment. Traditional demand management tools such as reducing fiscal and current-account deficits and tightening the money supply are still important to the IMF, but increasingly the Fund is turning to longer term supply-side oriented programs.

To finance Fund programs, IMF members have doubled their quotas—adding both to the Fund's resources and to members' borrowing rights. The IMF is currently evaluating the merits of borrowing in the private markets. The success of this approach, however, depends on continued cooperation among the developed countries and others in strong economic or surplus

positions. The IMF provides a mechanism for this cooperation as evidenced by the recent Fund negotiation with Saudi Arabia for a quota increase. The negotiations yielded for the Fund, *inter alia*, a \$5-billion line of credit from Saudi Arabia in each of the next 2 years.

The future scope for prudent bank lending is heavily dependent on world trade growth and on developing countries' ability to participate in the expansion. With increased exports developing countries can earn the foreign exchange necessary for debt service repayment and justify further borrowing for investment purposes. Consequently, access to developed-country markets is critical for developing countries. Indeed, if their export markets remain depressed or if protectionism spreads, more and more developing countries will require debt rescheduling to avoid outright default.

Adjustment and Trade Problems

I have already noted that mounting structural difficulties in key industrial sectors have increased pressures for protectionist measures in most developed countries. One motive is preservation of domestic jobs and minimization of the social costs of adjustment in declining industries.

But, at least in the United States, there is strong evidence that changes in consumer demand, differential productivity gains and technological change—not imports—are by far more important explanations for employment declines in some industries. Further, trade protection is an expensive means of job preservation; the costs involved can be several times the wages of those workers whose jobs were actually lost. And protection is inflationary. President Reagan has, therefore, correctly resisted strong political pressure for quota protection against Japanese autos. We hope Europe will do so as well.

The case is different when unfair trade practices are involved. There is, however, a sharp difference between protecting firms from unfair competition—such as we do with our recently revised trigger price mechanism aimed at steel producers who were dumping—and restricting imports when there has been no dumping and imports are not a significant cause of injury. According to the U.S. International Trade Commission, restrictions on auto imports from Japan are unjustified for just these reasons. In order to maintain an open trading system and the substantial

benefits it offers all countries, we and others must practice self-restraint, not only in opposing protectionism but also in avoiding measures that artificially subsidize exports. The Administration will be vigorous in the defense of free-market principles at home and will demand equal vigilance from our trading partners.

The long-run solution to problems of trade and adjustment lies with our own domestic economic policies. Some of our industrial problems are being caused by the pervasive stagflation of the past few years which has fostered low real investment and high unit labor costs. To the extent that these problems are related to macroeconomic factors, we can all hope that the recently announced economic policy shifts will be efficacious and will provide industry with the necessary boost.

On the other hand, insofar as structural problems are the result of permanent shifts in comparative advantage or the failure to diagnose the market effectively, our efforts should not be aimed at providing crutches—assistance which often becomes permanent and, in the long-run, industrially debilitating. Rather, we should look ahead to new products and product lines. Instead of pouring resources into yesterday's industries, let us anticipate tomorrow's demand and put American ingenuity to work.

This may well mean greater expenditure on research and development as well as more aggressive sales strategies. It may require more cooperative arrangements with workers, forbearance from equity holders, and supply-side interventions by government. It will also mean continuing work with our partners to keep markets open to international trade. This Administration is committed to that kind of program. We are acting on taxes, on depreciation rules, and on deregulation. These are positive, forward-looking actions. Much depends, however, on positive export efforts from American industry.

Population

A sociologist, on noting a very long line for a movie, commented "There you see the need for reducing the population." "Oh, no," responded his economist companion, "you just need to build a second cinema." This difference of approach lies at the center of discussions on population growth. Take Mexico, our near neighbor: the population is now around 68 million. As recently as 1960 it was

only half that size. This means that, merely to maintain their low standard of living, for every school, road, hospital, and house existing in 1960, another must have been built.

This is the burden that the developing countries bear. Investment in human capital competes with investment in productive capital. While family planning can assist couples to produce just the number of children they desire, it is only as the economic structure changes that the preferred family size will decline. This requires a long-term effort. But it can happen. In one developing country after another, the completed family size is falling—in Mexico, among others. But while the rate of growth has slowed it is still a positive rate and the flow into the overcrowded cities gives unreal estimates of, say, a Mexico City of 31 million in the year 2000.

The United States has been a leader in responding to requests for the developing countries for development projects linked to family planning assistance. To ease off in these efforts would merely increase the burden for the next generations—here and there.

Conclusion

Years ago, there was a saying that when the United States caught a cold, the world got pneumonia. Over the years, this linkage crossed many borders. Developing countries still use the analogy to describe their relations with the developed countries. Yet the truth of the matter is that no nation, not even the United States, is totally immune from economic illnesses transmitted among nations.

As I have pointed out, recent energy problems have served to highlight some of our structural problems and to exacerbate them. The nature of these problems is such that the United States can't solve them alone. Still it is within our power to work responsibly with others to find cooperative solutions. This is America's interest in a complex interdependent world. ■

The Airbus: Challenge to U.S. Aircraft Industry

by Harry Kopp

Statement before the Subcommittee on International Economic Policy and Trade of the House Foreign Affairs Committee on March 19, 1981. Mr. Kopp is Deputy Assistant Secretary for Economic and Business Affairs.¹

For the last several years, the U.S. aircraft industry has been under serious challenge. In 1976 about 90% of the free world's commercial jets were U.S.-built. With the introduction of the airbus, however, our share began to decline, and today we can claim only about 70%. The airbus—the A-300 and A-310—is a good plane brought to market at the right time to threaten our lead. It combined payload, range, and economy attractively for shorter and intermediate hops, finding a niche in the market where U.S. manufacturers had no exact competitor aircraft in production to meet it at that time. The airbus has sold extremely well in Europe and the Middle East and has made inroads elsewhere.

The outlook is for increasing competition from airbus and others. Airbus has planned a new generation of single-aisle and twin-aisle carriers, the SA-1 and SA-2 for short hauls, the TA-9—an improvement on the 300 series—and the TA-11 long-haul plane to compete for the intercontinental market. Japan hopes to enter the market with engines and perhaps airframes.

In the future, competition from such unlikely sources as Brazil and even Indonesia, for commuter-type aircraft, should not be discounted. Moreover, the challenge to U.S. firms is in our own domestic market as well as abroad. At the same time, the industry appears to be becoming increasingly internationalized, with joint ventures and component supply networks crisscrossing national borders. For example, although we regard the European airbus as a competitor, approximately one-third of the value of each airbus sold is in U.S. components, with jet engines the most important of these.

I will leave details concerning the industry and its prospects to other Administration witnesses. It is against this background, however, that the impact of government policy on the industry should be assessed.

Losses in the Middle East

In no other area in the world were the successes of the competition so spectacular and our own sales performance so dismal as in the Middle East last year. Jet aircraft sales in the region climbed to \$1,977 million, of which U.S. suppliers won only \$259 million, or 13%, as compared with U.S. sales of over \$1.5 billion the year before. Airbus, in contrast, selling \$1.7 billion, captured 87% of the Middle Eastern market. Using a Department of Commerce formula that \$1 billion in exports gained or lost equals 40,000 jobs, the drop from 1979 to 1980 of \$1.3 billion, if not made up in sales elsewhere, equates to 50,000 jobs lost for only 1 year.

In an excellent report received just this month, our regional civil air attache in Tunis notes that the enormous decline in U.S. fortunes was not likely due to technical considerations, a lack of effort on the part of our manufacturers, nor even to the quality of the airbus. Rather, pivotal factors most mentioned by his contacts were:

- Financing;
- Political considerations, including foreign policy controls;
- High-level political support for airbus; and
- The U.S. Foreign Corrupt Practices Act.

Financing

Export-Import Bank financing has played a crucial part in U.S. aircraft sales in the past 2½ years, typically accounting for about 40% of the bank's direct loan portfolio. Nevertheless, the industry, on average, has received a lower percent of direct credit cover as a portion of total export value than other U.S. capital goods exports—44% last year as against 63% for nonaircraft purchases.

Today, Europeans do better by airbus, with terms we have not been able to meet. Airbus offers 85% of export value, repayable in francs, marks, and dollars at a composite rate of 7.95% over 10 years. Normally, Eximbank cannot come close to this; although, in several highly competitive cases, it has offered 75-10-15 coverage, with the sup-

plier and the purchaser covering the 10% and 15% respectively. In such deals, Eximbank's interest rate today typically would be 9.25% at 10-year term. In other cases when competition is less direct or not verified, Eximbank support has been, of necessity, much lower and, in some cases, has consisted of guarantees only, with no direct credits.

It would be in the long-term interest of all industrialized countries to bring the export financing price war under control, and, indeed, in an ideal world, financing costs would be determined by market forces alone. In this regard, we are continuing efforts with other industrial nations to work out better ground rules to limit credit competition but with little success so far. In the meantime, our aircraft industry is faced with the very real problem of how to meet the superior European government-backed credit terms.

Foreign Policy Controls

The impact of foreign policy controls has been particularly strong in the Middle East. South African sales have also been affected and, to some extent, sales to Chile, with the denial until recently of Eximbank facilities. Our antiboycott legislation does not appear to have directly influenced sales so far. Nor have munition controls had a noticeable effect.

The requirement for a validated license under the Export Administration Act of 1979 affects aircraft exports primarily in two areas: exports to police and military entities in South Africa and exports to the four countries determined to have repeatedly provided support for acts of international terrorism—Iraq, Libya, Syria, and the People's Democratic Republic of Yemen. For South Africa, we have denied applications to sell about \$2 million in aircraft to the police and military. Sales to civilian end users have been routinely approved.

Restrictions on aircraft sales to the four countries designated as repeated supporters of terrorist acts have resulted in our failure to approve licenses for sales of more than \$500 million. Additional licenses may not have been sought because the prospect of approval was so slender. Whenever the U.S. Government withholds a license, the reliability of the United States as a commercial supplier can come under question. The Arab Air Carriers Organization passed a resolution last year decrying the denial of aircraft to some of its members. U.S. aircraft manufacturers have told us that their

customers are now demanding penalty clauses in sales contracts in case of export license denial.

Disincentives

The U.S. Foreign Corrupt Practices Act appears to have been a complicating factor in sales in the Middle East. There are complaints that the act has caused fears and misunderstandings that lead to confused negotiations. A contact is reported commenting in regard to a loss to airbus that "only Americans are naive and innocent."

There is also concern in the Middle East about section 911/913 of our tax code and the difficulty that this causes in recruitment of U.S. technicians. This problem, however, does not appear to figure heavily in the case of aircraft sales.

Inducements to Industry and Sales

All industrialized countries, including our own, provide government inducements to aircraft manufacture and sales, but on balance, our industry clearly trails. European government inducements typically consist of developmental grants, low- or no-interest development loans and guarantees, highly favorable export financing terms, marketing subsidies, and currency exchange subsidies. Japan provides a similar but perhaps less comprehensive range of inducements. We have, of course, provided Eximbank support, and for defense ends, a number of supports in facilities and research and development assistance. An important difference separating our industry from most others is that most foreign firms are nationalized or have at least some equity participation by governments.

As the subcommittee is aware, a separate code, the Agreement on Trade in Civil Aircraft, was negotiated during the recently completed Tokyo Round of trade negotiations. This has been signed by the United States, the European Community, Austria, Canada, Japan, Norway, Romania, Sweden, and Switzerland and is in force. Article VI of the agreement states that signatories "should seek to avoid adverse effects of trade in civil aircraft in the sense of Articles 8.3 and 8.4 of the Agreement on Subsidies and Countervailing Duties," i.e., that injury to another signatory's domestic industry or serious prejudice to the interest of another signatory should

be avoided. Displacement of another country's exports in a third country could fall under the concept of "serious prejudice." Article 11, however, recognizes that subsidies are widely used as important instruments for the promotion of social and economic policy objectives, and the right of signatories to use such subsidies is not restricted. What is left unclear and yet to be sorted out is where legitimate economic and social objectives end and injury and prejudice begin. There is room for wide difference in interpretation, and substantial burden of proof will rest on the complainant in cases brought up under the agreement.

I have restricted myself largely to a description of the situation our aircraft industry faces, with reference to the impact of government policy. I have deliberately avoided speculating on what policy is likely to be, or ought to be, in the future: Given the emergence of strong competition from the airbus, the U.S. Government can no longer take for granted American dominance of the world market for civil aircraft. A healthy export sector continues to be a major foreign policy goal of the United States and an important element in maintaining our influence in the world.

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. Lifts Agricultural Sales Limitation to the U.S.S.R.

PRESIDENT'S STATEMENT,
APR. 24, 1981¹

Today lifting the U.S. limitation on additional agricultural sales to the Soviet Union as I promised to do during last year's Presidential campaign. My Administration has made a full and complete study of this sales limitation, and I reached my decision after weighing all options carefully and conferring fully with my advisers, including members of the Cabinet and the National Security Council. We have also been consulting with our allies on this matter.

As a Presidential candidate, I indicated my opposition to the curb on exports, because American farmers had been unfairly singled out to bear the burden of this ineffective national policy. I also pledged that when elected President I would "fully assess our national security, foreign policy, and agricultural exports to determine how best to terminate" the decision made by my predecessor.

This assessment began as soon as I entered office and has continued until now. In the first few weeks of my Presidency, I decided that an immediate lifting of the sales limitation could be misinterpreted by the Soviet Union. I, therefore, felt that my decision should be made only when it was clear that the Soviets and other nations would not mistakenly think it indicated a weakening of our position.

I have determined that our position now cannot be mistaken: The United States, along with the vast majority of nations, has condemned and remains opposed to the Soviet occupation of Afghanistan and other aggressive acts around the world. We will react strongly to acts of aggression wherever they take place. There will never be a weakening of this resolve.

¹Read to reporters by deputy press secretary Larry M. Speakes (text from Weekly Compilation of Presidential Documents of Apr. 27, 1981). ■

Dutch Prime Minister Meets With Vice President Bush

Prime Minister Andreas A. M. van Agt and Foreign Minister Christoph A. van Der Klaauw of the Netherlands made an official visit to Washington, D.C., March 30-April 1, 1981. Following are remarks made by the Prime Minister and Vice President Bush following a meeting on March 31.¹

Vice President Bush

We've just had a delightful visit with Prime Minister van Agt, and I told him how much the President had been looking forward to seeing him. And I know from having visited the President in the hospital, prior to this visit, that today how much our President regrets not being able to receive this very, very distinguished visitor on this beautiful day here at the White House.

Our talks, we think, on the American side, have been extremely useful, despite the overlying concerns that everybody feels about our President. But these talks do testify to the continu-

ing importance which the United States places on our transatlantic ties, including those with all of the members of NATO.

In that connection, the President asked me to extend, through the Prime Minister, to Her Majesty Queen Beatrix our hope that she will come to the United States in 1982. A visit by Her Majesty would be a fitting culmination of our joint celebration during that year of our bicentennial of U.S.-Dutch relations.

The Prime Minister also comes to us as Chairman of the European Council. I have welcomed this opportunity to exchange views on issues of concern to the Community and, of course, bilateral concerns to the United States. And I know we feel—and I'm sure I speak for Secretary Haig and all who were privileged to meet with the Prime Minister—that there is a mutual understanding on many issues.

There is a mutual understanding of the situation, for example, in the Middle East and of our efforts there, efforts in which they have played a key role. The

Netherlands and the United States are also allies in NATO, which I mentioned, and which, of course, remains the backbone of our mutual security. In our talks, I reiterated the U.S. determination, as President Reagan has made clear, to pursue vigorously the two tracks of NATO's December 1979 decision on theater nuclear weapons, both modernization and arms control.

We discussed Poland and were in strong agreement that the Polish people must be allowed to work out a solution to their own problems. Outside intervention or internal suppression in Poland would have severely—you'd have severe negative effects on East-West relations.

We discussed a little bit, to some degree, the crisis in Afghanistan, brought about by this illegal invasion and occupation of the country. We talked about the regional security of the Caribbean. We discussed, to some degree, El Salvador. I explained that American policy is designed to help that country defend itself against attacks from Marxist guerrillas that are supported and trained by Communist countries. The Duarte government must be given the opportunity to institute its reform programs.

We had a very fruitful meeting. I expressed my regrets to the Prime Minister that he did not have the opportunity to be received and to meet and to discuss these issues with our President. But it was a tribute to our friendship that our President being absent, the Prime Minister was willing to accord us every courtesy and come here and to have these fruitful discussions.

Prime Minister van Agt

Let me first say, again, how much we were shocked by the events of yesterday. We wish, again, the President, wholeheartedly, a speedy and full recovery.

The meetings we had today have, no doubt, further contributed to the excellent relations between the United States and Europe. Our historic relationship has proved to be essential at the most crucial moments in our past and will continue to be so in the future. Today we are strongly united in an alliance aimed at our common single goal—preserving peace and freedom in the world. At the same time, we are dedicated to contribute to national and international efforts to improve the quality of life for the millions in the world who are in the most serious need.

The European Council, meeting in the Netherlands last week, further emphasized the need for the closest possible cooperation between the European Communities and the United States in solving the extremely serious economic problems we are facing. The only way to win the economic fight is through well-coordinated, joint efforts.

You mentioned the fact that our countries are preparing for the celebration next year of the 200th anniversary of our diplomatic and trade relations. They are the oldest, unbroken, continuously peaceful relations between the United States and any other foreign power.

The announcement you just made to extend an invitation to Her Majesty Queen Beatrix to visit your great country in 1982 fills us with a great sense of gratitude. Your gracious invitation will enable our Queen to continue a tradition which has become a symbol of our friendship in all times. We regard your invitation as a seal on that unalterable and unique relationship between our countries across the ocean.

I'm convinced that these celebrations, highlighted by your visit of our Queen, will serve their high purpose in contributing to an increased recognition of our respective shares in efforts to improve the lot of mankind.

May I, repeatedly, thank you for your willingness to receive us today under such extraordinary, exceptional circumstances. I said to you already, we would not have been surprised in case you would have cancelled entirely, or at least partly, the program which had been prepared for the visit long before. Now the gratitude is ours. We had very valuable and instructive talks. We spoke as allies and friends. And I'm sure these talks will contribute to our common efforts.

Again, I ask you, we'll convey our best wishes, friendship, respect, and sympathy to your President.

Vice President Bush

May I just share with the people here on the lawn what I told you. I did visit the President in the hospital this morning, a very short visit, but I was very pleased at the way he looked. He in his typical, unflinching thoughtfulness asked me to

Turkish Foreign Minister Meets With Vice President Bush

WHITE HOUSE STATEMENT, APR. 2, 1981¹

Vice President Bush today met with Iltis Turkmen, the Foreign Minister of Turkey, who has come to the United States at the invitation of Secretary Haig. The meeting included senior officials from both Turkey and the U.S. Government.

The Vice President and the Foreign Minister reviewed, in a cordial way, a number of bilateral and international issues. They discussed in particular the need for all NATO allies to continue concerted efforts to enhance their defense posture in response to existing threats

in Southwest Asia and Europe. The Vice President also noted with satisfaction Turkish efforts to improve bilateral relations with Greece and Turkish support for the ongoing intercommunal talks on Cyprus.

The Vice President took special note of the excellent state of the Turkish-American relationship and the significance of this year, which marks the centennial of the birth of Mustafa Kemal Ataturk, the founder of modern Turkey.

¹ Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981. ■

Ataturk Centennial Year

WHITE HOUSE STATEMENT, APR. 2, 1981¹

Beginning on May 19, Turkey will launch a year of celebration to commemorate the centennial anniversary of the birth of Mustafa Kemal Ataturk, the founder of the Republic of Turkey. Ataturk was a great national leader in times of war and peace. He was, and he remains, first in the hearts of his countrymen. For Turkey and its people, the Ataturk centennial year is as important an event as the 1976 bicentennial was for us.

In observance of this centennial year, events are being planned in the United States and other countries to acknowledge the significance of Ataturk to the Western World. Indeed, the turbulence of our era calls to mind the enduring wisdom of Ataturk's goal—"Peace at Home, Peace Abroad."

The visit of Turkish Foreign Minister Turkmen in this centennial year gives us cause to take note of the great value and importance of Turkish-American relations. The United States of

America and the Republic of Turkey have been firm friends and allies for more than a generation. Beginning with Harry Truman, every American President has viewed a strong and stable Turkey as an essential goal of American policy. This is no less the case in the Reagan Administration. In recent years the United States has been working vigorously with other nations to provide Turkey the resources necessary to regain economic health and to meet its important goals as a member of the North Atlantic Treaty Organization (NATO). The United States fully supports the efforts of the Turkish Government to eradicate terrorism and to carry out basic reforms that will assure the long-term stability of Turkish democracy and the well-being of the Turkish people.

In commemorating the Ataturk centennial, the United States and its people extend best wishes to the Republic of Turkey and its people.

¹ Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981. ■

convey his regards here and then also asked about my wife, and everything seemed so normal. And I just thought I'd tell this group what I've told you, that we feel very relieved in this country at what appears to be a very speedy

recovery. And I know he would want me to say, as you leave these grounds, far well, and God-speed, and come back.

¹Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981. ■

U.S. Policy Toward the Middle East and Persian Gulf Region

Peter D. Constable

*Statement before the Subcommittee on the Middle East and Europe of the House Foreign Affairs Committee on April 6, 1981. Mr. Constable is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.*¹

Welcome the opportunity provided by this hearing today to draw together the various aspects of our assistance program and to provide an integrated picture of our policies toward the Middle East and Persian Gulf region.

This is an area of global strategic significance, critical to the security of the United States and our allies. It is an area vulnerable to direct Soviet aggression and to indirect Soviet subversion. This vulnerability has increased substantially over the past 3 years with the collapse of the Shah's regime in Iran, the Soviet invasion of Afghanistan, and continued instability caused by regional disputes. The Administration is determined to carry out a broad strategy to rest and reverse the negative trends in the region, while strengthening its security and stability. It is vitally important that the key nations of the area remain independent and feel secure. We are consulting continuously with them to find ways to insure we achieve these goals. A strategy is, therefore, underway, within which our military and economic assistance programs will play a critical part. The unfinished business of completing the peace process will go hand-in-hand with our efforts to improve the security environment in the region. Our approach takes into account threats and developments in contiguous areas. We will carry out a coherent and consistent policy in full awareness of the interrelationships between tensions in different regions and theaters.

Within this context, I will now describe our key national objectives in the area, the threats we perceive, and the policies which the Administration will pursue to advance these objectives.

U.S. Objectives

We have three fundamental objectives in the region today.

First, we have a compelling interest in promoting the security of our friends in that part of the world, including Israel, Egypt, and the other moderate governments. In advancing this important objective, we have an important advantage over potential adversaries—we seek not to dominate the governments and peoples involved but to work with them to build a strong environment for stability and independence.

Second, we have a clear interest in assuring the security and availability of resources vital not only to the United States but to the industrial and developing world, generally.

Third, both we and our friends in the region share an interest in protecting vital transportation and communications routes to assure the passage of vital resources and commodities and to deny to any power the capacity to threaten or intimidate cooperative relationships within the free world.

It is evident that the objectives we pursue in this area derive clearly from vital U.S. national interests. We believe, however, that these interests are fully compatible with, indeed complementary to, the interests and objectives of friendly and independent-minded governments in the Middle East and South Asia. These mutual interests are the basis on which we will build as we work to strengthen our relationships and advance our objectives.

Regional Challenges

We do not, of course, operate in a vacuum. There are threats and challenges to which our policies respond.

The **first** and most dramatic is Soviet expansionism. This takes the form of direct military intervention, as the world has seen clearly in the Soviet invasion of Afghanistan. It can also take more indirect forms through the projection of Soviet influence by support for radical regimes, as in South Yemen or Libya, or exploitation of subversive elements and unresolved conflicts. Unless this Soviet threat is addressed squarely and with flexibility by the United States, its allies, and its friends in the region, it will seriously endanger the achievement of our objectives.

Second, and related, are regional disputes and conflicts which threaten

regional stability and which provide fertile opportunities for external exploitation. Such disputes can not only affect the security of important states in the region but directly affect production and distribution of oil supplies, as we have seen recently in the Iraq-Iran war. In the central regional conflict—the Arab-Israeli dispute—substantial progress has been made toward a settlement with the conclusion and implementation of the Egyptian-Israeli Peace Treaty. However, deep divisions and unresolved issues remain between Israel and its other Arab neighbors which will continue to affect U.S. interests, relationships, and objectives until they can be composed on broadly accepted terms.

Finally, the forces of political change, the process of social development, and the strains of rapid economic growth all have potential for destabilizing societies in this as in other parts of the world. The fall of the Shah's government 2 years ago was a dramatic illustration both of the corrosive effect of these changes on regimes that lack the strength, cohesion, and resiliency to cope and of sudden damage which Iran's radicalization has caused to our political, economic, and security interests.

The escalating pressures for change underline the importance of policies that recognize and respect the deeply ingrained values and aspirations of the peoples of the region, at a time when we insist on respect for our own. It is a time in the history of our own relations with governments in the area to concentrate on wide areas of shared interest and common threats and to display special sensitivity to our differences.

While I have given some emphasis to the destabilizing dangers of rapid modernization, it is important also to note that many governments and peoples in the area are coping well with the focus of change, with the problems of development, and the dislocations of modernization.

Shape and Elements of U.S. Policy

An effective policy approach to the challenges and opportunities of the Middle East today must be carefully crafted of a variety of elements and instruments. The military and economic assistance programs which we have presented to the Congress have been fashioned, within the limits of current budget stringencies, to play a key part in our strategy. They complement and support the other aspects of a policy that is forward-looking, not merely reactive; a

policy that is open to new opportunities to build on common interests. We shall watch closely not only the rhetoric but actions to judge where new bases for cooperation are present, either to combat external threats to the region's security or to assist in resolving dangerous local disputes.

Secretary Haig is, as you know, traveling to the Middle East this week [Secretary Haig made an official visit to Egypt, Israel, Jordan, and Saudi Arabia April 3-8] to talk with valued friends about our views and to solicit their views and concerns. This will make an important contribution as the Administration elaborates its policy approach to the Middle East.

U.S. Policy

We intend to meet the Soviet challenge by developing a coherent approach to the security of the region. A central feature of this effort is the improvement of our capability to project military power worldwide to meet demonstrable threats. The President's budget request for a 17% increase in defense spending in FY 1982 gives substance and credibility to this aspect of our approach.

We are engaged in planning and consultation for an upgrading of our military presence and access in the vicinity. We have negotiated with a number of countries, such as Oman, agreements that provide us with the use of facilities under mutually agreed conditions. We will be meeting our own obligation to

construct and improve facilities even as we examine carefully what additional facilities might be required.

We will be concentrating on providing to our friends in the region greater security assistance to permit them to improve their own defensive capabilities. We seek to build genuine partnerships with governments which share our concerns and desire our assistance. We recognize that the governments with which we are cooperating are, and should be, the first line of defense against threats to their security; we stand prepared, however, to provide support when required in defense of our common interests. We have, therefore, carefully balanced the limited resources available at this time with our interest in bolstering meaningful security relationships in the security assistance program for FY 1982.

We will cooperate and coordinate closely with our allies on all facets of our response to the strategic threat to the region. We have recently held high-level consultations with a number of our closest allies, both on the nature of the threat to the free world's interests in the Middle East and on appropriate and effective responses.

Even while building upon our common interest in strengthening the security of the region, we will pursue a vigorous diplomacy designed to assist in settlement of destabilizing disputes. Foremost among these is, of course, the Arab-Israeli conflict where historic progress has been achieved in the Egyptian-

Israeli treaty. This achievement has given to two of our important allies and friends in the Middle East a greater degree of security and confidence today than either had enjoyed for the previous three decades.

This is a signal achievement which we continue to believe provides one cornerstone for a just and viable resolution of the longstanding Arab-Israeli conflict. We will continue to work with Israel and Egypt and our other friends in the area to build on the accomplishments of the Camp David process for resolution of the remaining aspects of this conflict. We will also support the efforts of the United Nations and Islamic conference to work toward a negotiated settlement of the Iraq-Iran war based on principle of the territorial integrity of both parties and noninterference in each other's internal affairs.

We will continue to provide economic assistance where needed and to promote closer commercial and cultural ties with governments and peoples of the region. Roughly 50% of our global economic assistance is directed to the Middle East, where Egypt and Israel are the principal recipients. At the same time, we have important commercial relations with many of the states and a common interest in a strong and stable international economic system. The financial significance of the Middle East has increased dramatically over the last decade. The West remains dependent upon petroleum supplies from area producers while they have acquired an important stake in access to Western technology and capital markets. This mutuality of interest underscores the need and basis for closer economic and financial cooperation. It also dramatizes our shared interest in the orderly movement of goods, commodities, and capital between the West and the Middle East.

With increased exchanges and close contact comes the clear need for better knowledge of one another. We must take opportunity not only to explain our society and values but to learn about the values and concerns of the ancient but vigorous cultures of the region. Exchanges of citizens, particularly of students from the region in our colleges and universities, have an absolutely essential role to play. Not only do they acquire knowledge and skills and an acquaintance with our values, political processes, and aspirations, but they can add to our own application of a sensitivity to their hopes and dreams for the future.

Iran Claims Procedures

DEPARTMENT STATEMENT, APR. 27, 1981¹

The Department of State has received the following information from the Government of the Islamic Republic of Iran concerning possible negotiations of claims settlements directly with the parties concerned.

With respect to claims exceeding \$250,000 (U.S.), relevant Iranian organizations are prepared to start negotiations with the U.S. parties concerned. It is suggested that the negotiations be carried out in London. It is, of course, necessary that the American claimants inform, by cable, the precise but concise list of their true claims along with evidence (as the foundation of the negotiations to be carried out on the

basis of goodwill) to Iranian parties directly involved, as well as to the International Legal and Financial Claims Committee, located at Bank Markazi Iran, Central Bank of Iran. The time and the program of the negotiations will be subsequently notified to the U.S. claimants by the Iranian parties or the said committee.

The Department invites U.S. claimants with claims of \$250,000 or more to provide information concerning their claims to the appropriate Iranian authorities insofar as practicable by telex. The Department has urged Iran to designate representatives with authority to negotiate and conclude claims settlements as soon as possible.

¹Read to news correspondents by Department spokesman Dean Fischer. ■

A particularly good example of our exchange program is the international military education and training (IMET) program which is a part of our security assistance request. These training programs are among our soundest investments for the future. In many parts of the world, for a variety of historical reasons, important political leaders often emerge from military ranks. A whole generation of the brightest young military leaders from some of the countries in the region is being trained by Americans and, in most cases, in American institutions. Their association with individual Americans and an inclination to look to the United States and the West for military doctrine and orientation can pay significant dividends.

Specific Assistance Programs

Recently, our programs of security and economic assistance constitute one major instrumentality of our policies in the Middle East. Over the past few weeks, we have set forth in some detail to the appropriate committees of the Congress the specific programs we are proposing for FY 1982.

For Israel, we are proposing a continuation of programs totaling \$2,185 million, of which \$1.4 billion will be for foreign military sales (FMS) financing and \$785 million for economic support financing (ESF). This total is the same as that authorized by the Congress for FY 1981 and, therefore, reflects the high importance we attach to Israel's military security and its economic strength in a period of budgetary stringency in the United States. Firm and consistent support for Israel has been and will remain a central element of American foreign policy. A strong, secure, and democratic Israel contributes to the realization of our overall strategic goals in the region and adds to the overall deterrent capacity of the free nations of the world.

For Egypt, we are proposing \$900 million in FMS financing, of which \$400 million will be in concessionary direct credits, as well as \$750 million in ESF. We include the sum of up to \$313 million in PL 480 commodities, our overall assistance to Egypt will be well over \$1.9 billion, the second largest bilateral assistance program in the world, exceeded only by that for Israel.

Our relationship with Egypt has become broad and deep, with important military security and strategic components. Our assistance programs will help Egypt to maintain its national

11th Report on Sinai Support Mission

MESSAGE TO THE CONGRESS, APR. 15, 1981¹

I am pleased to transmit herewith the Eleventh Report of the United States Sinai Support Mission. It covers the Mission's activities during the six-month period ending April 1, 1981. This report is provided in accordance with Section 4 of Public Law 94-110 of October 13, 1975.

The Sinai Support Mission was established in January 1976 to implement the United States Proposal in the September 1975 Second Sinai Disengagement Agreement to install and operate a tactical early warning system in the Sinai Peninsula. The United States continued to operate the early warning system until January 25, 1980, under the 1979 Egyptian-Israeli Peace Treaty.

Because it was not possible to gain United States Security Council agreement to assume responsibility for supervising the security arrangements called for by the Peace Treaty, the United States agreed during September 1979 talks with Egypt and Israel to monitor adherence to the Treaty's military limitations. Verification inspections, conducted by the Sinai Field Mission, began in April 1980 and will continue until April 25, 1982, the scheduled date for total Israeli withdrawal from the Sinai.

My Administration has initiated bilateral discussions with both Parties on the security

arrangements to be implemented in the Sinai following Israel's final withdrawal. The United States intends to carry out its commitment to ensure the establishment and maintenance of an acceptable alternative multinational force if it proves impossible for the United Nations to support the security arrangements under the Treaty. We share the desire of both Parties to move forward expeditiously on this question. We will keep the Congress fully informed and will consult as our discussions of this matter progress.

Funding of the Sinai Support Mission for Fiscal Year 1981 is authorized under Chapter 6, Part II of the Foreign Assistance Act, "Peacekeeping Operations," at \$16 million. For Fiscal Year 1982, only \$10 million is being requested, a level that will fund both the Mission's operations during its final months and the projected costs of its phaseout after April 25, 1982.

Our nation has contributed substantially to the promotion of peace in this critical part of the Middle East, and the Congress can be proud of the accomplishments of the Sinai Support and Field Missions. I am counting on your continued support for this aspect of our efforts to achieve a lasting peace in the Middle East.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 20, 1981. ■

security and to enhance its capacity to deter regional threats and challenges, while accelerating efforts to free up the economy, to achieve self-sustaining growth, and to improve the quality of life for Egypt's poorer people.

While smaller, our programs elsewhere in the region fit into our broad strategic approach and complement the peace process.

In Jordan, we are proposing \$50 million in FMS credits and \$20 million in ESF. These programs are smaller than had been the case for much of the decade of the 1970s, and take into account Jordan's improving economy and the flow of assistance from other nations. Our programs, however, recognize Jordan's importance not only to the peace process but to the broader security environment to the region. Jordan has carried on a constructive policy—of direct assistance to greater American interests—in providing training, guidance, and seconded military security personnel to key countries in the gulf region. Now,

it must deal with high tensions caused by a tense relationship with its northern neighbor, Syria.

We are proposing \$15 million in FMS credits and \$5 million in ESF for Lebanon. These programs represent a continuation of those we began several years ago aimed at strengthening Lebanon's capacity to bring security and stability to its people, who are beset by terrible problems from within and without. Lebanon is in need of these programs not so much because of their monetary value, but rather, because they reflect our moral and political support. We are determined to help preserve and strengthen Lebanon's independence, its viability, and its national unity.

For Oman, we are proposing \$40 million in FMS and \$15 million in ESF. Located in a key strategic position, Oman commands the Straits of Hormuz, through which the bulk of the world's oil supply passes. Oman, thus, plays an important role in the region's security. Its sense of responsibility has been apparent

in its agreement with us on facilities access rights. Our FMS credits will help give Omani military forces additional flexibility and defensive strength. Economic assistance will be carried out through the mechanism of a joint commission that will identify areas of cooperation in economic development.

Our other program in the gulf is a relatively small economic development and military assistance program in the Yemen Arab Republic. For FY 1982 we have proposed \$21.1 million in development assistance and \$15 million in FMS, of which \$10 million would be in concessional direct credits. Like Oman, Yemen occupies a geographically strategic position, bordering Saudi Arabia and South Yemen which, as a Soviet client state, has chronically threatened the integrity and stability of North Yemen. We are contributing to the country's ability to cope with military threats and subversion, while also improving the conditions of life in one of the most underdeveloped areas of the world.

We are requesting \$6 million for programs in the West Bank and Gaza, which are administered by U.S. private voluntary organizations, as well as \$4 million for activities to promote regional cooperation involving Israel and other states. These programs, while modest in size, can make significant contributions to the overall peace process.

These are the essential elements of the strategy we will be pursuing to serve important U.S. interests in the Middle East. They provide the context in which our programs of security and economic assistance should be viewed.

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. ■

Arms Sales to Morocco; Western Saharan Conflict

by *Morris Draper*

*Statement before Subcommittees on African and International Security Affairs of the House Foreign Affairs Committee on March 25, 1981. Mr. Draper is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.*¹

I am pleased to appear before you to review recent and impending arms sales to Morocco, among other issues. I would like to put these sales issues into the context of our overall policy approach to North Africa, with particular reference to the states of Morocco, Tunisia, Algeria, and Mauritania, as well as the conflict in the Western Sahara region. In the most general sense, we have welcomed the emergence—or in some cases, the reemergence—of these countries on the world stage, after having struggled for their independence in the relatively recent past. They are proud of their accomplishments since then. They have earned our respect.

The United States wants good, friendly relations with all these North African states on the basis of mutual respect and, whenever possible, shared interests and concerns. However, relations with another North African country—Libya—cannot improve as long as Libya follows policies in support of international terrorism and interferes in the internal affairs of independent states.

Morocco

Morocco is important to broad U.S. interests and occupies a pivotal strategic area. We intend to maintain and reinforce our historically close relationship with reliability and consistency as our watchwords. Morocco has shared and has agreed with many of our foreign policy priorities and objectives. Like the United States, Morocco has been concerned over the challenges posed by the Soviets and their surrogates and client states. Morocco strongly opposed and criticized the Soviet invasion of Afghanistan; it voted for U.N. condemnation of the Soviet actions and sponsored similarly condemnatory resolutions at the Islamic summit conference. Morocco has been a responsible neighbor to many states in Africa. It sent troops to Zaire on two occasions to help that country deal with subversion generated

by outsiders. Until 1963 Morocco was the home for American strategic bases. An American naval facility operated in Morocco up to 1978 when it was finally closed, at our initiative. Morocco has consistently welcomed visits by American naval warships, including those which are nuclear powered.

While Morocco has been part of the Arab consensus critical of the Egyptian-Israeli peace treaty and the Camp David accords, on the whole, it has been a voice of reason and pragmatism in the world's councils, advising pragmatic policies as regards the Middle East and decrying sterile negativism.

For these reasons, and others, we intend to carry on a relationship that assures Morocco that it will be able to count on us as a steadfast and reliable friend.

Algeria

Algeria is an important country. We carry on a great deal of trade and obtain much of our energy requirements there. Algeria has great influence in international forums. It wields influence far beyond what its wealth, its population, and its political power ordinarily would warrant because it is consistently well-prepared to make its mark on key North-South issues. It makes effective use of its revolutionary credentials, and it steers a course which avoids becoming beholden to any single state.

It is important that we nurture an improved relationship with the increasingly pragmatic Algerian leadership. Their policies are in an interesting and evolving stage. Algeria also has undertaken important international responsibilities, as witness its professional and balanced efforts to bring about the release of the American hostages from Iran. Algerian officials, in this instance, displayed dedication, discretion, and resourcefulness. It is interesting that Algeria has sought no explicit reward or expression of gratitude from us for its important efforts. It would be shortsighted of the United States not to try to expand the improving and mutually beneficial relations which have been developing between our two countries in the recent past.

Tunisia

Like Morocco, the friendly country of Tunisia has had a close relationship with the United States since gaining its independence. We have admired the determination of Tunisian leaders to accelerate the country's economic and social development. Tunisia, in many respects, has been a model for constructive progress. The United States is determined to assist Tunisia in resisting efforts from the outside to undermine its independence and integrity. Our two countries should grow closer.

Mauritania

Mauritania is a poor and undeveloped country striving to work out its national destiny in a bicultural society. Mauritania has struggled throughout its existence as an independent state to improve the lot of its citizens. A few days ago, an effort was made to overthrow the government. As we made clear in the aftermath of that unsuccessful coup attempt, we strongly support Mauritania's independence and territorial integrity.

The Western Saharan Conflict

The single most serious issue which complicates the interrelationships of these key North African states is the struggle over the future of the Western Saharan region. Our friends there remain deeply divided. Let me make clear American policy attitudes toward that important issue.

First, we hope that an early, peaceful, negotiated end to the conflict can be achieved. The struggle is a drain on human and economic resources. It could be the tinderbox for wider conflict in the region. It is a potential cause of greater instability and higher tensions in North Africa. As long as the struggle continues and remains unresolved, it will interfere with the proper development of cordial relations between Algeria and Morocco.

- The United States is neutral as regards the final status of the Western Saharan territory.
- A military solution to this conflict is neither possible nor desirable. No side can win a clearcut victory in military terms.
- Whatever the immediate future, the United States will support all serious efforts aimed at a genuine negotiating process that can lead to an early peaceful settlement of the conflict. We, therefore, support the efforts of the

Organization of African Unity (OAU) to bring about a settlement based on a cease-fire and further expression of the wishes of the inhabitants of this region.

- In principle, the United States supports an exercise to determine the wishes of the inhabitants of the Western Sahara. There are, however, many instances in history when exercises in self-determination have led to results other than the establishment of fully independent states. The history of Puerto Rico is instructive in this regard.

U.S. Attitude Toward Moroccan Arms Requests

The United States, as in the past, will look at all arms requests from its friend, Morocco, on a case-by-case basis. In our decisions, we will take into account all relevant factors, including conditions in the area, the arms balance in the region, the legitimate defensive needs of Morocco, Morocco's capacities to pay for and absorb such equipment, and the state of our dialogue on key issues. There will be nothing unusual about this approach. It will be the same for other friends.

It is, however, the prevailing view of this Administration that America's allies and close associates should expect understanding and reliable support. It would not be in the spirit of this Administration's policy if support for America's traditional and historic friends—to meet reasonable and legitimate needs—were withheld or made conditional, other than under ex-

traordinary circumstances—our military assistance is, of course, subject to certain basic conditions laid down in legislation.

We will continue to encourage Morocco to find and to explore ways toward a peaceful, negotiated settlement of the Western Saharan conflict. We will not, however, make decisions on military equipment sales explicitly conditional on unilateral Moroccan attempts to show progress toward a peaceful negotiated settlement. This position recognizes the reality that there are players other than Morocco in the Western Saharan conflict with a capacity to influence the outcome.

To the degree that Morocco has confidence in American policies, to that same degree will our counsel be valued not only on approaches to the Western Sahara issue but on other regional and global issues as well. This position is consistent with our behavior toward other traditional and historic friends of the United States.

M-60 Tank Request. Over 7 months ago, Morocco asked to buy 108 M-60 main battle tanks. Secretary Haig approved this sale and authorized informal and formal notifications to the Congress. This sale is a reasonable response to Morocco's legitimate defensive needs. It fits in logically with Morocco's multiyear modernization program antedating the fighting in the Western Sahara. The M-60s will not be ready for delivery to Morocco for 3 years, by which time we hope the

Sale of AWACS to Saudi Arabia

DEPARTMENT STATEMENT, APR. 23, 1981¹

Sale of AWACS [airborne warning and control systems] to Saudi Arabia would not constitute a realistic threat to Israel. The reasons for this are:

- AWACS would be used primarily to protect Saudi oil fields;
- AWACS essentially is a flying radar platform which can detect and follow movement of airborne aircraft; it cannot detect militarily significant ground activity, and it will have no radio monitoring, photoreconnaissance, or intelligence gathering capabilities;
- It could not be used with the combat aircraft of other countries without extensive joint training and

U.S.-supplied computer and communications equipment;

- Saudi AWACS operations will depend on U.S. spare parts, maintenance, and support of operations; and
- An AWACS aircraft flying close enough to Israel to monitor its aircraft would be vulnerable to being shot down by Israeli fighter aircraft.

Obviously, prudent Israeli planners would have to take a Saudi AWACS into account in their calculations. But the overwhelming impact of the sale will be to enhance Saudi defensive capabilities—not to threaten Israel.

¹Read to news correspondents by Department spokesman Dean Fischer. ■

Western Saharan issue will have approached a solution.

The tanks are not suitable for the rugged desert terrain where much of the fighting in the Western Sahara and southern Morocco is taking place, nor would it be cost effective or tactically sound to employ a relatively slow-moving, highly expensive, heavily armed, tracked vehicle against the light and rapid landrover units used by the Polisario.

OV-10 and F-5 Aircraft. Shortly after taking office, Secretary Haig also reviewed and approved the scheduled delivery of six OV-10 reconnaissance aircraft and 20 F-5E/F fighter aircraft, the elements of a 1979 Moroccan arms request which was the subject of extensive congressional hearings over a year ago. It was in the context of those hearings, and that arms package, that the previous Administration agreed there should be a relationship between U.S. willingness to supply arms to Morocco for defense against Polisario attacks in Morocco proper and the Western Sahara on the one hand, and Moroccan forthcomingness in the search for a compromise political settlement of the Saharan dispute of the other. Before leaving office, the last Administration had decided that Morocco had shown goodwill and had demonstrated a determination to achieve progress.

The first four OV-10s have arrived in Morocco; the remaining two arrive in April. These are the first arms to be delivered so far under that much publicized 1979 arms request. Fourteen F-5 fighter aircraft will be delivered this year, beginning in the summer, and the remaining six in 1982. Morocco cancelled its request for 24 helicopters which formed part of its original 1979 request.

Progress in Negotiations

We reviewed progress in Saharan negotiations during our testimony before the House Subcommittee on Africa last December. We noted at that time that, in return for a postponement of OAU consideration of the Polisario's application for admission during the chiefs of state summit early last summer, Morocco had agreed to cooperate with the efforts of the OAU Wisemen's mediation committee. Morocco, the Polisario, and Algeria sent delegations to a meeting of the five-nation mediation committee in Freetown last September.

The OAU committee heard statements by the various parties and, shortly thereafter, recommended that a UN-

supervised cease-fire be put in place by December 15, 1980, to be followed by an internationally supervised referendum to determine the future status of the Western Sahara. Despite domestic political opposition, Morocco accepted the cease-fire but showed initial resistance to a referendum.

During the proceedings of the U.N. Fourth Committee in October, Morocco introduced a resolution recommending a U.N. deferral of the issue inasmuch as the OAU mediation effort was in progress. After consultation with us, Morocco affirmed before the Fourth Committee its willingness to cooperate diligently with OAU mediation efforts, including the OAU mandate as it related to a free choice for the inhabitants of the Western Sahara.

Unfortunately, the cease-fire has not been achieved. The Polisario has not publicly agreed to the cease-fire and has continued its attacks. Recently, a Polisario spokesman said that "the time for a referendum is past." We do not know whether that position is in concrete. The Polisario organization continues to insist that negotiations must take place only between the Polisario—as the legitimate representative of the Saharan population—and Morocco.

Steps Toward a Settlement

Standing in the way of a negotiated settlement is the absence of any specific ongoing process to give reality to the OAU recommendations for a cease-fire and a referendum. Possible next steps toward launching such a process might include:

- The establishment of an active working-level committee to grapple with the complexities of implementing a cease-fire and referendum;
- Specific suggestions for establishing voter eligibility in a referendum on the future status of the Western Sahara; and
- OAU coordination and consultation with the United Nations on implementing its call for a U.N. supervised cease-fire.

The time for execution of the OAU recommendations is overdue, especially since the question of the Polisario's admission into the OAU will probably arise at the OAU summit in Nairobi next July. Admission could complicate OAU efforts to encourage a settlement, for it would

confer at least qualified legitimacy on the Polisario as the spokesman of the people of the Western Sahara. Morocco would object and would probably consider withdrawal from the OAU. This would be a serious development. Aside from this possibility, divisive OAU debates over the Saharan issue could also detract seriously from OAU efforts to seek the withdrawal of Libyan forces from Chad.

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. Contributions to Refugee Relief in Southeast Asia and Pakistan

by W. R. Smyser

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 26, 1981. Mr. Smyser is Acting Director of the Bureau for Refugee Programs.¹

I am pleased to have this opportunity to discuss U.S. policies and contributions to refugee relief in Southeast Asia and Pakistan. Since many of you have recently visited refugee camps in Asia, I do not need to remind you that some of the world's most massive and persistent refugee situations are in this part of the world. Nor do I need to describe the suffering, insecurity, and deprivation many refugees experience as they await a chance for repatriation, resettlement in their country of first asylum, or possibly resettlement in another country. Instead, I would like to focus on the scope of our program, particularly through contributions to international organizations and our projected needs for the coming fiscal year.

Review of U.S. Participation

Before turning to the ever-increasing problem of Afghan refugees in Pakistan, I would like to review our participation in international relief and resettlement programs for Indochinese refugees and the people of Kampuchea. Fortunately, these international efforts have helped meet emergency needs and avert the full-scale tragedies that we feared might occur when we appeared before you last year. But conditions both inside Kampuchea and in the first-asylum countries in Southeast Asia are still extremely precarious. While we and the rest of the international community may be able to reduce our support somewhat in the coming year, we must be as vigilant as ever to potential changes in the refugee flows and impact in the region.

In Southeast Asia, the refugee situation is still a staggering problem in human terms, a serious threat to the peace and stability of Southeast Asia, and a particular burden to Thailand. Some 1.2 million Indochinese refugees have fled their homeland since 1975. Of the 1 million refugees resettled outside Southeast Asia, 465,000 have been

resettled in the United States. Almost 200,000 Indochinese refugees are currently in UNHCR [U.N. High Commissioner for Refugees] camps in Southeast Asia awaiting resettlement. About 122,000 Khmer refugees are in UNHCR holding centers, many of whom we believe will enter the third-country resettlement stream.

Despite the progress since the height of the crises in 1979, the problem persists. During calendar year 1980, 140,000 Lao, Hmong, and Vietnamese refugees fled the Indochinese states seeking new homelands; another 20,000 Khmer from the holding centers entered this resettlement stream. We expect that refugees will continue to arrive in first-asylum countries at about the same rate as 1980.

Five years after the fall of Saigon, Vietnam remains committed to a policy of repression at home and aggression beyond its borders in Kampuchea. Unfortunately, there is little hope of an early resolution of the refugee problems created by that regime and its clients in Laos and Kampuchea.

Within this context, U.S. policy toward the refugee situation from Indochina has four objectives:

- To seek a humanitarian resolution of the problem;
- To involve the world community in resolving this international problem;
- To reduce tension in the region and reinforce the stability of the ASEAN [Association of South East Asian Nations] countries; and
- To afford refuge in the United States to those persons with a claim on our consideration.

In seeking to achieve the objectives of our refugee policy, the U.S. Government works with:

- The ASEAN states and Hong Kong to insure maintenance of the principle of first asylum for refugees;
- The international community to absorb large numbers of refugees for resettlement and to finance refugees' care and maintenance in first-asylum countries; and
- The UNHCR as the principal international organization responsible for the protection and the care of refugees.

The Indochinese refugee problem originates in the policies of the Communist governments of Vietnam, Laos, and Kampuchea and the resulting conditions in those countries. Whole classes of people have been politically persecuted and disadvantaged. Unprecedented state control of their societies has severely constricted individual freedom of activity. The reordering of the economies of these societies and the extension of Vietnam's military forces into Kampuchea have strained their economic resources and activities and depressed living standards. All these factors have contributed to the refugee flows we continue to witness.

The United States continues to explore all means by which this international problem can be resolved. Of the three traditional means to resolve refugee problems, only resettlement of the Indochinese in third countries has, so far, been effective. Political considerations, pressing domestic economic and social concerns, and national and racial antipathies virtually rule out local resettlement in other Southeast Asian countries. Indeed, governments of these countries have forcibly rejected refugees until assured of their eventual resettlement elsewhere. As for voluntary repatriation, the application of repressive doctrinaire Communist policies within Vietnam, Laos, and Kampuchea makes it impossible for the former upper- and middle-classes to return to their homelands. Indeed, for any group, the act of departure, regardless of motivation, is grounds for persecution, and those caught seeking to escape are severely punished.

While essentially unable to moderate the repressive policies of these regimes, some limited success has been achieved in indirectly influencing these refugee-creating governments to adjust their policies in the direction of moderating refugee flows. Vietnam bowed to world criticism at the Geneva conference in July 1979 and terminated its expulsion of its Chinese minority. Subsequently, the United States, through the good offices of the UNHCR, negotiated an orderly departure program with the Socialist Republic of Vietnam under which persons in Vietnam are allowed to depart for the United States directly.

A total of 1,357 persons left Vietnam under the program in December and January, and we expect that another 1,800 Vietnamese will leave in the next few months. Vietnamese authorities have responded affirmatively to our suggestion to expand the agreed-upon list of people eligible to leave under the program, and we are now moderately optimistic about the future of the orderly departure program. We, also, hope that this program will be a safe and effective alternative to risky clandestine departures.

In addition, international relief efforts have had a major impact on conditions inside Kampuchea and have encouraged as many as 300,000 Khmer to return to their homes from their transient status in Thailand, Vietnam, and Laos.

Current U.S. Policy

For the present, U.S. policy toward the Indochinese refugees is primarily focused on resettlement in this country and other industrial countries. We are particularly concerned that other countries involved in this international effort maintain their degree of involvement as exhibited at the Geneva conference. In this respect, we associated ourselves on two occasions last year, most recently in December, with UNHCR's appeal to resettlement countries to continue their commitments. We will pursue this matter again this year. Resettlement opportunities in developing countries are also being actively pursued.

The Khmer in UNHCR holding centers present a special and delicate problem. Since their status and interest in repatriation were uncertain, we held back from seeking their resettlement, pending clarification of that situation by the UNHCR. Recently, the UNHCR has suggested that more resettlement opportunities be provided to the Khmer. In response to this request, we estimate that we will be able to accept, under our program, 25,000 to 30,000 Khmer over the next few months.

UNHCR attempts to foster voluntary repatriation have not been successful so far, with the exception of a very modest program of return to Laos. The Department continues to support UNHCR's ongoing efforts to encourage Lao in refugee camps and Khmer in the holding centers to return voluntarily to their homelands. And we have supported UNHCR's assistance to Khmer who have already returned to their villages as a means to attract others from Thailand.

One of our primary concerns over the years has been to insure that repatriation be truly voluntary. We continue to be alert to the possibility of forced repatriation and, at this time, believe that these voluntary repatriation programs are soundly based, though with modest prospects.

We must be realistic about the numbers of Indochinese refugees who will remain in first-asylum camps in the coming year. Given projected arrivals and offtake by third countries, we believe that the United States should plan on the resettlement of up to 144,000 Indochinese refugees in FY 1982, as compared with the authorized level of 168,000 for FY 1981. As you know, however, actual admissions levels are determined by the President following the congressional consultations in September, in accordance with the Refugee Act of 1980. We will continue to monitor the situation in Southeast Asia, third-country resettlement rates, and the availability of resources to insure that our resettlement program is appropriate to the situation.

For FY 1982, the Department of State is seeking \$29 million for the UNHCR programs meeting the needs of Indochinese refugees located in the ASEAN nations or Hong Kong. This contribution will enable us to continue our practice of meeting 30% of the cost of the UNHCR's program for the care and maintenance of these refugees.

In Kampuchea, we hope that continued improvements will approach to minimum food self-sufficiency by CY 1982. However, the outlook for agricultural production inside Kampuchea remains uncertain. The international community may have to revise its present requirements. We remain committed to assuring the Khmer people the humanitarian relief they need in order that they may cease to need international relief as quickly as possible. But mindful of concerns about development assistance inside Vietnamese-occupied Kampuchea, we and other donors have pressed for the termination of activities by the U.N. Joint Mission for Cambodian Relief as soon as the Khmer are able to feed themselves or if shortfalls in food self-sufficiency continue, as soon as they are manageable.

For Khmer relief in FY 1982 the Department is seeking \$20 million as the cash component of our contribution. These funds will be provided to international organizations or private voluntary organizations involved in this essential operation. If, as we hope, Kampuchea is

approaching self-sufficiency in food production by early 1982, we expect to be able to reduce our nonfood contribution from the \$30 million programed for FY 1981 to a level of \$20 million in FY 1982. Such an amount will allow us to maintain our policy of meeting about one-third of the total contributions made. In addition to these sums, \$10 million was provided in FY 1981 for the care and maintenance of Khmer in holding centers in Thailand, and a similar amount is budgeted for FY 1982.

Finally, although it is not a refugee relief activity, the Department is also seeking \$10 million to finance English-language training and cultural orientation in Southeast Asia for refugees selected for resettlement in the United States. The intent of this program is to ease the initial strain of the resettlement process on refugee sponsors and the American communities in which they settle and to speed the process by which the refugees reach self-sufficiency. In the current year, this program operates under the auspices of the UNHCR but is financed for refugees bound for the United States by this program.

Afghan Refugees

While refugee emergencies have fortunately abated somewhat in Southeast Asia, another problem grows in Western Asia. Today, 15 months after the Soviet invasion of Afghanistan, thousands of Afghans continue to flee into Pakistan every day. The 1.7 million Afghans now in Pakistan represent one-tenth of the population of Afghanistan and constitute the largest refugee group in the world today. Since December, they have been entering Pakistan at the rate of 130,000 per month, many after their homes were bombed, crops destroyed, and flocks killed. They have endured great hardships in their flight to refuge.

About 40% of the refugees are children under the age of 12, with the remainder fairly equally divided between adult men and women. Grouped in tent villages established and administered by the Pakistan Government near the Afghan border, the refugees are subjected to the harsh extremes of heat and cold which are characteristic of that region.

The people and Government of Pakistan have responded most generously to the needs of the refugees. It is estimated that the Pakistan Government itself bears around half the cost—or about \$100 million in 1980—of the total relief effort. Indirect costs to land and

Reprogramming Proposal for El Salvador

by James L. Buckley

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on April 29, 1981. Mr. Buckley is Under Secretary for Security Assistance, Science, and Technology.¹

I appreciate this opportunity to discuss the Administration's proposal to reprogram FY 1981 assistance funds to provide additional economic assistance to El Salvador.

As you know, we notified Congress on April 3 with regard to our intention to reprogram FY 1981 foreign assistance for El Salvador and for Liberia. We noted then that, because of the urgent need for additional economic support fund (ESF) assistance for these two countries and the limited availability of non-earmarked FY 1981 ESF, the President intends to exercise his authority under Section 614(a) of the Foreign Assistance Act of 1961, as amended, to reprogram limited amounts of ESF earmarked by legislation for these countries.

This particular exercise in the painful reprogramming process illustrates why, as a matter of policy, the Administration is seeking an alternative, less disruptive way to meet unforeseen contingencies. In this case, we have had to draw \$21 million each from funds earmarked for Egypt and Israel. Fortunately, these governments have been understanding of the urgent need for us to be able to transfer to El Salvador and Liberia quick-dispersing funds that had been earmarked for them. Their response has been generous and statesmanlike.

The need of Egypt and Israel for these funds, however, continues to exist. We are, therefore, increasing our request for ESF funding in FY 1982 for Israel and Egypt by \$21 million each and are reducing our request for unallocated ESF funds by a like amount. These adjustments, in effect, reflect an allocation of the special requirements fund we have requested mandated by events that have occurred between the time we first made our FY 1982 request and this presentation.

The economic emergencies we have been called upon to meet this past

month in both El Salvador and Liberia have stretched existing resources to the limit. Time has not permitted a resort to a request for supplemental appropriations which, in any event, ought to be considered a measure of last resort. The problems created any time one seeks to reduce funding that other countries have been led to count upon would have made the task impossible without serious diplomatic setbacks had the Governments of Egypt and Israel been less willing to accommodate over \$40 million of reprogramming requests.

Given the economic problems and uncertainties facing so much of the Third World, it is impossible for us to anticipate today what countries we may need to provide with new or additional economic assistance a year or so hence as a matter of vital American self-interest.

It, therefore, seems to us, in the light of recent experience, that it is both sensible and prudent to establish a contingency ESF fund for FY 1982, subject to all the safeguards that the Congress presently imposes on the reprogramming process. Such a fund will enable us to meet unforeseen needs without the difficulties and risks to international good will that are an inevitable part of existing procedures.

Let me now turn to the specifics of our proposal for additional economic assistance for El Salvador.

U.S. Proposals

The total package amounts to \$63.5 million to be used for the following purposes:

- \$24.9 million in ESF assistance will be used in the next 3 months to provide foreign exchange to the private sector to import new materials and equipment needed to revive industrial and agricultural production.
- \$13.5 million in PL 480 title II aid will help finance food imports. We believe it will cover most, if not all, of El Salvador's requirements for wheat and edible oil for the rest of the year.
- An extra \$8 million will be added to the \$22 million currently available under Commodity Credit Corporation (CCC) guaranty programs. El Salvador has traditionally financed industrial and agricultural imports with foreign com-

water resources caused by the concentration of refugees are borne entirely by Pakistan.

After the massive buildup of population in January and February last year, the UNHCR assumed a role as the lead agency in mobilizing and coordinating international relief efforts. Working with the Pakistan Government, the UNHCR developed a support program in the spring of 1980 and then issued special appeals for about \$100 million, divided out equally between food and nonfood needs.

For 1981 the UNHCR originally budgeted \$52.5 million for Afghan programs, on the basis of a population of 1 million Afghans in Pakistan at the end of September 1980. Clearly, the subsequent population increases will force the budget higher, and the UNHCR and the Pakistan Government are now reviewing new relief planning estimates. The World Food Program, which channels the food component of the international assistance, estimates for this year a need for 312,000 tons of commodities with an estimated value of 120 million. The U.S. Government has made its best efforts to support this humanitarian program, which also undergirds our political interests in this strategically critical area. In FY 1980 we contributed \$43.7 million in cash and food to the relief effort, or nearly one-half of the total food and cash channeled through international organizations.

This fiscal year we have thus far made two new contributions to the Afghan relief program: food with an estimated value of \$28 million and a pledge of \$18 million for the UNHCR.

We expect the refugee population in Pakistan to increase to at least 2 million in FY 1982, for which we will need a total of \$24 million for our proposed contribution to the UNHCR's Pakistan program. Food for Peace will provide significant supplies of foodstuffs in FY 1982. The level of this donation will be determined later this year following an assessment of the food needs of Afghan refugees in Pakistan.

The enormity of this problem and its compelling human and political dimensions require continued international support. Because its full extent is still emerging, the plight of Afghan refugees places a claim of priority upon the attention and generosity of the world community.

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. ■

mercial financing. Commercial bank lines of credit to El Salvador have dried up as a result of political violence and uncertainty. The CCC guaranty serves to reestablish commercial bank financing for critical imports of tallow, soybean meal, cotton seed meal, bone meal, and powdered milk.

- An additional \$7.1 million in development assistance loans will be added to existing agricultural programs providing credit and to an employment program to construct labor-intensive public works in low-income areas.

- Disbursements of \$10 million will be accelerated under an existing housing guarantee program for the construction of low-income housing in two cities in El Salvador. This program is to guarantee long-term financing to El Salvador by a U.S. mortgage company.

The need for economic assistance is pressing. The GDP in 1980 fell 9% below the level in 1979. Export earnings have fallen sharply. A special mission recently returned from El Salvador estimates that the foreign exchange shortfall for 1981 may reach \$150 million. We based our reprogramming on this estimate. It could go higher. We will need to review the situation later this summer to determine whether any further commitments on our part will be necessary.

A failure on our part to respond promptly with the additional assistance we are requesting would be a devastating blow to the economy, perhaps bringing down the Duarte government and with it hopes for economic and social reform and a peaceful solution to the conflict through elections. The private sector would lose hope in the future of the country and abandon any support for the government. Production would decline further. Serious food shortages could develop. The government would be forced to slow down progress in agrarian reform. The increase in hunger, poverty, and unemployment would lead to greater political polarization. The United States would appear to be seeking a military solution.

It is also well to remember the importance of others in helping El Salvador meet its immediate needs. International financial institutions and other governments are providing assistance. For example, the concessionary credit terms for purchasing oil through the joint facility of Mexico and Venezuela should result in loans to El Salvador of \$53 million in 1981. The International Monetary Fund is working to

conclude a compensatory financing facility of about \$40 million for El Salvador in 1981. It has been asked by the government to negotiate a standby drawing as well that would be about \$40 million. A failure now to provide the additional assistance we are requesting would leave these donors in doubt about our commitment to do our share in economic assistance for El Salvador.

The additional, fast disbursing funds we are now requesting will bring our total commitment for economic assistance to El Salvador this year to \$126.5 million. This is significantly more than three times the military assistance—\$35 million—we are providing. This reflects our judgment and that of President Duarte's government as to his country's most pressing needs. As a matter of fact, all parties interested in the welfare of El Salvador and its people understand the urgency of the need for quick and effective economic assistance if the country is to remain afloat. There is admitted disagreement among people of good will as to the wisdom of America's military assistance, but there is little as to the kind of economic assistance we propose to extend through the requested reprogramming.

And it is because of the critical importance of maintaining the viability of the Salvadoran economy that the guerrillas have intensified their war of economic attrition by which they hope to collapse the economy and with it, the government.

Current Situation in El Salvador

For a proper perspective on the situation in El Salvador today, it is necessary to understand that its economic problems go far beyond the disruptions that can be expected in a country engaged in a bloody insurgency. The fact is that with the failure of the military offensive launched last January, the revolutionary leadership has made a quantum jump in its efforts to paralyze the economy. In order to disrupt transportation, the revolutionaries have blown up bridges, ambushed trucks, and blocked highways. To deprive the country of electric power, they have attacked power stations and blown major transmission lines affecting an estimated one-third of the nation's electricity. Some of the most intense fighting in the past has involved the protection of critically important hydroelectric dams from guerrilla attack. These concerted attempts to disrupt the economy have even been extended to

commercial activity as witness the indiscriminate bombings of markets and commercial offices.

President Duarte estimates that economic sabotage results in about \$15 million in destruction each month. Our economic assistance will not restore facilities destroyed by sabotage or directly employ those put out of work as a consequence. It will help the government to meet immediate needs for food, foreign exchange to buy seed and fertilizer, and domestic credit to finance agriculture and industry. It will help restore confidence in the economy. It will allow the government to use its own resources to rebuild the infrastructure destroyed by the guerrillas and stimulate construction that will provide jobs for the unemployed.

We respectfully submit that the emergency economic assistance that the requested reprogramming can alone provide is essential to the achievement of an El Salvador in which the people can be given the chance to determine their own destiny through the electoral process to which the Duarte government is committed. His government has consistently made clear its determination to take the country to elections as the best path to resolve the conflict in El Salvador.

This commitment was reaffirmed just last Saturday by the Vice President and Commander in Chief of the armed forces. Both the Christian Democrats and the military are clearly determined to hold fair elections.

The response of the guerrillas to the prospects of elections since the establishment of the electoral council has been interesting. They are now attacking the offices of the council and the provincial authorities where records are kept that would enable registration of voters to go forward. More than 15 of these offices have been attacked in one way or another over the past few weeks. Plainly, they hope to disrupt the electoral process, which, it must be remembered, will be the first honest one in the country's history. It is a pattern to weaken the government's reforms like the guerrillas' war of attrition against the economy.

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. ■

Aid to Pakistan

Jane A. Coon

*Statement before the Subcommittees on Asian and Pacific Affairs and on International Economic Policy and Trade of the House Foreign Affairs Committee, April 27, 1981. Ms. Coon is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.*¹

I am pleased to be here today to testify in connection with the Administration's request for changes in Section 669 of the Foreign Assistance Act. The Administration firmly believes that congressional approval of this proposed amendment is in our national interest and will permit the United States to carry out important policies in a region threatened by the Soviet Union and critical to our well-being.

We are proposing that the waiver provision contained in Section 669 of the Foreign Assistance Act be amended to conform with that contained in section 601 of the same act. The amended language would also parallel the waiver provisions of the Nuclear Nonproliferation Act. We believe this would remove an anomaly in the law whereby countries engaged in transfers of reprocessing elements are treated differently from those transferring or receiving enrichment materials or technology. It would provide the President with needed flexibility and permit him to pursue a consistent nonproliferation policy within the context of our overall national security interests.

Section 669 and Pakistan

Why do we wish to change this provision of the law? As you know, the sanctions have been applied in only the case of one country—Pakistan. Two years ago we suspended development assistance and our international military education and training (IMET) program to Pakistan. Our relations deteriorated. There was a growing sense of isolation and insecurity in Pakistan. This in no way contributed to a solution of the problem which prompted the application of our sanctions.

Much has changed in this region in the past 2 years with the collapse of Iran and the Soviet invasion of Afghanistan. We believe that the United States should have the flexibility to build a cooperative relationship with Pakistan

in the face of a dangerous and growing threat from the Soviet Union to this vital region.

The Administration—and the previous one—recognized that the vital interests of the United States and its allies are engaged in this region. The Soviets, through their invasion of Afghanistan, have demonstrated their willingness to intervene militarily in Southwest Asia. The Soviet Army is now on the border of the populous Indian subcontinent, and Pakistan is a front-line state. The Soviet pressure on Pakistan is real, and the implications are far-reaching throughout South and Southwest Asia. Pakistan stands on the eastern flank of the Persian Gulf.

Although the development of our strategy for the Southwest Asia region is not yet complete, it is obvious that local states must be able to contribute to regional stability and to resist intimidation. This is particularly true of those states which, like Pakistan, are strategically located and most immediately threatened. A stronger, more self-confident Pakistan capable of resisting direct or indirect Soviet pressures through Afghanistan is, thus, essential for the protection of free world interests in the region.

Pakistan has, so far, withstood Soviet pressure and provided refuge to nearly 2 million Afghan refugees. Its resources, however, are limited as will be its ability to withstand prolonged pressure if it feels it is doing so alone. Pakistan deserves our support, and we are in the process of developing a closer and more cooperative bilateral relationship.

We intend to construct a new relationship with Pakistan in a measured way, seeking to evolve over the long term a durable and credible relationship which will serve the best interests of us both. In this respect, we intend to be fully conscious of Pakistan's position as a leader in both the nonaligned movement and the Islamic community of nations. We need to restore confidence on both sides. This is done better by actions than by words. In our discussions in Islamabad and here in Washington, we believe we have made a very good beginning.

When we first sent to the Congress our request for this change in section 669, we were in the very early stages of our dialogue with the Pakistanis. At that time we could only say, with specificity, that we hope to resume an IMET program in FY 1982. We were aware, however, that any substantial assistance for Pakistan in the context of building a

new relationship would require modification of section 669.

As a result of our recent discussions with Foreign Minister [of Pakistan] Agha Shahi, we will be requesting authorization for \$100 million under the economic support fund (ESF) in FY 1982. We also plan to discuss with the Pakistanis a more substantial long-term program. We will be returning to the Congress with more specific requests but probably not for the FY 1982 budget. Clearly, modification of section 669 is essential to moving ahead with economic assistance and IMET in FY 1982 and a more substantial package in the future.

The Administration believes that favorable action on the proposed amendment would also attest to the recognition, by the legislative branch, of Pakistan's critical position and to the breadth of American support for Pakistan during this time of trial.

Allies and Donor Countries

Resumption of economic assistance to Pakistan would also permit us to make a more meaningful contribution to the important collective effort on Pakistan's behalf. Since the Soviet invasion of Afghanistan, our allies and other donor countries have substantially increased their support. Japan and France, for example, have doubled their assistance in the past year. Total pledges at the Pakistan aid consortium increased 40% last year to a total of \$1,020 million. Our contribution was \$50 million in PL 480.

With Western encouragement and support, the IMF [International Monetary Fund] reached agreement on a 3-year extended fund facility to assist Pakistan in structural economic adjustments. In January Western creditors, including the United States, agreed to an 18-month debt rescheduling package. We understand Saudi Arabia is considering substantial increases in its aid to Pakistan.

Our friends and allies have recognized the importance of supporting Pakistan and have made significant contributions. A number of these countries have repeatedly stressed to us the importance of more vigorous U.S. participation in a collective effort.

Nonproliferation

Our proposed amendment to section 669 in no way reflects a diminution of concern by this Administration over the

U.S. Perspective of the 35th General Assembly

threat of proliferation of nuclear weapons. We remain convinced that the spread of nuclear explosives capability and testing of nuclear devices threatens global security and, in fact, detracts from the security of states pursuing such programs.

The issue is how best to pursue our nonproliferation interests as well as our regional security interests. We do not believe that there is any necessary conflict in the pursuit of both objectives. We certainly cannot claim that sanctions have been successful. We would suggest, rather, that our interests would be better served by addressing the underlying security concerns of countries such as Pakistan and by developing more useful and cooperative relations which could engage us with them in a positive fashion.

The proposed amendment to section 669 is an important—indeed essential—buildingblock in a new relationship—a necessary step which will permit us to provide assistance to this beleaguered country. But your action will also have symbolic value. Not only Pakistan, but others among our allies and friends, are looking to the United States to demonstrate its commitment to support those friends who are standing in the way of a Soviet thrust into this vital area.

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. ■

The 35th General Assembly opened on September 16, 1980, and concluded all but four items of its work on December 19. Discussions on Namibia, agreement on agenda and procedures for launching global negotiations on international economic issues, election of two judges to the International Court of Justice, and a vote on a proposal to enlarge the Security Council were deferred until meetings of the Assembly in 1981.

This 35th regular session of the Assembly took place in a period of increasingly international tension. Some 85,000 Soviet military continued to occupy Afghanistan. Fifty-two American diplomatic personnel were held in Iran. War between Iran and Iraq threatened the security of the Persian Gulf, and tensions among other Middle East states continued to be high. Two hundred thousand Vietnamese troops continued to occupy Kampuchea. There were increasing strains and uncertainties in East-West relations. Ever-increasing numbers of refugees worldwide presented political, economic, and humanitarian challenges. The world economy was plagued by stagflation, huge payments deficits, tension between oil producers and consumers, and increased concern about the ability of the international economic and financial system to function effectively.

Although the General Assembly addressed itself to many of these issues, it was, on the whole, a rather quiet, transitional session, maintaining a record on issues rather than taking strong new initiatives. In part, this may have been a reflection of the interaction between the U.S. presidential election and international affairs. The work of the 35th session was also affected by two emergency special sessions of the Assembly in 1980 under the "uniting for peace" procedure—one in January on the situation in Afghanistan; the other in July on the question of Palestine, and by a special session on development held in late August. In addition, the Security Council took up Middle East and southern African issues. Discussion of the situation in Namibia was postponed pending the outcome of the preimplementation meeting which took place in January 1981 in Geneva.

Afghanistan

A resolution on the situation in Afghanistan, sponsored by the Islamic nations, was adopted by an overwhelming majority which included the United States. The majority was larger than that for a similar resolution passed in January 1980 by an emergency special session of the General Assembly. This session was called after the Soviet Union had vetoed a Security Council resolution dealing with the situation in Afghanistan created by the invasion of Soviet troops in December 1979.

The resolution passed by the 35th General Assembly reaffirms the key provisions of the January resolution calling for withdrawal of foreign forces from Afghanistan; the right of the Afghan people to self-determination free from outside interventions; and a peaceful solution based on the sovereignty, territorial integrity, and the nonaligned character of Afghanistan. In addition, it suggests the appointment of a representative of the Secretary General to work toward a political solution in accordance with the provisions of the resolution. As a first step toward fulfilling the objectives of the resolution, Secretary General Kurt Waldheim appointed U.N. Under Secretary General Xavier Perez de Cuellar as his personal representative on Afghanistan in February 1981.

Kampuchea

The United States strongly supported a resolution offered by member states of the Association of South East Asian Nations (ASEAN) and approved by a large majority, calling for an early international conference to negotiate withdrawal of all foreign forces from Kampuchea and selection, under U.N. supervision, of a truly representative government by the Khmer people.

As it did the previous year, the United States supported, on a technical basis, the acceptance of the credentials of the representative of the Government of Democratic Kampuchea. The U.S. position was that the present regime in Kampuchea, led by Heng Samrin, was installed by Vietnam through its military invasion of Kampuchea and is maintained in power by a Vietnamese occupation force of 200,000 troops. The regi-

les not have a superior claim to the Kampuchean seat in the General Assembly; therefore, the Assembly could seat the representative of the government whose credentials were accepted by the previous General Assembly. The conclusion that the Heng Samrin regime does not represent a superior claim is supported by most of the governments of the region. Secretary of State Edmund Muskie made clear in his statement of September 15 that this position on the technical question of credentials does not imply U.S. Government recognition of the Democratic Kampuchea regime, support for it, or approval of its heinous killing of human life.

At the December 1980 conference of major nations, the United States pledged a basic \$25 million and up to an additional \$20 million on a matching basis for FY 1981 for the ongoing Kampuchean relief effort.

Iran-Iraq War

The General Assembly did not act on this issue. However, the Security Council adopted a resolution on September 8, calling for both sides to cease hostilities and resolve their differences peacefully. After consultations with Security Council members Secretary General Waldheim appointed former Swedish Premier Olof Palme to serve as his personal emissary to the two governments to work on a settlement.

Middle East

The 35th General Assembly adopted, by large majorities, 12 resolutions on the question of Palestine and the situation in the Middle East in addition to the two passed during the 6-day emergency special session on the question of Palestine held, despite U.S. opposition, in July 1980. Of all these resolutions, the United States voted in favor of only one, which reaffirmed the applicability of the Geneva convention of 1949 to the territory occupied by Israel as a result of the 1967 war.

The United States voted against or abstained on the remaining resolutions for a variety of reasons. It found them unrealistic and one-sided, not taking into account the legitimate rights and concerns of both sides in the Middle East conflict. The United States found particularly disturbing a resolution questioning for the first time the adequacy of Security Council Resolution 242 as a basis for a Middle East settlement.

Together with other Western nations, the United States also voted against a resolution criticizing the Camp David peace process.

Southern Africa

In explanation of its vote on agenda item 28, "Policies of Apartheid of the Government of South Africa," the United States reiterated its strong opposition to apartheid and its firm commitment to work for its eradication. However, the United States was again forced to vote against a majority of the 17 subsections of the resolution because they contained language and proposed

actions which the United States could not accept. There was little attempt on the part of the sponsors of the apartheid resolution to negotiate texts which would reflect a wider consensus in opposition to apartheid which exists in the international community.

The 35th General Assembly agreed to defer discussion on Namibia until after the U.N.-sponsored preimplementation meeting in Geneva in January 1981, which all parties to the negotiations on Namibian independence would attend. The United States attended as one of the five-member Western contact group which has been working for Namibian independence since 1978. The objective of the conference was to set the date for a cease-fire in the guerrilla war as the first step in implementing a previously agreed-upon U.N. plan for elections and independence. In his remarks at the conclusion of the meeting, U.N. Under Secretary General Brian Urquhart noted that South Africa felt it would be "premature" to proceed with implementation at this time. The question of Namibia was then taken up at a meeting of the resumed General Assembly in March 1981.

Namibia

The following statement was issued by the Governments of Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States on April 14, 1981.¹

Following the regrettable failure of the preimplementation meeting at Geneva to give effect to the U.N. plan for Namibia, the governments of the Western five have been engaged in extensive consultations to reassess the situation in southern Africa and prospects for a negotiated settlement for the territory. Bilateral discussions at ministerial level have taken place on several occasions over the last 2 months at which the Namibia issue was considered by the five.

The Western five remain committed to an internationally accepted settlement for Namibia and are continuing their common efforts toward this goal. A meeting of senior officials of the five will be held in London during the week of April 20 at the conclusion of consultations in Africa by the U.S. Assistant Secretary-designate for African Affairs, Mr. Chester Crocker.

The London meeting will provide an opportunity to review the results of all these consultations and consider future courses of action. The Western five hope this will assist them in the process of formulating proposals on how progress can be made toward the mutually agreed objective of early independence for Namibia.

Zimbabwe

On April 18, 1980, Zimbabwe, formerly Southern Rhodesia, became independent and was admitted to U.N. membership on August 25. Zimbabwe's admission to the United Nations was the culmination of a long and difficult effort to establish an internationally recognized government representative of all the people of that nation. Zimbabwe's admission was also a triumph for people of that nation. Zimbabwe's admission was also a triumph for many U.N. members, particularly the United Kingdom and the front-line states of southern Africa, whose untiring efforts facilitated the signing of the Lancaster House agreements and the election of a representative government in Zimbabwe.

Western Sahara

The Assembly adopted an Algerian resolution, on which the United States abstained, calling for negotiations to settle the future of the people of Western Sahara but prejudging the outcome by declaring that they should lead to the creation of an independent Saharan state and referring to the Polisario [Popular Liberation Front for Rio de Oro and Saguia El Hamra] as "representative of the people of Western

¹USUN press release 19. ■

Sahara." The United States, in its statement to the committee, explained that it is neutral on the eventual status of the territory which can be decided only after due consultation with the people of the territory. It voted for a Moroccan resolution in which Morocco pledged to cooperate with the Organization for African Unity in settling the issue.

Cyprus

Intercommunal talks for a settlement of the Cyprus dispute recommenced under U.N. sponsorship in September 1980 in Nicosia. The Assembly decided to postpone the Cyprus debate until the 36th General Assembly.

Disarmament and Arms Control

Of the 44 resolutions adopted by the General Assembly in the field of arms control and disarmament, the most noteworthy—on allegations of chemical weapons use—was also the most controversial. Cosponsored by eight Western nations and strongly supported by the United States, the resolution called for an investigation, under the aegis of the U.N. Secretary General, of reports of chemical weapons use in recent conflicts.

Although no countries are mentioned by name in the resolution, it reflects the concern of the United States and other nations about reports that lethal and incapacitating chemical weapons have been used by Communist forces in Afghanistan and Southeast Asia. Significantly, this is the first time the international community has endorsed action to deal with a problem which threatens the viability of an important international agreement (the 1925 Geneva protocol).

Other resolutions adopted urged the United States and the U.S.S.R. to ratify SALT II and begin additional negotiations on limiting strategic nuclear weapons, approved in principle the implementation of a U.N. study on conventional weapons disarmament, and provided for the establishment of preparatory committees for the 1982 second General Assembly special session on disarmament and the 1983 U.N. Conference on the Peaceful Uses of Nuclear Energy.

An Indian Ocean as a zone of peace resolution was adopted by consensus for the first time. This resolution leaves to the ad hoc committee on the Indian Ocean to decide at its 1981 meetings whether to hold an Indian Ocean con-

ference later in 1981. The resolution, while by no means perfect from the U.S. point of view, allows a shift of focus away from naval forces alone and provides a basis for continuing discussions on the fundamental security problems facing the Indian Ocean region.

The session continued a trend which saw the nonaligned and other nations of the world increasingly anxious to see some concrete results from the superpowers on such issues as nuclear arms control, the comprehensive test ban, and the prohibition of chemical weapons and, at least, to begin multilateral negotiations on these issues.

Refugees

The humanitarian, financial, and political pressures created by 3.5 million African, over 1 million Afghan, 255,000 Indo-Chinese refugees, and the exodus of 150,000 Cubans and Haitians to the United States focused world attention on the problems of refugees. In his opening speech to the meeting of the U.N. Economic and Social Council in July 1980, Ambassador Donald F. McHenry, U.S. Permanent Representative to the United Nations, called for a better management of this "worldwide crisis" and a reformulation of international attitudes on refugees.

At the General Assembly, the United States supported a resolution that endorsed the work of the United Nations High Commissioner for Refugees (UNHCR), noted the High Commissioner's efforts to contribute to the improvement of coordination among U.N. agencies and other relevant international organizations, called upon the international community to share the burden of assisting refugees and displaced persons, and authorized the UNHCR to allocate up to \$10 million annually for refugees and displaced persons in emergency situations.

The United States cosponsored a Federal Republic of Germany resolution that called for governments to focus on the political origins of refugee flows and the means to avert them and called on member states to submit to the Secretary General their comments and recommendations on ways and means to improve international cooperation to avert new flows of refugees; the resolution was adopted by a large margin. A U.S.-supported resolution calling for an International Conference on Assistance to Refugees in Africa to be held in Geneva, April 9 and 10, 1981, was approved. A Canadian resolution, adopted

by consensus, established flagrant violations of human rights as a cause for massive flows of refugees.

The United States pledged \$75.7 million for the first 9 months of 1981 for the programs of the UNHCR and expects to contribute \$16.5 million for the final quarter of the year.

Human Rights

The General Assembly adopted some 30 resolutions, a good number of which consolidated earlier human rights advances. There was progress on such matters as redesignation of the U.N. Human Rights Division to the status of a Center, safeguards against summary executions, and reinforcement for the Human Rights Commission's working group on disappearances. A resolution welcomed Sri Lanka's offer to host a seminar on human rights in Asia in 1981.

The General Assembly also adopted three resolutions concerning human rights situations in specific Latin American nations. The United States supported a resolution on Bolivia and another accepting the latest report on the human rights situation in Chile. Although it shares the concern of other nations over the level of violence and violations of human rights occurring daily in El Salvador, the United States abstained on a resolution on El Salvador which it found unbalanced and unhelpful in ending the violence.

Women's Issues

The U.N.-sponsored mid-Decade World Conference on Women, which took place in Copenhagen in July 1980, completed a program of action for the second half of the Decade for Women. The program was adopted by an overwhelming majority which the United States could not join because of objectionable language which grouped Zionism with racism, colonialism, and neocolonialism and directed that assistance for Palestinian refugees be provided in consultation with the Palestine Liberation Organization as the representative of the Palestinian people. The program was again voted on as a resolution at the 35th General Assembly and again the United States voted against it.

However, the United States pledged its support and participation in national and international endeavors aimed at fulfilling the conference in 1976. The United States supported other resolutions concerning the International

Research and Training Institute for the Advancement of Women, assistance for male refugees, and the voluntary fund.

Protection of Diplomats

In the wake of the hostage situation, the United Nations offered a resolution, adopted by consensus, which urges states to ensure, in conformity with their international obligations, the protection and safety of diplomatic and consular missions; calls on states to consider becoming parties to relevant conventions; invites states to report to the Secretary General on serious violations of the protection, security, and safety of diplomatic missions; requests the Secretary General to work with member nations on additional protective measures; and asks the Secretary General to report on this subject to the next General Assembly. While the resolution is not as strong as the United States would have liked, it is an important reaffirmation of the need to protect diplomatic envoys and a further step in international efforts against terrorism.

Development

The 34th session of the General Assembly inaugurated a period of intense activity on economic and development issues, leading to a special session of the General Assembly on development in August 1980. The main purpose of the special session was to reach agreement on procedures and agenda for a round of global negotiations on such international economic issues as trade, development, energy, and money and finance, to be launched in January 1981. Agreement could not be reached at the special session, and discussions were continued at the 35th General Assembly. A small negotiating group headed by the U.N. General Assembly President. Considerable ground was covered in narrowing differences, but substantial differences still remain before global negotiations can be launched.

The Group of 77 (representing 121 developing nations) insisted on inclusion of items calling for the reform of the international monetary system and financial institutions but was unwilling to agree on a serious discussion of energy pricing and supply issues on which the European Economic Community was insisting. The United States, although supporting the European Community's objectives on energy, remained primarily concerned with obtaining an acceptable agreement on monetary issues. A greater degree of agreement was reached on a

text on procedures, but there was still concern that this text did not adequately protect the decisionmaking authority of such specialized international agencies as the World Bank and the International Monetary Fund.

At the resumed General Assembly session in January, the decision was made to authorize General Assembly President Rudiger von Wechmar (Federal Republic of Germany) to continue to pursue work on this issue with a view to resuming formal negotiations later this year.

International Development Strategy

The international development strategy, a document outlining programs and goals for economic development during the Third United Nations Development Decade, was agreed upon at the special session on development in August 1980 and adopted by consensus at the General Assembly. The United States endorsed the strategy but, along with most other developed countries, expressed reservations on many points covered in the document. These included the establishment of fixed growth and aid targets, a process to which the United States has long been opposed. The United States also was not satisfied that energy issues were sufficiently treated in the document.

Other development issues included a resolution adopted by consensus calling for a conference on the least developed countries to be held in Paris in September 1981 to consider the special problems of about 30 least developed countries. The General Assembly also adopted by consensus a series of 25 country-specific resolutions calling for increased economic and disaster relief assistance and a resolution to hold a Conference on New and Renewable Sources of Energy in Nairobi in August 1981.

Security Council Expansion and Membership

India and other nations sponsored a proposal to expand the Security Council from 15 to 21 members. The United States opposes the expansion because it believes the Security Council as currently composed reflects the balance of interests in today's world relevant to questions of peace and security. In addition, the United States believes that enlarging the size of the Council would hinder its ability to act quickly and lessen its effec-

tiveness. The proposal has not been voted on and remains on the Assembly agenda.

The General Assembly elected five nonpermanent members of the Security Council to serve for 2-year terms. These are Ireland, Japan, Panama, Spain, and Uganda. The members of the Security Council for 1981 are China, France, German Democratic Republic, Ireland, Japan, Mexico, Niger, Panama, the Philippines, Spain, Tunisia, Uganda, the U.S.S.R., the United Kingdom, and the United States.

Budget and Secretariat Staffing

The United States voted against a supplement of \$91.4 million to the biennial U.N. budget which was ultimately approved. (The total budget for 1980-81 is now \$1.4 billion.) This vote, in which the United States was joined by 19 other countries accounting for a total of 79% of regular budget assessments, reflected the U.S. belief that increases in one area of the U.N. budget should be matched by offsetting reductions, particularly of low priority activities, elsewhere. The vote also expressed U.S. dissatisfaction that the Secretariat had taken inadequate measures to absorb, as national governments are forced to do, increases in costs of previously approved programs due to inflation and currency fluctuations.

The United States cooperated in developing a new formula for determining the number of U.N. Secretariat jobs each member nation may fill with its citizens. In response to criticism from developing nations that too much weight was given to the amount of a nation's contributions, the new formula decreases the weight given to the amount of a nation's contributions from 66% to 57%. However, it increases the total number of jobs available to each nation by broadening the base of existing jobs subject to geographical distribution from what the United States considered an unrealistic low of 2,700 to 3,350.

USUN press release 16 of Apr. 10, 1981. ■

International Conference on Assistance to Africa's Refugees

The International Conference on Assistance to Refugees in Africa was held April 9-10, 1981, in Geneva. Following is a statement made to that conference by Jeane J. Kirkpatrick, head of the U.S. delegation and U.S. Ambassador to the United Nations, on April 9.¹

It is my pleasure to bring you greetings from our President, Ronald Reagan. Because he is deeply moved by the suffering of Africa's refugees and desired to express, in a compelling fashion, the solidarity of the U.S. Government and the American people, President Reagan had initially designated Vice President George Bush to head the U.S. delegation. When his injury made it necessary for the Vice President to remain in the United States, President Reagan asked me to attend—less as our Permanent Representative to the United Nations than as one of the members of the U.S. Cabinet who operates in the field of foreign affairs. The President also asked me to personally express his devout hopes for a successful conference. And the Vice President requested that I express his regrets that he cannot be with you today. The President, the Vice President, and the Secretary of State are following our proceedings with great interest. I will report to them on the conference soon after I return to the United States.

To draw attention to this conference, a bill of the U.S. Congress and a proclamation of the President have designated today, April 9th, as African Refugee Relief Day.

The United States not only has links with Africa, Africa is present in the United States. The African heritage is one of our component parts. Americans have many links with Africa, links which President Reagan's Administration fully intends to reinforce and expand. Twenty-six million of our people trace their ancestral roots to Africa. The exchange of students, teachers, missionaries, businessmen, and diplomats between the United States and Africa has a long history fruitful to both sides. The rich influences of Africa in our culture and society are fixed in the national fabric.

My message today is simple: We feel deeply the suffering of Africa's millions of refugees forced by political, economic,

and natural catastrophes to leave their homes in the search for safety and even for survival.

We sympathize also with the countries in which refugees have sought and found asylum—with the strain that growing refugee populations put on scarce resources and difficult conditions in their host countries. We want to help. We mean to do so.

U.S. Concern

Contrary to some reports, the Government of the United States cares a great deal about our relations with the nations of Africa. This concern is reflected in the careful review of African policy and in the consultations now being carried out by our new Assistant Secretary-designate, Chester Crocker. Even more dramatic evidence of the U.S. Government's concern is found in its new budget. While deep cuts are being made in most domestic and foreign expenditures, the Administration has recommended to the Congress a 30% increase in our overall aid for Africa—the first real increase in African aid in a number of years.

My Administration's special concern with refugees has already been made clear. Last month some \$50 million in assistance was committed to the Government of Zimbabwe to help in war reconstruction efforts and other activities and programs of direct benefit to the thousands of returnees in that country. Moreover, the United States has consistently and generously contributed to humanitarian programs for the relief of African refugees.

Today I am pleased to announce here that during the 2 years of 1981 and 1982, the United States will further make available, dependent in part on congressional authorization, a total of \$285 million to programs assisting African refugees.

That pledge is not only an expression of our desire to help but also of our conviction that something can be done—that the problems of the African refugees are not beyond solution.

Grounds for Hope

Most tragically the staggering number of refugees come on top of the many burdens that Africa already bears. Most

asylum countries in Africa are struggling against great odds to meet the needs of their own people. Moreover, African development needs and population growth, together with declining per capita food production, combine with Africa's refugee crises to threaten genuine disasters. Secretary General [of the Organization of African Unity Edem] Kodjo recently posed the issue in stark terms when he said that "by the end of the century, Africa will either be saved or completely destroyed."

Even though the number of African refugees continues to grow—having more than doubled in the Horn in 1980—we remain hopeful and for several reasons.

The first ground for hope is the generosity of the African countries themselves. The more than two dozen asylum countries have repeatedly demonstrated the time-honored African tradition of hospitality to strangers. Even though most asylum countries in Africa are struggling against great odds to meet the needs of their own people, they have often committed sizable amounts from their own resources to assist refugees, permitting the newcomers to resettle permanently. Most have permitted the refugees to use arable lands and available social services. These African countries are, therefore, the first donors.

The second ground for hope lies in the excellent efforts of a variety of international agencies, public and private, including the International Committee of the Red Cross and the many other voluntary humanitarian organizations—many of whose representatives are present among us today. The U.N. High Commissioner for Refugees has worked valiantly to meet the staggering increase in worldwide refugee needs over the past 5 years.

The third ground for hope is found in the growing response of the international community and recognition of the need for a massive coordinated effort to assist the millions of uprooted, homeless Africans. There is also increasing awareness among those willing to help of the importance of tailoring the assistance to the concrete circumstances of the refugees and their host countries. We believe a more systematic study of these circumstances can result in still more effective help.

A final reason for hope is the return during the past year, of many thousands of former refugees to their homes in Zimbabwe and Equatorial Guinea, a

vement that illustrates the possibility of reversing the trend.

Reversing the negative trends and solving the problems will not only require an intelligent, generous effort by nations outside Africa, it will also require a determination to achieve peace in Africa. An end to military adventures and violent politics is necessary, and we call on all the countries of this area to find peaceful solutions to Africa's problems no matter how difficult or intractable they may appear.

If we all—in and out of Africa—work together to solve the problems of Africa's destitute millions, the result will be better lives and more hopeful futures for the refugees and greater stability for their hosts. In this effort you can count on the United States.

¹USUN press release 18. ■

African Refugee Relief Day

PROCLAMATION 4833,
APR. 9, 1981¹

The American people are blessed with freedom and material abundance, yet they are not deaf to the cries of agony from those who suffer deprivation. Today, cries for help are heard from Africa where more than 4 million of our fellow human beings have been displaced.

The United States applauds the humanitarian efforts of the nations which take in these refugees. Host nations are often themselves poor in resources and their willingness to accept refugees is exemplary of the best in the human spirit.

Americans are a compassionate people and will do their part, either through government or through voluntary contributions.

With this in mind, Congress has, by joint resolution, requested me to designate April 9, 1981, as African Refugee Relief Day and to call upon the people of the United States to observe that day by increasing their awareness of the plight of the African refugee. Further, I call on Americans of all faiths to involve themselves directly in this problem with their prayers and with contributions to recognized private voluntary agencies which provide care and relief to African refugees.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate April 9, 1981, as African Refugee Relief Day.

IN WITNESS WHEREOF, I have hereunto set my hand this ninth day of April, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and fifth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 13, 1981. ■

El Salvador

DEPARTMENT STATEMENT,
APR. 9, 1981¹

The killing of some 20 civilians in El Salvador 2 days ago is part of a continuing tragedy in that country. Violence—from left and right—threatens all hopes of reform and democratic progress in that country. The goal of U.S. policy toward El Salvador is to help break this vicious pattern.

These most recent killings reinforce our determination to support the centrist government of the country, a government that is beset by extremist forces on the far right and far left who oppose its policies of political, social, and economic reform.

The extremist forces deliberately instigate violence in the knowledge that progress can be stopped only in that way. Such incidents will unfortunately continue until the Government of El Salvador can demonstrate its ability to restore stability in the country and end acts of violence by all parties.

We are communicating with the Government of El Salvador in an effort to learn the facts of this most recent tragedy.

¹Read to news correspondents by acting Department spokesman William J. Dyess. ■

Current Actions

MULTILATERAL

Agriculture

Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980. TIAS 9919.

Ratification deposited: Bolivia, Apr. 8, 1981.

Antarctica

The Antarctic treaty. Signed at Washington Dec. 1, 1959. Entered into force June 23, 1961. TIAS 4780.

Accession deposited: Peru, Apr. 10, 1981.

Notification of succession deposited: Papua New Guinea, Mar. 16, 1981.

Aviation, Civil

Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.

Accession deposited: Kiribati, Apr. 14, 1981.

Protocol on the authentic trilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Buenos Aires Sept. 24, 1968. Entered into force Oct. 24, 1968. TIAS 6605.

Accession deposited: Kiribati, Apr. 14, 1981.

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Accession deposited: Uruguay, Apr. 6, 1981.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹

Signature: Brazil, Apr. 16, 1981.

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: Liberia, Mar. 11, 1981; Mozambique, Mar. 25, 1981.

Reservations withdrawn: South Africa, Feb. 17, 1981.

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

Acceptances deposited: Denmark, Feb. 25, 1981; Switzerland, Feb. 23, 1981.

Cultural Property

Statutes of the International Center for the Study of the Preservation and Restoration of Cultural Property. Adopted at New Delhi

Nov.-Dec. 1956, as amended Apr. 24, 1963, and Apr. 14-17, 1969. Entered into force May 10, 1958; for the U.S. Jan. 20, 1971. TIAS 7038.

Notification of withdrawal: U.K., Dec. 30, 1980; effective Dec. 30, 1981.

Customs

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.

Accession deposited: Zimbabwe, Mar. 19, 1981.

Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502.

Accession deposited: Sudan, Apr. 13, 1981.

Finance

Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.

Accession deposited: Solomon Islands, Mar. 13, 1981.

Human Rights

American convention on human rights. Done at San Jose Nov. 22, 1969. Entered into force July 18, 1978.²

Accession deposited: Mexico, Mar. 24, 1981.³

International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.²

Accession deposited: Mexico, Mar. 23, 1981.

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.²

Accession deposited: Mexico, Mar. 23, 1981.

Hydrographic Organization

Convention on the International Hydrographic Organization, with annexes. Done at Monaco May 3, 1967. Entered into force Sept. 22, 1970. TIAS 6933.

Accession deposited: Belgium, Mar. 10, 1981.

Judicial Procedure

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.

Accession deposited: Barbados, Mar. 5, 1981.

Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331). Adopted at London Oct. 12, 1971.¹

Acceptance deposited: Belgium, Mar. 19, 1981.

Maritime Matters

Convention on the Intergovernmental Maritime Consultative Organization. Signed at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958. TIAS 4044.

Acceptance deposited: Costa Rica, Mar. 4, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490). Adopted at London Nov. 14, 1975.¹

Acceptance deposited: Spain, Apr. 14, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490). Adopted at London Nov. 17, 1977.¹

Acceptance deposited: Spain, Apr. 14, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.¹

Acceptances deposited: Malaysia, Apr. 2, 1981; Spain, Apr. 14, 1981.

Patents

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970. Entered into force Jan. 24, 1978; except for chapter II. Chapter II entered into force Mar. 29, 1978.⁴ TIAS 8733.

Territorial application: Notification by U.K. that treaty shall be applicable to Hong Kong effective Apr. 15, 1981.

Pollution

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.¹

Accession deposited: Bahamas, Mar. 5, 1981.

International convention on the establishment of an international fund for compensation of oil pollution damage. Done at Brussels Dec. 18, 1981. Entered into force Oct. 16, 1978.²

Accession deposited: Maldives, Mar. 16, 1981.

Program-Carrying Signals

Convention relating to the distribution of programme-carrying signals transmitted by satellite. Done at Brussels May 21, 1974. Entered into force Aug. 25, 1979.²

Ratification deposited: Italy, Apr. 7, 1981.

Property—Industrial

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, 1979.²

Accession deposited: Denmark, Mar. 3, 1981.

Safety at Sea

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1979. Entered into force May 1, 1981.

Accession deposited: Norway, Mar. 25, 1981.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Accession deposited: Singapore, Mar. 16, 1981.

Lite Communications System

Convention on the international maritime satellite organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605. Ratification deposited: Philippines, Mar. 30, 1981.

Ratification deposited: Chile, Feb. 26, 1981.

Agreement on the international maritime satellite organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605. Ratification deposited: Chile, Feb. 26, 1981; Philippines, Mar. 30, 1981.

Forum

International convention against the taking of hostages. Done at New York Dec. 17, 1979.¹ Ratification deposited: Trinidad and Tobago, Mar. 1, 1981.

Transportation

Agreement on the international carriage of dangerous goods, with annexes. Done at Geneva Sept. 2, 1970. Entered into force Nov. 21, 1976.² Ratification deposited: German Democratic Republic, Apr. 14, 1981.

Treaties

Vienna Convention on the Law of the Sea, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.² Ratification deposited: Chile, Apr. 9, 1981.

Treaty

Protocol for the first extension of the Montreal Convention, 1980. Done at Washington Mar. 24, 1981.¹ Ratification deposited: Sweden, Apr. 6, 1981.

Protocol for the sixth extension of the Montreal Convention, 1971. Done at Washington Mar. 24, 1981.¹ Ratification deposited: Brazil, Apr. 28, 1981; Egypt, Mar. 24, 1981; Sweden, Apr. 6, 1981; Yugoslavia, Apr. 22, 1981.

Women

Convention on the Elimination of All Forms of Discrimination Against Women. Adopted at New York Dec. 18, 1979.¹ Ratification deposited: Brazil, Mar. 31, 1981.

Ratification deposited: Mexico, Mar. 23, 1981.

Convention on the Political Rights of Women. Done at New York Mar. 31, 1953. Entered into force July 7, 1954; for the U.S. July 7, 1966. TIAS 8289.

Ratification deposited: Mexico, Mar. 23, 1981.

Inter-American Convention on the Granting of Political Rights to Women. Signed at Bogota July 2, 1948. Entered into force Apr. 22, 1959; for the U.S. May 24, 1976. TIAS 8365. Ratification deposited: Mexico, Mar. 24, 1981.

1981.

BILATERAL**Dominica**

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 Bridgetown and Roseau Dec. 11, 1980, and Feb. 4, 1981. Entered into force Feb. 4, 1981.

Dominican Republic

Agreement for sales of agricultural commodities, relating to the agreement of Sept. 28, 1977 (TIAS 8944). Signed at Santo Domingo Feb. 20, 1981. Entered into force Feb. 20, 1981.

The Gambia

Agreement relating to radio communications between amateur stations on behalf of third parties. Effected by exchange of notes at Banjul Mar. 17, 1981. Entered into force Apr. 16, 1981.

Ghana

Agreement for sales of agricultural commodities, relating to the agreement of Apr. 14, 1980 (TIAS 9738), with agreed minutes. Signed at Accra Mar. 31, 1981. Entered into force Mar. 31, 1981.

Hong Kong

Agreement amending the agreement of Aug. 8, 1977, as amended (TIAS 8936, 9291, 9611, 9714), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Hong Kong Mar. 13, 1981. Entered into force Mar. 13, 1981; effective Jan. 1, 1981.

Israel

First amendment to agreement of Dec. 3, 1980, providing additional grant funds to support the economic and political stability of Israel. Signed Mar. 27, 1981. Entered into force Mar. 27, 1981.

Malaysia

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Kuala Lumpur Dec. 5, 1980, and Feb. 27, 1981. Entered into force Feb. 27, 1981; effective Jan. 1, 1981.

Mexico

Agreement of cooperation regarding pollution of the marine environment by discharges of hydrocarbons and other hazardous substances, with annexes. Signed at Mexico City July 24, 1980. Entered into force provisionally July 24, 1980.

Entered into force: Definitely, Mar. 30, 1981.

Agreement on cooperation in cases of natural disasters. Signed at Mexico City Jan. 15, 1980. Entered into force provisionally Jan. 15, 1980.

Entered into force: Definitely, Mar. 18, 1981.

NATO

Agreement concerning the application of part IV of the agreement on the status of the North Atlantic Treaty Organization, national representatives, and international staff, Sept. 20, 1951 (TIAS 2992), to the officials of NATO civilian bodies located on the territory of the United States of America. Signed at Brussels Mar. 3, 1981. Entered into force Mar. 3, 1981.

Niger

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 Niamey Mar. 11 and June 9, 1980. Entered into force June 9, 1980.

Norway

Agreement concerning fisheries off the coasts of the U.S., with annex and agreed minutes. Signed at Washington Jan. 26, 1981. Entered into force on a date to be mutually agreed by exchange of notes, upon the completion of internal procedures of both governments.

Philippines

Memorandum of understanding for the exchange of individual personnel between the U.S. Army Western Command and the Armed Forces of the Philippines. Signed at Manila Mar. 25, 1981. Entered into force Mar. 25, 1981.

Poland

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Washington Sept. 15, 1980, and Mar. 20, 1981. Entered into force Mar. 20, 1981; effective Jan. 1, 1981.

St. Lucia

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 Bridgetown and Castries Dec. 11, 1980, and Jan. 27, 1981. Entered into force Jan. 27, 1981.

St. Vincent and the Grenadines

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 Bridgetown and Kingstown Dec. 11, 1980, and Jan. 20, 1981. Entered into force Jan. 20, 1981.

Senegal

Agreement amending the agreement for sales of agricultural commodities of May 16, 1980. Effected by exchange of notes Dec. 23, 1980. Entered into force Dec. 23, 1980.

Sudan

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed, or insured by the U.S. and its agencies, with annexes. Signed at Khartoum May 17, 1980. Entered into force for 1979/80 debt June 19, 1980.

Entered into force for 1980/81 debt:
Apr. 14, 1981.

Sweden

Technical exchange and cooperative arrangement in the field of nuclear safety research and development, with appendix. Signed at Bethesda and Studsvik Jan. 27 and Feb. 23, 1981. Entered into force Feb. 23, 1981.

Switzerland

International express mail agreement, with detailed regulations. Signed at Bern and Washington Dec. 7, 1978, and Jan. 22, 1979.

Entered into force: Feb. 1, 1979.

Turkey

Agreement regarding the consolidation and rescheduling of payments due under PL 480 Title I agricultural commodity agreements, with annexes. Signed at Ankara Mar. 27, 1981. Entered into force Mar. 27, 1981.

United Kingdom

Arrangement relating to the employment of dependents of official government employees. Effected by exchange of notes at Washington Jan. 14 and 15, 1981. Entered into force Jan. 15, 1981.

World Health Organization

Memorandum of understanding regarding United States EPA collaboration in the international program on chemical safety. Signed at Washington and Geneva Jan. 19 and Mar. 19, 1981. Entered into force Mar. 19, 1981.

Zaire

Agreement regarding the consolidation and rescheduling of payments due under PL 480 Title I agricultural commodity agreements, with annexes. Signed at Kinshasa Mar. 10, 1981. Entered into force Mar. 10, 1981.

¹ Not in force.

² Not in force for the U.S.

³ With reservation and declarations.

⁴ Chapter II not in force for the U.S. ■

April 1981

April 1

Of the \$75 million in economic support funds to Nicaragua, the U.S. suspends the remaining \$15 million because of that country's assistance to guerrillas in El Salvador. However, recognizing the necessity to retain U.S. influence in Nicaragua and to continue incentives for moderates there, the U.S. did not demand immediate repayment of outstanding fully disbursed loans already extended to that country and will consider a resumption of aid should the situation in Nicaragua improve.

April 2

Polish Deputy Prime Minister Mieczyslaw Jagielski visits U.S. to discuss U.S.-Polish relations and to seek economic aid for that country. The U.S. announces that it will provide food aid to Poland—30,000 tons of dried milk and 30,000 tons of butter—which will be sold below world market prices for Polish currency.

April 3

Secretary Haig makes official visit to the Middle East—Egypt, Israel, Jordan, and Saudi Arabia April 3–8. He also makes stops in Rome, Madrid, London, Paris, and Bonn April 8–11.

April 6

U.S. asks the International Court of Justice to dismiss U.S. claims against Iran for damages resulting from seizing and holding U.S. hostages. If Iran fails to live up to the agreement signed Jan. 19, in Algeria, the petition reserves the right to reinstitute proceedings.

April 8

Meeting of the Nuclear Planning Group in Bonn, NATO Defense Ministers issue a statement noting that Soviet intervention in Poland would undermine the prospects for effective arms control negotiations.

April 9

International Conference on Assistance to Refugees in Africa convenes in Geneva April 9–11. Ambassador Jeane Kirkpatrick, U.S. Permanent Representative to the U.N., heads the U.S. delegation.

April 10

Thirty-five nations, including NATO (except U.S. and Turkey) and all members of the Warsaw Pact (except Romania) sign Conventional Weapons Convention (CWC) which is primarily designed to protect civilians from incendiaries, land mines, and booby traps. The U.S. is reviewing its position on the question of signing the Convention. The Convention will remain open for signature for a full year.

April 12

U.S. launches space shuttle *Columbia*, the first such space vehicle which can be reflown.

April 14

Governments of the Western Five—Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States—issue a statement concerning the failure of the preimplementation meeting in Geneva to give effect to the U.N. plan for Namibia. They reiterate their commitment to an internationally acceptable settlement for that country.

The space shuttle *Columbia* safely lands concluding the successful first demonstration of a new approach to extraterrestrial travel and opening a new era in space travel.

April 15

U.S. announces that Maksim Shostokovich, son of the late Soviet composer Dmitri, and his son will be admitted to that country as refugees. The two sought political asylum in West Germany on April 12.

Hans Christ, a Salvadoran national and suspect in the killing of Jose Rodolfo Viera, head of El Salvador's Agrarian Reform Institute, and two American advisers, is arrested in Miami by Federal authorities.

April 17

Prime Minister Nguza Karl-i-Bond of Zaire resigns.

April 21

U.S. announces decision to sell a new multimillion-dollar arms package, including five radar planes—AWACS (airborne warning and control system) planes—to Saudi Arabia.

April 23

Nsinga Udjuu Ongwakeb Untube, a former Interior Minister, is appointed Prime Minister of Zaire.

April 24

After 15 months, U.S. lifts ban on sale of agricultural goods and phosphates to the Soviet Union.

April 27

Poland's 15 Western creditor governments, including the U.S. Government, agree in Paris to reschedule Polish official debt payments coming due May 1–Dec. 31, 1981.

April 30

U.N. Secretary General Kurt Waldheim makes official visit to Washington, D.C. to meet with the President and the Secretary of State.

Prince Charles, heir apparent to the British throne, makes a private visit to Washington, D.C., and Norfolk, Williamsburg, and Yorktown, Va. During visit, the Prince was guest of honor at a White House dinner and also had brief meetings with the President and Secretary of State. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
86	4/3	Haig: interview for Spanish television, Mar. 30.
87	4/6	Haig: remarks on arrival in Cairo, Apr. 4.
88	4/9	Department of State Library dedication ceremony.
89	4/5	Haig: interview for "Great Decisions '81."
90	4/8	U.S. Organization for the International Radio Consultative Committee (CCIR), study group 1, Apr. 23 and 24.
91	4/8	CCIR, study group 4, Apr. 29.
92	4/10	U.S., Poland sign textile agreement, Sept. 15, 1980, and Mar. 20, 1981.
93	4/13	Haig, Laingen: awards ceremony for former hostages.
94	4/14	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on subdivision, stability, and load lines, May 5.
95	4/14	Advisory Committee on International Investment, Technology, and Development, working group on international data flows, May 14.
96	4/16	Haig: arrival remarks, Cairo, Apr. 4.
97	4/16	Haig, Sadat: remarks from the Barrages, Cairo, Apr. 5.
98	4/16	Haig, Shamir: arrival statements, Ben Gurion Airport, Apr. 5.
99	4/16	Haig, Begin: statements, Jerusalem, Apr. 5.
100	4/16	Haig, Shamir: dinner toasts, Jerusalem, Apr. 5.
101	4/16	Haig, Navon: question-and-answer session, Jerusalem, Apr. 6.
102	4/22	Haig, Begin: statements following Jerusalem meeting, Apr. 6.
103	4/7	Haig: remarks to U.S. Embassy staff, Amman.
104	4/16	Haig: departure remarks, Amman, Apr. 7.
105	4/23	Haig: statement upon departure from Riyadh.
106	4/23	Haig: statement upon departure from Rome, Apr. 8.
107	4/9	Haig: statement upon death of General Omar Bradley.
108	4/10	Haig: news conference, Madrid, Apr. 9.

*109	4/24	Haig: statement following meeting with British Foreign Secretary Lord Carrington, London, Apr. 10.
110	4/24	Haig: remarks following meeting with British Prime Minister Thatcher, London, Apr. 10.
111	4/24	Haig: remarks to the press, Paris, Apr. 11.
112	4/28	Haig: departure remarks, Bonn, Apr. 11.
113	4/23	U.S., Canada Consultations on Garrison Diversion Unit.
114	4/17	Haig: interview by Barrie Dunsmore, ABC-TV.
*115	4/22	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, May 28.
*116	4/22	SCC, SOLAS, working group on radiocommunications, May 7.
*117	4/22	U.S., Korea establish a specific limit on one additional textile category.
*118	4/22	U.S., Haiti amend textile agreement, Dec. 17, 1980 and Feb. 5, 1981.
*119	4/22	U.S., Malaysia sign new textile agreement, Dec. 5, 1980 and Feb. 27, 1981.
*120	4/22	U.S., Korea agree to modifications of bilateral textile agreement.
121	4/23	Haig: interview by Marvin Kalb, NBC-TV, Apr. 14.
122	4/24	Haig: speech to American Society of Newspaper Editors.
122A	4/24	Question-and-answer session following Newspaper Editors Convention speech.
*123	4/28	Haig, Luns: press briefing, White House, Apr. 16.
*124	4/28	Haig: statement before House Subcommittee on Foreign Operations.
*125	4/28	SCC, SOLAS, May 27.
*126	4/28	CCITT, study group D, Modern Working Party, May 19-20.
*127	5/1	Ambassador William E. Brock to address Conference on U.S. Trade and Investment in Africa, New Orleans, May 8.
*128	4/30	Bicentennial theater opens at the Department of State.
*129	4/30	U.S., India amend textile agreement, Apr. 22 and 23.
*130	4/30	U.S., Sri Lanka amend textile agreement, Mar. 16.

* Not printed in the BULLETIN. ■

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Haig

Security and Development Assistance, Mar. 19, 1981 (Current Policy #271). Interview on "Meet the Press," Mar. 29, 1981 (Current Policy #264). A New Direction in Foreign Policy, Apr. 24, 1981 (Current Policy #275).

Africa

Aid for African Refugees, Acting Director for Refugee Programs Smyser, Mar. 19, 1981 (Current Policy #268). Background Notes on Ghana (Feb. 1981). Background Notes on Seychelles (Mar. 1981). Background Notes on Togo (Mar. 1981). Background Notes on Zimbabwe (Jan. 1981). African Refugees (GIST, Apr. 1981).

Asia

Foreign Policy Priorities in Asia, Under Secretary for Political Affairs Stoessel, Apr. 24, 1981 (Current Policy #274).

East Asia

Background Notes on Vietnam (Feb. 1981). U.S.-China Agricultural Trade (GIST, Apr. 1981). U.S.-China Relations (GIST, Mar. 1981). U.S.-China Economic Relations (GIST, Mar. 1981). U.S.-China Science and Technology Exchanges (GIST, Mar. 1981).

Economics

Global Economic Interdependence, Assistant Secretary Hinton, Apr. 8, 1981 (Current Policy #273). 1978-79 Trade of Non-NATO Europe, Japan, With Communist Countries, Jan. 16, 1981 (Special Report #78). U.S. Export Expansion (GIST, May 1981).

Energy

Energy Security and International Preparedness, Deputy Assistant Secretary Morse, Mar. 23, 1981 (Current Policy #272).

Europe

Background Notes on Canada (Mar. 1981). Background Notes on Liechtenstein (Mar. 1981). Background Notes on Malta (Mar. 1981). Background Notes on Portugal (Apr. 1981).

Foreign Aid

Development Assistance for the Third World, Acting Director McPherson, International Development Cooperation Agency, Mar. 19, 1981 (Current Policy #267).

Publications

Latin America & the Caribbean

Bilateral Assistance, Acting Assistant Secretary Bushnell, Mar. 23, 1981 (Current Policy #269).

El Salvador, Under Secretary Stoessel, Mar. 19, 1981 (Current Policy #265).

Background Notes on Bermuda (Feb. 1981).

Background Notes on Haiti (Feb. 1981).

Middle East

Middle East Regional Security, Director of Politico-Military Affairs Burt, Mar. 23, 1981 (Current Policy #270).

Hostage Agreements Transmitted to Congress, Department statement (two declarations, the undertakings, and related documents) Mar. 12, 1981 (Selected Documents #19).

Background Notes on Algeria (Feb. 1981).

Background Notes on North Yemen (Dec. 1980).

Background Notes on South Yemen (Dec. 1980).

Military Affairs

U.S. Collective Defense Arrangements (seven treaties), Apr. 1981 (Special Report #81).

Pacific

Background Notes on New Zealand (Jan. 1981).

U.S. and the South Pacific (GIST, Mar. 1981).

Population

Population Growth and Foreign Policy, Ambassador Benedick, Jan. 27, 1981 (Current Policy #263).

Security Assistance

FY 1982 Proposals for Security Assistance, Under Secretary Buckley Mar. 19, 1981 (Current Policy #266).

United Nations

U.N. Decade for Women (GIST, Mar. 1981). ■

GPO Sales

Publications may be ordered by catalog or stock number from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. A 25% discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders. Prices shown below, which include domestic postage, are subject to change.

Background Notes: Short, factual summaries which describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, and a reading list. (A complete set of all Background Notes currently in stock—at least 140—\$16; 1-year subscription service for approximately 77 updated or new Notes—\$21; plastic binder—\$2.) Single copies of those listed below are available for \$1; \$1.25 for foreign mailing.

Algeria Pub.7821 8pp.
Bermuda Pub.7901 4pp.
El Salvador Pub.7794 4pp.
Ghana Pub.8089 7pp.
Haiti Pub.8287 4pp.
New Zealand Pub.8251 8pp.
North Yemen Pub.8170 6pp.
South Yemen Pub.8368 4pp.

General Agreement on Tariffs and Trade. Multilateral. TIAS 9629. 3636pp. (Cat. No. S9.10:9629.)

Alexandria Wastewater System Expansion. Agreement with Egypt. TIAS 9699. 22pp. \$1.50. (Cat. No. S9.10:9699.)

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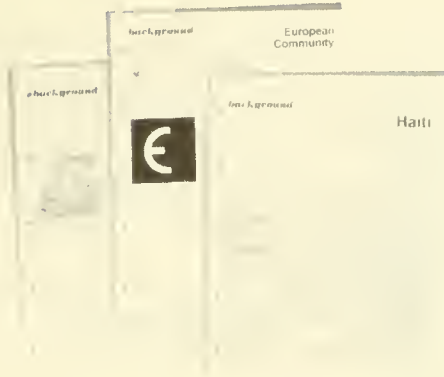
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Vol. 81, No. 2051

- Afghanistan.** U.S. Perspective of the 35th General Assembly 54
- Africa**
- African Refugee Relief Day (proclamation) .59
- International Conference on Assistance to Africa's Refugees (Kirkpatrick) 58
- Question-and-Answer Session Following Address Before ASNE (Haig) 7
- U.S. Perspective of the 35th General Assembly 54
- American Principles**
- New Direction in U.S. Foreign Policy (Haig) 5
- Foreign Policy and the American Spirit (Haig) 13
- Arms Control**
- Arms Sales to Morocco; Western Saharan Conflict (Draper) 46
- Secretary Haig Interviewed for *Great Decisions* 23
- Asia. Foreign Policy Priorities in Asia (Stoessel) 33
- aviation.** The Airbus: Challenge to U.S. Aircraft Industry (Kopp) 39
- Canada**
- Maritime Boundary Treaty and Fishery Agreement (message to the Senate) 32
- U.S.-Canada Consultations on Garrison Diversion Unit (joint U.S.-Canadian press release) 32
- China.** Secretary Haig Interviewed for *Great Decisions* 23
- Claims.** Iran Claims Procedures (Department statement) 44
- Congress**
- Aid to Pakistan (Coon) 53
- The Airbus: Challenge to U.S. Aircraft Industry (Kopp) 39
- Arms Sales to Morocco; Western Saharan Conflict (Draper) 46
- 11th Report on Sinai Support Mission (message to the Congress) 45
- Internal Situation in Zimbabwe (letter to the Congress) 31
- Maritime Boundary Treaty and Fishery Agreement (message to the Senate) 32
- Reprogramming Proposal for El Salvador (Buckley) 51
- U.S. Contributions to Refugee Relief in Southeast Asia and Pakistan (Smyser) 49
- U.S. Policy Toward the Middle East and Persian Gulf Region (Constable) 43
- Cyprus.** U.S. Perspective of the 35th General Assembly 54
- Developing Countries**
- Foreign Policy and the American Spirit (Haig) 13
- Global Economic Interdependence (Hinton) 35
- Economics.** Global Economic Interdependence (Hinton) 35
- El Salvador**
- El Salvador (Department statement) 59
- Question-and-Answer Session Following Address Before ASNE (Haig) 7
- Reprogramming Proposal for El Salvador (Buckley) 51
- Secretary Haig Interviewed for *Great Decisions* 23
- Secretary Haig Interviewed for NBC Television 26
- Secretary Haig Visits the Middle East and Europe (Begin, Haig, Sadat, Shamir) . 14
- Energy.** Global Economic Interdependence (Hinton) 35
- Europe.** Secretary Haig Visits the Middle East and Europe (Begin, Haig, Sadat, Shamir) 14
- Foreign Aid**
- Aid to Pakistan (Coon) 53
- U.S. Policy Toward the Middle East and Persian Gulf Region (Constable) 43
- Human Rights.** U.S. Perspective of the 35th General Assembly 54
- Industrialized Democracies.** Global Economic Interdependence (Hinton) 35
- International Organizations.** Atlas of United States Foreign Relations: International Organizations A
- Iran.** Iran Claims Procedures (Department statement) 44
- Israel.** Secretary Haig Interviewed for ABC Television 30
- Japan**
- Japan—A Profile 2
- Visit of Japanese Prime Minister Suzuki (Reagan, Suzuki, joint communique) . . . 1
- Kampuchea**
- U.S. Contributions to Refugee Relief in Southeast Asia and Pakistan (Smyser) 49
- U.S. Perspective of the 35th General Assembly 54
- Lebanon**
- Secretary Haig Interviewed for ABC Television 30
- Secretary Haig Visits the Middle East and Europe (Begin, Haig, Sadat, Shamir) . 14
- Middle East**
- 11th Report on Sinai Support Mission (message to the Congress) 45
- Question-and-Answer Session Following Address Before ASNE (Haig) 7
- Secretary Haig Interviewed for *Great Decisions* 23
- Secretary Haig Visits the Middle East and Europe (Begin, Haig, Sadat, Shamir) 14
- U.S. Perspective of the 35th General Assembly 54
- U.S. Policy Toward the Middle East and Persian Gulf Region (Constable) 43
- Morocco.** Arms Sales to Morocco; Western Saharan Conflict (Draper) 46
- Namibia.** Namibia (Western five statement) 55
- Netherlands.** Dutch Prime Minister Meets Vice President Bush (Bush, van Agt) . . 41
- NATO.** NATO and the Restoration of American Leadership (Haig) 11
- Pakistan**
- Aid to Pakistan (Coon) 53
- U.S. Contributions to Refugee Relief in Southeast Asia and Pakistan (Smyser) .49
- Poland**
- Question-and-Answer Session Following Address Before ASNE (Haig) 7
- Secretary Haig Interviewed for ABC Television 30
- Secretary Haig Interviewed for *Great Decisions* 23
- Secretary Haig Interviewed for NBC Television 26
- Secretary Haig Visits the Middle East and Europe (Begin, Haig, Sadat, Shamir) . 14
- Presidential Documents**
- African Refugee Relief Day (proclamation) .59
- 11th Report on Sinai Support Mission (message to the Congress) 45
- Internal Situation in Zimbabwe (letter to the Congress) 31
- Maritime Boundary Treaty and Fishery Agreement (message to the Senate) 32
- U.S. Lifts Agricultural Sales Limitation to the U.S.S.R. (Reagan) 41
- Visit of Japanese Prime Minister Suzuki (Reagan, Suzuki, joint communique) . . . 1
- Publications**
- Department of State 63
- GPO Sales 64
- Refugees**
- African Refugee Relief Day (proclamation) .59
- International Conference on Assistance to Africa's Refugees (Kirkpatrick) 58
- U.S. Contributions to Refugee Relief in Southeast Asia and Pakistan (Smyser) .49
- Saudi Arabia.** Sale of AWACS to Saudi Arabia (Department statement) 47
- Security Assistance**
- Reprogramming Proposal for El Salvador (Buckley) 51
- Sale of AWACS to Saudi Arabia (Department statement) 47
- U.S. Policy Toward the Middle East and Persian Gulf Region (Constable) 43
- South Asia.** U.S. Policy Toward the Middle East and Persian Gulf Region (Constable) 43
- Terrorism.** U.S. Perspective of the 35th General Assembly 54
- Treaties**
- Current Actions 60
- Maritime Boundary Treaty and Fishery Agreement (message to the Senate) 32
- Turkey**
- Ataturk Centennial Year (White House statement) 42
- Turkish Foreign Minister Meets With Vice President Bush (White House statement) 42
- U.S.S.R.**
- A New Direction in U.S. Foreign Policy (Haig) 5
- Foreign Policy and the American Spirit . . 13
- NATO and the Restoration of American Leadership (Haig) 11
- Question-and-Answer Session Following Address Before ASNE (Haig) 7
- Secretary Haig Interviewed for ABC Television 30
- Secretary Haig Interviewed for *Great Decisions* 23
- Secretary Haig Interviewed for NBC Television 26
- Secretary Haig Visits the Middle East and Europe (Begin, Haig, Sadat, Shamir) . 14
- U.S. Lifts Agricultural Sales Limitation to the U.S.S.R. (Reagan) 41
- United Nations.** U.S. Perspective of the 35th General Assembly 54
- Zimbabwe.** Internal Situation in Zimbabwe (letter to the Congress) 31

Name Index

- Begin, Menahem 14
- Buckley, James L 51
- Bush, Vice President 41
- Constable, Peter D 43
- Coon, Jane A 53
- Draper, Morris 46
- Haig, Secretary 5, 7, 11, 13, 14, 23, 26, 30
- Hinton, Deane R 35
- Kirkpatrick, Jeane J 58
- Kopp, Harry 39
- Reagan, President 1, 31, 32, 41, 45, 59
- Sadat, Anwar al 14
- Shamir, Yitzhak 14
- Smyser, W. R 49
- Stoessel, Walter J., Jr 33
- Suzuki, Zenko 1
- van Agt, Andreas A. M 41

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